

High-Income Tax Returns for 2007

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.^{1,2} This article presents detailed data for the more than 4.5 million high-income returns for 2007, as well as summary data for the period 1977 to 2006. Detailed data for the years 1974 through 2006 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 2007, there were 4,535,623 individual income tax returns reporting AGI of \$200,000 or more, and 4,576,315 returns with expanded income of \$200,000 or more. These

returns represented 3.172 percent and 3.201 percent, respectively, of all returns for 2007.

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 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 and 2006 by having large increases in both number of returns and percentage of all returns. With an increase slightly under that of the previous year, 2007 again saw a large increase in both number of returns and percentage of all returns. For 2007, both the numbers of high-income 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

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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.

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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 1977–2007

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
2007	142,978,806	4,535,623	4,576,315	3.172	3.201

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 2007 was only 10.5 times the number for 1977, whereas the number of high-income returns for 2007 measured in current-year dollars was 67.7 times as large as for 1977. For 2007, the share of high-expanded income returns in

constant dollars reached a new high of 0.432 percent, an increase from the previous high of 0.420 percent set in 2006. 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 2007 measured in current-year dollars was 84.9 times as large as for 1977, whereas, measured in 1976 constant dollars, the number of returns for

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.

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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 1977–2007

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
2007	728,794	606,026	618,154	0.424	0.432

[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.

2007 was only 13.2 times the number for 1977. For Tax Year 2007, the share of high AGI income returns in constant dollars increased to 0.424 percent from 0.412 percent in 2006.

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 allowed 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.

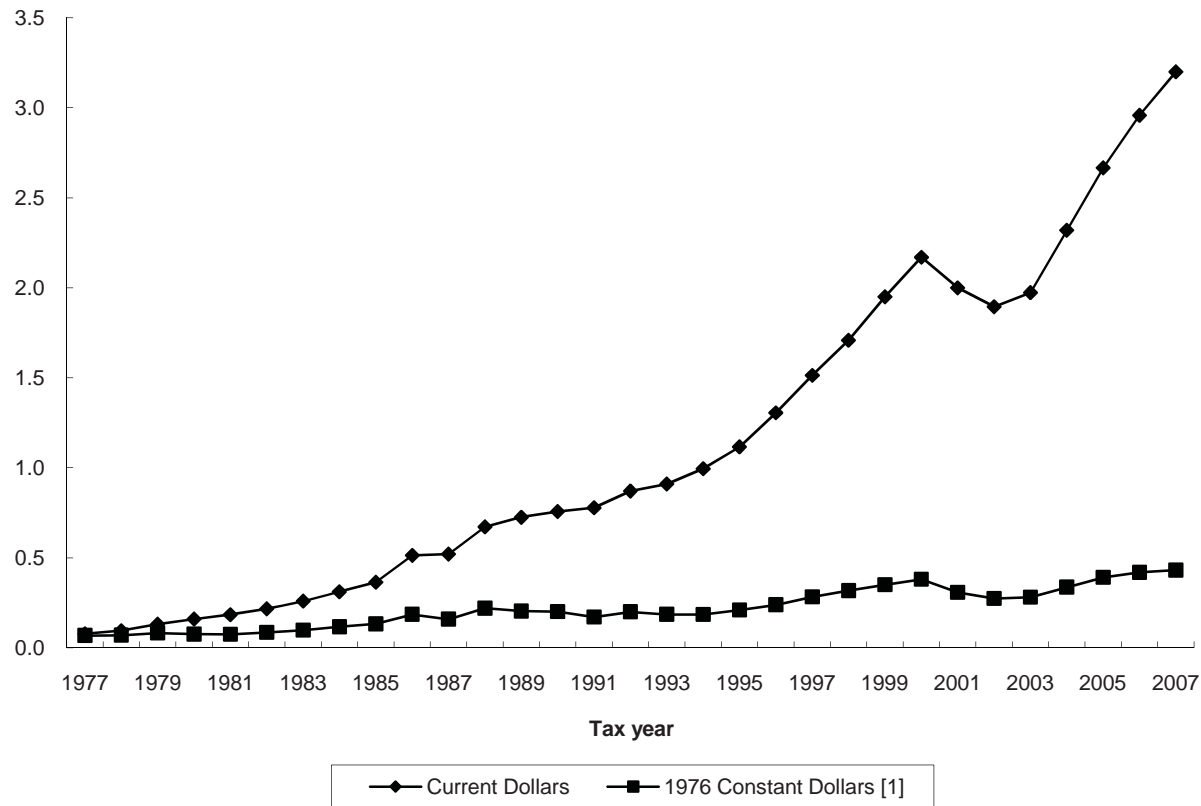
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Figure B

Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977–2007

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.

income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign-earned income.^{7,8}

For 2007, of the 4,535,623 income tax returns with AGI of \$200,000 or more, 10,465 (0.231 percent) showed no U.S. income tax liability; and 4,841 (0.107 percent) showed no worldwide income tax liability (the top panel of Figure C). For 2006, of the 4,064,883 returns with AGI of \$200,000 and over, 8,252 returns (0.203 percent)

had no U.S. income tax liability; and 4,123 returns (0.101 percent) had no worldwide income tax liability.

For 2007, of the 4,576,315 tax returns with expanded income of \$200,000 or more, 13,142 (0.287 percent) had no U.S. income tax liability; and 4,354 (0.095 percent) had no worldwide income tax liability. For 2006, of the 4,094,953 returns with expanded income of \$200,000 or more, there were 11,014 (0.269 percent)

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.

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with no U.S. income tax liability and 4,322 (0.106 percent) with no worldwide income tax liability.

The proportion of nontaxable, high-income returns increased by three of the four measures cited above between 2006 and 2007; however, the proportion of returns with expanded income of \$200,000 or more that had no worldwide income tax liability decreased for 2007. 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 2007 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 whether measured in constant or current dollars. Of returns with AGI of \$200,000 or more in current dollars, 0.231 percent reported no U.S. income tax for 2007; and 0.107 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.251; the percentage without worldwide income tax liability was 0.093 (see the lower panel of Figure C).

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 1977–2007

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
2007	10,465	13,142	4,841	4,354	0.231	0.287	0.107	0.095

Footnotes at end of figure.

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Of returns with expanded income of \$200,000 or more in current dollars, 0.287 percent reported no U.S. income tax for 2007, and 0.095 percent had no worldwide income tax. When looking at these returns using 1976 constant dollars, the percentage without U.S. income tax liability was 0.220; the percentage without worldwide income tax liability was 0.049.

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 2007. 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

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 1977–2007

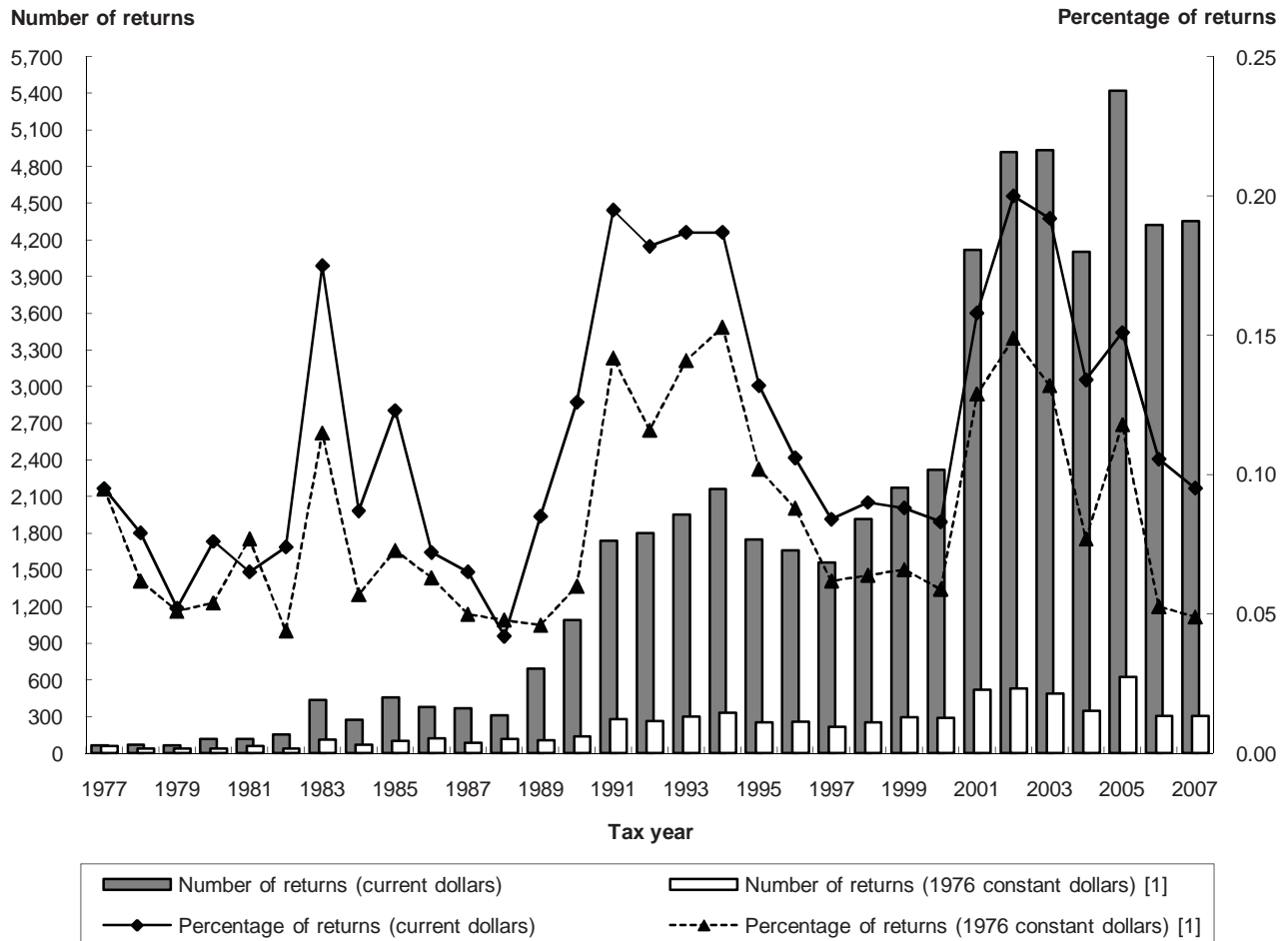
Tax year	\$200,000 income threshold measured in 1976 constant dollars [1]							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by 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
2007	1,524	1,359	565	303	0.251	0.220	0.093	0.049

[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.

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 1977–2007



[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.

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 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.

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Detailed Data for 2007

Tables 1 through 12 present data based on income tax returns for 2007, 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 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 nontaxable, 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 generally greater in each income class over \$50,000 when income is measured by economic income rather than by AGI. Table 1 shows that 10,465 returns with no U.S. income tax had an AGI of \$200,000 or more; 13,142 returns with no U.S. income tax had an expanded income of \$200,000 or more; and 7,286 returns with no U.S. income tax had both AGI and expanded income of \$200,000 or more. Table 2 shows that 4,841 returns with no worldwide income tax had an AGI of \$200,000 or more; 4,354 returns with no worldwide income tax had expanded income of \$200,000 or more; and 1,839 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 0.7 percent of high-expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce their taxable incomes to less than 25 percent of their expanded incomes.

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

- Overall, most high-income taxpayers were subject to tax on a large share of their incomes and, consequently, reported very substantial amounts of tax. (57.3 percent of high-expanded income taxpayers had taxable income equal to 80 percent or more of expanded-income; and 94.6 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 2.8 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, 20.1 percent had effective tax rates of 25 percent or more. In addition, 31.5 percent had effective tax rates between 20 percent and 25 percent. In contrast, only 3.3 percent of taxpayers with AGI between \$100,000 and \$200,000 had effective tax rates of 20 percent or more, including 0.1 percent with effective tax rates of 25 percent or more.

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 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 \$66,250 on joint returns (\$44,350 on single and head-of-household returns and \$33,125 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

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.

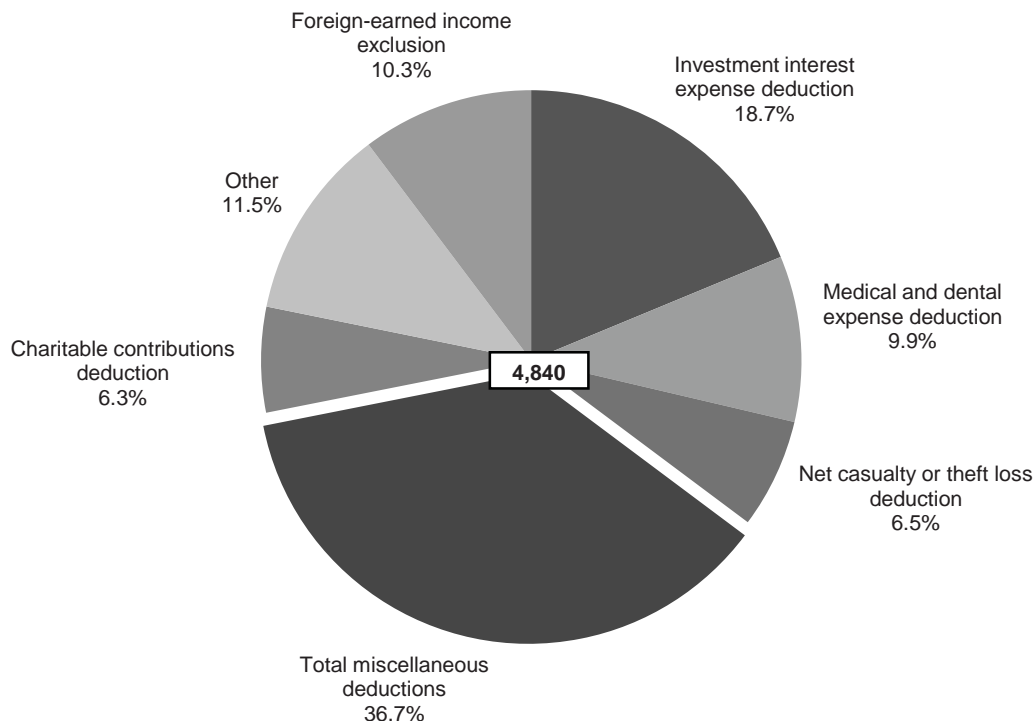
¹¹ Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

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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 2007



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

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 48.0 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 58.0 percent of the time, and the charitable contributions deduction was the second most important item 24.5 percent of the time.

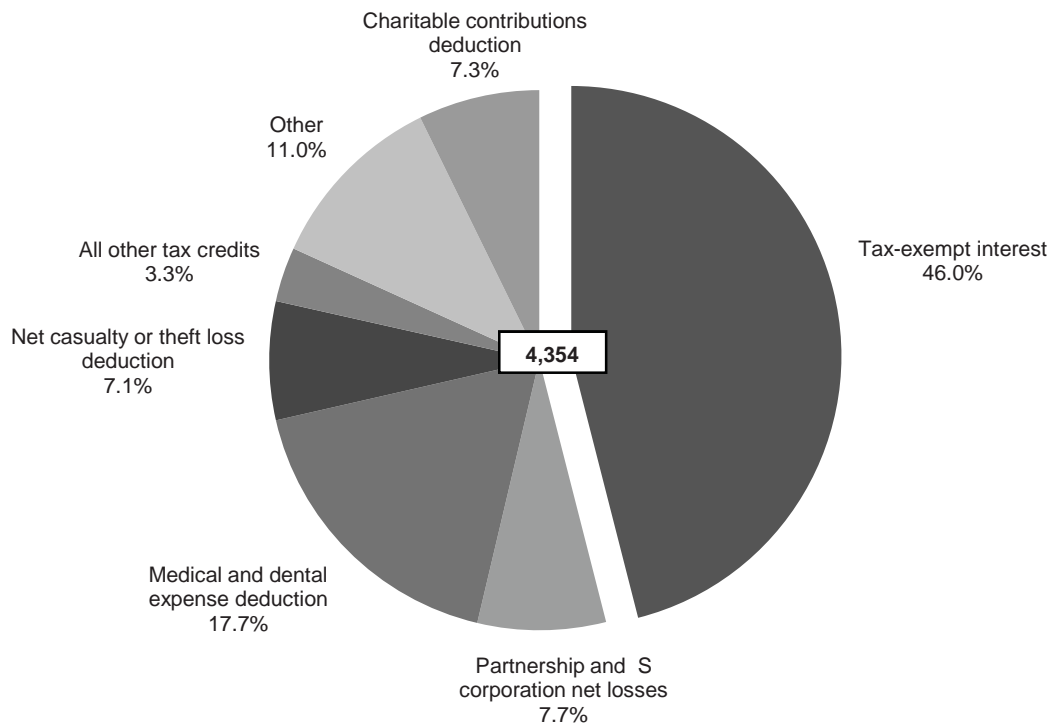
Table 8 shows that on returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in eliminating tax, on 46.0 percent of returns, was the exclusion for State and local government interest (“tax-exempt interest”). For these returns, the itemized deduction for taxes paid was the second most important item 27.7 percent of the time, and the deduction for medical and dental expenses was the second most important item 24.9 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 (1,776 returns, or 36.7 percent of the 4,840 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); investment interest expense deduction (907 returns, or 18.7 percent); foreign-earned income exclusion (498 returns, or 10.3 percent); and medical and dental expense deduction (480 returns, or 9.9 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 (2,004 returns, or 46.0 percent of the 4,354 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); medical and dental expense deductions

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 2007



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

(772 returns, or 17.7 percent); partnership and S corporation net losses (334 returns, or 7.7 percent); and charitable contributions deduction (316 returns, or 7.3 percent). These effects are also shown graphically in Figure F.

Table 8 also shows that the 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 (1,104 returns, or 25.4 percent) and tax-exempt interest (647 returns, or 14.9 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 203 of the 4,354 returns, but there was no casualty or theft loss deduction on 4,019 returns.

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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 aftertax, 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 deductions 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 employees' 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

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Figure G

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977–2007

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.

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 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. (ed.) (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 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 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

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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 in 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 taxpayer 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

Figure H

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2007

	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

amount as a tax credit or special computation. This amount is called the "deduction equivalent" of the tax credit or special computation.

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.

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.

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Table 1. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2007

[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	142,978,806	93,790,430	31,194,877	13,457,876	4,535,623
Under \$50,000 [1]	92,598,221	91,692,542	893,646	8,351	3,682
\$50,000 under \$100,000	32,439,655	2,060,614	29,936,540	435,155	7,347
\$100,000 under \$200,000	13,364,614	34,880	359,449	12,890,395	79,890
\$200,000 or more	4,576,315	2,393	5,241	123,976	4,444,705
Returns with U.S. income tax					
Total	98,369,139	50,576,067	29,878,195	13,389,718	4,525,158
Under \$50,000 [1]	49,514,835	48,753,306	754,418	5,524	1,587
\$50,000 under \$100,000	31,005,629	1,804,383	28,768,911	425,443	6,893
\$100,000 under \$200,000	13,285,501	17,183	350,634	12,838,425	79,260
\$200,000 or more	4,563,174	1,195	4,232	120,327	4,437,419
Returns without U.S. income tax					
Total	44,609,667	43,214,363	1,316,681	68,158	10,465
Under \$50,000 [1]	43,083,386	42,939,236	139,228	2,827	2,095
\$50,000 under \$100,000	1,434,026	256,231	1,167,629	9,712	454
\$100,000 under \$200,000	79,113	17,697	8,816	51,970	630
\$200,000 or more	13,142	1,198	1,009	3,649	7,286

[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 2007

[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	142,978,806	93,790,430	31,194,877	13,457,876	4,535,623
Under \$50,000 [1]	92,598,221	91,692,542	893,646	8,351	3,682
\$50,000 under \$100,000	32,439,655	2,060,614	29,936,540	435,155	7,347
\$100,000 under \$200,000	13,364,614	34,880	359,449	12,890,395	79,890
\$200,000 or more	4,576,315	2,393	5,241	123,976	4,444,705
Returns with worldwide income tax					
Total	98,619,934	50,752,812	29,936,158	13,400,182	4,530,782
Under \$50,000 [1]	49,680,294	48,918,076	755,090	5,527	1,601
\$50,000 under \$100,000	31,067,981	1,813,038	28,822,545	425,468	6,931
\$100,000 under \$200,000	13,299,697	20,408	353,931	12,845,974	79,385
\$200,000 or more	4,571,961	1,290	4,592	123,213	4,442,866
Returns without worldwide income tax					
Total	44,358,872	43,037,618	1,258,719	57,695	4,841
Under \$50,000 [1]	42,917,927	42,774,466	138,556	2,824	2,081
\$50,000 under \$100,000	1,371,674	247,576	1,113,995	9,687	416
\$100,000 under \$200,000	64,917	14,472	5,519	44,421	505
\$200,000 or more	4,354	1,103	649	763	1,839

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

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

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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 2007

[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	4,535,623	100.0	100.0	4,576,315	100.0	100.0
Returns without U.S. income tax	10,465	0.2	0.2	13,142	0.3	0.3
Returns with U.S. income tax: Total	4,525,158	99.8	N/A	4,563,174	99.7	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	8,425	0.2	0.2	10,854	0.2	0.2
5 under 10 percent	10,620	0.2	0.4	9,644	0.2	0.4
10 under 15 percent	7,496	0.2	0.6	10,569	0.2	0.7
15 under 20 percent	7,642	0.2	0.8	10,310	0.2	0.9
20 under 25 percent	11,077	0.2	1.0	17,088	0.4	1.3
25 under 30 percent	16,697	0.4	1.4	18,533	0.4	1.7
30 under 35 percent	20,575	0.5	1.8	26,407	0.6	2.3
35 under 40 percent	26,468	0.6	2.4	32,305	0.7	3.0
40 under 45 percent	46,563	1.0	3.4	57,586	1.3	4.2
45 under 50 percent	82,755	1.8	5.3	100,023	2.2	6.4
50 under 60 percent	254,417	5.6	10.9	282,543	6.2	12.6
60 under 70 percent	460,061	10.1	21.0	474,244	10.4	22.9
70 under 80 percent	978,062	21.6	42.6	969,753	21.2	44.1
80 percent or more	2,594,301	57.2	99.8	2,543,315	55.6	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 2007

[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	4,535,623	100.0	100.0	4,576,315	100.0	100.0
Returns without worldwide income tax	4,841	0.1	0.1	4,354	0.1	0.1
Returns with worldwide income tax: Total	4,530,782	99.9	N/A	4,571,961	99.9	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	3,154	0.1	0.1	3,320	0.1	0.1
5 under 10 percent	5,645	0.1	0.2	4,078	0.1	0.2
10 under 15 percent	4,465	0.1	0.3	3,360	0.1	0.2
15 under 20 percent	3,869	0.1	0.4	7,320	0.2	0.4
20 under 25 percent	7,999	0.2	0.6	11,874	0.3	0.7
25 under 30 percent	12,208	0.3	0.8	13,838	0.3	1.0
30 under 35 percent	16,587	0.4	1.2	20,869	0.5	1.4
35 under 40 percent	22,378	0.5	1.7	25,515	0.6	2.0
40 under 45 percent	42,639	0.9	2.6	53,621	1.2	3.1
45 under 50 percent	78,349	1.7	4.3	96,952	2.1	5.3
50 under 60 percent	240,966	5.3	9.7	270,126	5.9	11.2
60 under 70 percent	455,347	10.0	19.7	469,691	10.3	21.4
70 under 80 percent	971,140	21.4	41.1	967,852	21.1	42.6
80 percent or more	2,666,037	58.8	99.9	2,623,546	57.3	99.9

N/A—Not applicable.

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

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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 2007

[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	3,850,831	1,191,748,687	3,843,966	1,189,340,146	6,864	2,408,541
Business or profession:						
Net income	880,147	98,165,500	878,457	97,957,606	1,690	207,894
Net loss	282,220	7,642,260	281,247	7,537,354	972	104,907
Farm:						
Net income	31,382	2,063,480	31,289	2,057,402	93	6,078
Net loss	89,419	4,130,348	89,124	4,094,281	295	36,067
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,423,133	452,011,901	1,421,376	451,628,212	1,757	383,689
Net loss	477,215	52,322,404	474,927	50,697,951	2,288	1,624,453
Sales of capital assets:						
Net gain	2,634,820	764,262,345	2,629,922	762,055,451	4,898	2,206,894
Net loss	848,572	2,072,585	846,227	2,066,296	2,344	6,288
Sales of property other than capital assets:						
Net gain	205,504	8,670,228	204,957	8,637,001	548	33,227
Net loss	237,902	3,325,528	237,242	3,276,206	660	49,323
Taxable interest received	4,310,291	127,119,452	4,301,339	124,497,837	8,952	2,621,615
Tax-exempt interest	1,596,228	52,324,582	1,593,883	52,141,812	2,345	182,770
Dividends	3,538,551	143,067,122	3,531,672	142,320,559	6,879	746,562
Qualified dividends	3,286,470	101,425,757	3,280,600	100,926,578	5,870	499,179
Pensions and annuities in adjusted gross income	977,750	45,110,008	976,103	45,027,614	1,647	82,394
Rent:						
Net income	530,469	24,168,143	529,370	24,107,926	1,099	60,216
Net loss, total (deductible and nondeductible)	557,158	12,837,929	555,340	12,695,552	1,818	142,377
Nondeductible rental loss	383,405	7,444,121	382,209	7,386,103	1,197	58,018
Royalty:						
Net income	309,024	11,052,613	308,277	10,763,066	748	289,547
Net loss	8,893	100,194	8,867	99,916	26	278
Estate or trust:						
Net income	126,197	15,165,440	125,938	15,142,865	260	22,575
Net loss	15,236	1,596,152	15,153	1,506,537	83	89,615
State income tax refunds	1,579,576	8,624,696	1,577,825	8,584,866	1,751	39,830
Alimony received	10,756	1,335,637	10,730	1,333,148	26	2,489
Social Security benefits in adjusted gross income	815,704	16,811,433	813,940	16,779,478	1,765	31,955
Social Security benefits (nontaxable)	815,779	2,967,612	813,984	2,961,482	1,795	6,130
Unemployment compensation	77,252	391,789	77,161	391,251	91	539
Other income	656,702	20,220,483	654,879	20,063,941	1,823	156,542
Other loss	44,317	1,695,802	43,461	1,657,699	856	38,103
Foreign-earned income exclusion	46,087	3,723,915	42,938	3,429,641	3,149	294,274
Total income	4,535,623	2,885,497,152	4,525,158	2,877,633,664	10,465	7,863,489
Statutory adjustments, total	1,903,455	38,311,865	1,900,307	38,230,540	3,148	81,325
Payments to Individual Retirement Arrangements	144,427	1,088,108	144,180	1,086,566	247	1,542
Payments to self-employed retirement (Keogh) plans	443,481	13,651,882	443,275	13,644,571	206	7,312
Moving expenses adjustment	51,104	307,736	51,020	307,087	84	649
Adjusted gross income	4,535,623	2,847,185,288	4,525,158	2,839,403,124	10,465	7,782,164

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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						
Investment interest expense deduction	790,482	26,421,571	786,999	23,728,982	3,483	2,692,589
Total tax preferences excluded from adjusted gross income	1,608,456	54,719,900	1,606,105	54,536,593	2,351	183,307
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	31,489	2,403,123	31,433	2,402,279	56	844
Passive activity loss (alternative minimum tax adjustment)	650,315	1,026,030	649,231	1,026,970	1,084	-939
Expanded income	4,535,468	2,861,766,390	4,525,158	2,857,414,493	10,310	4,351,897
Exemption amount	4,522,524	27,952,103	4,512,225	27,897,248	10,299	54,854
Itemized deductions:						
Total per adjusted gross income concept	4,283,123	370,350,590	4,274,896	364,926,441	8,227	5,424,149
Charitable contributions deduction	4,024,402	90,220,391	4,018,423	89,812,234	5,980	408,157
Interest paid deduction:						
Total per adjusted gross income concept	3,559,559	103,158,162	3,552,694	100,180,746	6,865	2,977,415
Total home mortgage interest	3,367,734	76,504,640	3,361,777	76,221,019	5,957	283,621
Medical and dental expense deduction	106,338	3,065,469	105,390	2,918,278	948	147,191
Net casualty or theft loss deduction	3,444	436,748	3,108	227,825	336	208,923
Taxes paid deduction	4,277,325	182,467,114	4,269,864	182,071,987	7,461	395,127
Net limited miscellaneous deductions per adjusted gross income concept	682,450	14,685,658	680,371	14,545,670	2,079	139,989
Non-limited miscellaneous deductions	270,963	14,275,607	268,477	13,061,352	2,486	1,214,255
Excess of exemptions and deductions over adjusted gross income	8,268	2,400,633	3,864	1,518,543	4,404	882,090
Taxable income	4,527,325	2,448,705,909	4,521,294	2,445,539,939	6,031	3,165,971
Tax at regular rates	4,527,350	604,044,253	4,521,322	603,204,764	6,028	839,488
Alternative minimum tax (Form 6251)	2,907,594	21,758,269	2,907,435	21,757,189	159	1,081
Income tax before credits	4,531,205	625,808,371	4,525,158	624,967,802	6,047	840,569
Tax credits:						
Total	2,286,821	16,037,768	2,280,774	15,197,199	6,047	840,569
Child care credit	309,564	156,802	309,475	156,764	89	38
Minimum tax credit	130,964	767,249	130,233	747,416	731	19,833
Foreign tax credit	1,805,582	13,808,755	1,799,958	12,992,304	5,624	816,451
General business credit	70,131	628,247	69,960	627,158	171	1,089
U.S. total income tax	4,525,158	609,771,172	4,525,158	609,771,172	0	0
Taxable income which would yield:						
Income tax before credits	4,531,205	2,102,592,020	4,525,158	2,099,823,175	6,047	2,768,845
Income tax after credits	4,525,157	2,054,882,748	4,525,157	2,054,882,748	0	0
U.S. total income tax	4,525,158	2,054,884,381	4,525,158	2,054,884,381	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,535,623	2,847,185,288	4,525,158	2,839,403,124	10,465	7,782,164
plus: Total tax preferences excluded from adjusted gross income [2]	1,608,456	54,719,900	1,606,105	54,536,593	2,351	183,307
Social Security benefits (nontaxable)	815,779	2,967,612	813,984	2,961,482	1,795	6,130
Foreign-earned income exclusion	46,087	3,723,915	42,938	3,429,641	3,149	294,274
minus: Investment interest expense deduction	790,482	26,421,571	786,999	23,728,982	3,483	2,692,589
Non-limited miscellaneous deductions	270,963	14,275,607	268,477	13,061,352	2,486	1,214,255
Unreimbursed employee business expenses	820,480	6,133,147	819,848	6,126,012	632	7,135
Equals: Expanded income	4,535,468	2,861,766,390	4,525,158	2,857,414,493	10,310	4,351,897

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	3,837,811	1,187,911,865	3,828,840	1,184,920,265	8,971	2,991,601
Business or profession:						
Net income	884,986	98,734,668	883,441	98,514,089	1,545	220,579
Net loss	281,108	7,624,071	280,377	7,544,753	731	79,318
Farm:						
Net income	31,641	2,056,187	31,562	2,048,388	79	7,799
Net loss	89,844	4,118,626	89,591	4,094,254	253	24,372
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,432,829	452,115,155	1,431,110	451,766,618	1,719	348,537
Net loss	482,815	51,455,558	480,828	50,558,746	1,986	896,811
Sales of capital assets:						
Net gain	2,685,967	765,595,415	2,680,370	763,944,940	5,597	1,650,475
Net loss	860,920	2,103,125	857,315	2,093,481	3,604	9,644
Sales of property other than capital assets:						
Net gain	206,593	8,638,729	206,125	8,616,581	468	22,148
Net loss	236,847	3,302,308	236,272	3,267,827	575	34,480
Taxable interest received	4,360,541	128,339,796	4,349,409	126,168,836	11,132	2,170,960
Tax-exempt interest	1,683,532	59,016,062	1,678,944	57,937,439	4,588	1,078,622
Dividends	3,603,775	145,810,484	3,594,620	145,104,989	9,155	705,495
Qualified dividends	3,354,624	103,383,038	3,346,944	102,921,499	7,679	461,539
Pensions and annuities in adjusted gross income	1,020,713	46,888,255	1,018,720	46,804,724	1,993	83,531
Rent:						
Net income	539,217	24,265,973	538,090	24,215,750	1,127	50,223
Net loss, total (deductible and nondeductible)	561,611	12,754,630	559,733	12,665,180	1,879	89,450
Nondeductible rental loss	383,903	7,391,463	382,722	7,352,625	1,181	38,838
Royalty:						
Net income	319,233	10,817,173	318,402	10,792,465	831	24,707
Net loss	8,887	100,297	8,866	100,110	21	187
Estate or trust:						
Net income	132,624	15,420,479	132,280	15,402,865	345	17,614
Net loss	15,060	1,540,895	14,984	1,486,262	76	54,633
State income tax refunds	1,567,437	8,596,801	1,565,677	8,560,542	1,760	36,258
Alimony received	10,746	1,334,440	10,725	1,331,945	21	2,495
Social Security benefits in adjusted gross income	877,047	18,057,533	874,451	18,009,172	2,597	48,361
Social Security benefits (nontaxable)	877,138	3,187,955	874,498	3,178,630	2,640	9,325
Unemployment compensation	73,762	371,736	73,692	371,232	70	503
Other income	660,859	20,294,997	659,005	20,163,755	1,854	131,243
Other loss	53,177	1,859,880	51,368	1,805,890	1,809	53,990
Foreign-earned income exclusion	69,027	5,774,723	62,723	5,161,804	6,304	612,919
Total income	4,576,314	2,883,747,951	4,563,174	2,876,998,203	13,141	6,749,748
Statutory adjustments, total	1,909,369	38,565,933	1,906,456	38,487,319	2,912	78,614
Payments to Individual Retirement Arrangements	146,688	1,104,251	146,383	1,102,395	305	1,856
Payments to self-employed retirement (Keogh) plans	447,940	13,786,580	447,735	13,779,213	205	7,366
Moving expenses adjustment	50,785	306,598	50,657	305,649	128	949
Adjusted gross income	4,576,314	2,845,182,018	4,563,174	2,838,510,884	13,141	6,671,134

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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						
Investment interest expense deduction	785,396	24,857,464	782,776	22,968,674	2,620	1,888,790
Total tax preferences excluded from adjusted gross income	1,698,753	61,777,073	1,694,156	60,696,457	4,597	1,080,616
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	35,531	2,768,951	35,473	2,766,594	58	2,357
Passive activity loss (alternative minimum tax adjustment)	659,249	1,033,944	658,049	1,035,483	1,200	-1,539
Expanded income	4,576,315	2,878,271,990	4,563,174	2,871,954,650	13,142	6,317,339
Exemption amount	4,563,259	28,057,724	4,550,249	27,973,318	13,010	84,406
Itemized deductions:						
Total per adjusted gross income concept	4,298,116	362,025,248	4,289,537	358,427,737	8,579	3,597,511
Total per expanded income concept	4,297,054	364,537,415	4,288,513	362,936,789	8,542	1,600,626
Charitable contributions deduction	4,036,210	90,511,607	4,029,794	90,145,976	6,416	365,631
Interest paid deduction:						
Total per adjusted gross income concept	3,531,705	100,624,208	3,525,371	98,502,624	6,334	2,121,584
Total per expanded income concept	3,343,935	75,766,744	3,338,485	75,533,950	5,451	232,794
Total home mortgage interest	3,335,760	75,543,652	3,330,320	75,311,594	5,440	232,057
Medical and dental expense deduction	132,206	3,503,225	129,716	3,249,682	2,490	253,542
Net casualty or theft loss deduction	3,660	485,026	3,312	275,372	348	209,654
Taxes paid deduction	4,290,929	182,967,533	4,283,269	182,560,118	7,659	407,415
Net limited miscellaneous deductions per adjusted gross income concept	659,053	14,360,975	655,977	14,225,722	3,076	135,254
Non-limited miscellaneous deductions	243,446	7,417,606	242,815	7,264,572	631	153,034
Excess of exemptions and deductions over adjusted gross income	8,838	2,262,534	4,929	1,689,477	3,909	573,057
Taxable income	4,567,473	2,454,528,318	4,558,245	2,451,006,514	9,229	3,521,803
Tax at regular rates	4,567,513	605,103,277	4,558,267	604,165,055	9,246	938,222
Alternative minimum tax (Form 6251)	2,907,214	21,832,524	2,906,951	21,831,496	263	1,028
Income tax before credits	4,572,462	626,941,657	4,563,174	626,002,400	9,289	939,257
Tax credits:						
Total	2,347,149	16,416,897	2,337,860	15,477,640	9,289	939,257
Child care credit	304,381	154,016	304,236	153,957	145	59
Minimum tax credit	134,654	766,946	133,878	747,017	776	19,929
Foreign tax credit	1,872,278	14,186,415	1,863,494	13,271,334	8,784	915,081
General business credit	71,816	630,734	71,653	629,701	163	1,033
U.S. total income tax	4,563,174	610,525,329	4,563,174	610,525,329	0	0
Taxable income which would yield:						
Income tax before credits	4,572,462	2,107,727,061	4,563,174	2,104,512,706	9,289	3,214,355
Income tax after credits	4,563,173	2,058,478,618	4,563,173	2,058,478,618	0	0
U.S. total income tax	4,563,174	2,058,480,251	4,563,174	2,058,480,251	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,576,314	2,845,182,018	4,563,174	2,838,510,884	13,141	6,671,134
plus: Total tax preferences excluded from adjusted gross income [2]	1,698,753	61,777,073	1,694,156	60,696,457	4,597	1,080,616
Social Security benefits (nontaxable)	877,138	3,187,955	874,498	3,178,630	2,640	9,325
Foreign-earned income exclusion	69,027	5,774,723	62,723	5,161,804	6,304	612,919
minus: Investment interest expense deduction	785,396	24,857,464	782,776	22,968,674	2,620	1,888,790
Non-limited miscellaneous deductions	243,446	7,417,606	242,815	7,264,572	631	153,034
Unreimbursed employee business expenses	770,051	5,362,763	769,354	5,357,685	697	5,079
Equals: Expanded income	4,576,315	2,878,271,990	4,563,174	2,871,954,650	13,142	6,317,339

[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.

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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 2007

[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	3,850,831	1,191,748,687	3,848,436	1,191,441,435	2,395	307,251
Business or profession:						
Net income	880,147	98,165,500	879,195	98,098,468	952	67,032
Net loss	282,220	7,642,260	281,506	7,554,748	713	87,512
Farm:						
Net income	31,382	2,063,480	31,306	2,058,001	76	5,479
Net loss	89,419	4,130,348	89,233	4,105,797	186	24,551
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,423,133	452,011,901	1,422,131	451,867,487	1,002	144,414
Net loss	477,215	52,322,404	475,542	50,921,682	1,673	1,400,723
Sales of capital assets:						
Net gain	2,634,820	764,262,345	2,632,437	763,038,669	2,383	1,223,677
Net loss	848,572	2,072,585	847,528	2,069,710	1,044	2,875
Sales of property other than capital assets:						
Net gain	205,504	8,670,228	205,104	8,642,941	400	27,287
Net loss	237,902	3,325,528	237,469	3,285,347	433	40,181
Taxable interest received	4,310,291	127,119,452	4,306,143	124,685,372	4,147	2,434,080
Tax-exempt interest	1,596,228	52,324,582	1,594,779	52,184,213	1,449	140,369
Dividends	3,538,551	143,067,122	3,535,559	142,724,361	2,992	342,761
Qualified dividends	3,286,470	101,425,757	3,283,808	101,198,862	2,662	226,895
Pensions and annuities in adjusted gross income	977,750	45,110,008	976,792	45,062,732	958	47,276
Rent:						
Net income	530,469	24,168,143	529,844	24,130,318	625	37,825
Net loss, total (deductible and nondeductible)	557,158	12,837,929	556,174	12,723,148	984	114,781
Nondeductible rental loss	383,405	7,444,121	382,823	7,401,257	582	42,865
Royalty:						
Net income	309,024	11,052,613	308,573	10,774,473	451	278,140
Net loss	8,893	100,194	8,879	100,039	14	155
Estate or trust:						
Net income	126,197	15,165,440	126,032	15,149,944	165	15,496
Net loss	15,236	1,596,152	15,174	1,510,284	62	85,868
State income tax refunds	1,579,576	8,624,696	1,578,559	8,592,627	1,017	32,069
Alimony received	10,756	1,335,637	10,739	1,334,278	17	1,359
Social Security benefits in adjusted gross income	815,704	16,811,433	814,325	16,786,573	1,379	24,861
Social Security benefits (nontaxable)	815,779	2,967,612	814,401	2,963,225	1,378	4,387
Unemployment compensation	77,252	391,789	77,189	391,438	63	351
Other income	656,702	20,220,483	655,785	20,134,663	917	85,819
Other loss	44,317	1,695,802	44,255	1,683,581	62	12,221
Foreign-earned income exclusion	46,087	3,723,915	46,077	3,723,328	10	587
Total income	4,535,623	2,885,497,152	4,530,782	2,881,264,568	4,841	4,232,584
Statutory adjustments, total	1,903,455	38,311,865	1,901,603	38,286,799	1,852	25,066
Payments to Individual Retirement Arrangements	144,427	1,088,108	144,329	1,087,487	98	621
Payments to self-employed retirement (Keogh) plans	443,481	13,651,882	443,391	13,648,976	90	2,906
Moving expenses adjustment	51,104	307,736	51,085	307,562	19	174
Adjusted gross income	4,535,623	2,847,185,288	4,530,782	2,842,977,770	4,841	4,207,518

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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						
Investment interest expense deduction	790,482	26,421,571	788,319	23,815,835	2,163	2,605,736
Total tax preferences excluded from adjusted gross income	1,608,456	54,719,900	1,607,006	54,579,026	1,450	140,874
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	31,489	2,403,123	31,458	2,402,459	31	664
Passive activity loss (alternative minimum tax adjustment)	650,315	1,026,030	649,731	1,025,136	584	894
Expanded income	4,535,468	2,861,766,390	4,530,782	2,861,196,278	4,686	570,112
Exemption amount	4,522,524	27,952,103	4,517,747	27,926,361	4,776	25,741
Itemized deductions:						
Total per adjusted gross income concept	4,283,123	370,350,590	4,278,293	365,348,106	4,830	5,002,485
Charitable contributions deduction	4,024,402	90,220,391	4,020,749	89,909,013	3,653	311,377
Interest paid deduction:						
Total per adjusted gross income concept	3,559,559	103,158,162	3,555,659	100,355,686	3,900	2,802,475
Total home mortgage interest	3,367,734	76,504,640	3,364,342	76,308,916	3,392	195,724
Medical and dental expense deduction	106,338	3,065,469	105,535	2,927,242	803	138,227
Net casualty or theft loss deduction	3,444	436,748	3,117	229,999	327	206,749
Taxes paid deduction	4,277,325	182,467,114	4,272,628	182,171,635	4,697	295,479
Net limited miscellaneous deductions per adjusted gross income concept	682,450	14,685,658	681,100	14,571,006	1,350	114,652
Non-limited miscellaneous deductions	270,963	14,275,607	268,714	13,102,623	2,248	1,172,984
Excess of exemptions and deductions over adjusted gross income	8,268	2,400,633	3,868	1,519,515	4,400	881,118
Taxable income	4,527,325	2,448,705,909	4,526,913	2,448,645,590	411	60,319
Tax at regular rates	4,527,350	604,044,253	4,526,946	604,034,316	404	9,936
Alternative minimum tax (Form 6251)	2,907,594	21,758,269	2,907,538	21,757,522	56	747
Income tax before credits	4,531,205	625,808,371	4,530,782	625,797,687	423	10,683
Tax credits:						
Total	795,432	2,229,013	795,009	2,218,329	423	10,683
Child care credit	309,564	156,802	309,541	156,789	23	13
Minimum tax credit	130,964	767,249	130,721	759,323	243	7,926
Foreign tax credit	0	0	0	0	0	0
General business credit	70,131	628,247	70,030	627,742	101	505
Worldwide total income tax	4,530,782	624,428,020	4,530,782	624,428,020	0	0
Foreign taxes paid	1,805,592	14,656,848	1,805,592	14,656,848	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	29,964	848,093	29,964	848,093	0	0
Taxable income which would yield:						
Income tax before credits	4,531,205	2,102,592,020	4,530,782	2,102,546,770	423	45,250
Income tax after credits	4,530,782	2,098,434,356	4,530,782	2,098,434,356	0	0
Worldwide total income tax	4,530,782	2,098,435,984	4,530,782	2,098,435,984	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,535,623	2,847,185,288	4,530,782	2,842,977,770	4,841	4,207,518
plus: Total tax preferences excluded from adjusted gross income [2]	1,608,456	54,719,900	1,607,006	54,579,026	1,450	140,874
Social Security benefits (nontaxable)	815,779	2,967,612	814,401	2,963,225	1,378	4,387
Foreign-earned income exclusion	46,087	3,723,915	46,077	3,723,328	10	587
minus: Investment interest expense deduction	790,482	26,421,571	788,319	23,815,835	2,163	2,605,736
Non-limited miscellaneous deductions	270,963	14,275,607	268,714	13,102,623	2,248	1,172,984
Unreimbursed employee business expenses	820,480	6,133,147	820,160	6,128,613	320	4,533
Equals: Expanded income	4,535,468	2,861,766,390	4,530,782	2,861,196,278	4,686	570,112

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	3,837,811	1,187,911,865	3,836,268	1,187,703,025	1,543	208,840
Business or profession:						
Net income	884,986	98,734,668	884,512	98,691,176	474	43,493
Net loss	281,108	7,624,071	280,711	7,563,841	397	60,230
Farm:						
Net income	31,641	2,056,187	31,580	2,048,977	61	7,209
Net loss	89,844	4,118,626	89,707	4,104,743	137	13,884
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,432,829	452,115,155	1,431,947	452,007,444	882	107,711
Net loss	482,815	51,455,558	481,559	50,777,308	1,256	678,249
Sales of capital assets:						
Net gain	2,685,967	765,595,415	2,683,698	764,925,683	2,269	669,732
Net loss	860,920	2,103,125	859,263	2,098,517	1,657	4,608
Sales of property other than capital assets:						
Net gain	206,593	8,638,729	206,291	8,622,845	302	15,884
Net loss	236,847	3,302,308	236,527	3,276,420	320	25,888
Taxable interest received	4,360,541	128,339,796	4,356,364	126,359,453	4,177	1,980,343
Tax-exempt interest	1,683,532	59,016,062	1,680,219	58,028,683	3,313	987,378
Dividends	3,603,775	145,810,484	3,600,067	145,517,481	3,708	293,003
Qualified dividends	3,354,624	103,383,038	3,351,363	103,197,068	3,261	185,970
Pensions and annuities in adjusted gross income	1,020,713	46,888,255	1,019,588	46,844,039	1,125	44,216
Rent:						
Net income	539,217	24,265,973	538,721	24,238,481	496	27,491
Net loss, total (deductible and nondeductible)	561,611	12,754,630	561,035	12,698,603	576	56,027
Nondeductible rental loss	383,903	7,391,463	383,620	7,371,769	283	19,694
Royalty:						
Net income	319,233	10,817,173	318,753	10,803,802	480	13,371
Net loss	8,887	100,297	8,877	100,218	10	78
Estate or trust:						
Net income	132,624	15,420,479	132,392	15,410,162	232	10,317
Net loss	15,060	1,540,895	15,006	1,490,035	54	50,860
State income tax refunds	1,567,437	8,596,801	1,566,578	8,568,953	859	27,847
Alimony received	10,746	1,334,440	10,734	1,333,137	12	1,303
Social Security benefits in adjusted gross income	877,047	18,057,533	874,908	18,017,368	2,139	40,165
Social Security benefits (nontaxable)	877,138	3,187,955	874,999	3,180,757	2,139	7,198
Unemployment compensation	73,762	371,736	73,739	371,596	23	140
Other income	660,859	20,294,997	660,133	20,243,324	726	51,673
Other loss	53,177	1,859,880	53,115	1,855,317	62	4,563
Foreign-earned income exclusion	69,027	5,774,723	68,958	5,765,384	69	9,339
Total income	4,576,314	2,883,747,951	4,571,961	2,881,032,259	4,353	2,715,692
Statutory adjustments, total	1,909,369	38,565,933	1,908,141	38,548,062	1,228	17,870
Payments to Individual Retirement Arrangements	146,688	1,104,251	146,603	1,103,701	85	550
Payments to self-employed retirement (Keogh) plans	447,940	13,786,580	447,869	13,784,233	71	2,347
Moving expenses adjustment	50,785	306,598	50,776	306,508	9	90
Adjusted gross income	4,576,314	2,845,182,018	4,571,961	2,842,484,197	4,353	2,697,821

Footnotes at end of table.

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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 2007—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						
Investment interest expense deduction	785,396	24,857,464	784,143	23,025,110	1,253	1,832,354
Total tax preferences excluded from adjusted gross income	1,698,753	61,777,073	1,695,437	60,788,964	3,316	988,110
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	35,531	2,768,951	35,504	2,767,999	27	952
Passive activity loss (alternative minimum tax adjustment)	659,249	1,033,944	658,668	1,033,643	581	301
Expanded income	4,576,315	2,878,271,990	4,571,961	2,876,534,876	4,354	1,737,113
Exemption amount	4,563,259	28,057,724	4,558,931	28,029,555	4,328	28,169
Itemized deductions:						
Total per adjusted gross income concept	4,298,116	362,025,248	4,294,094	358,845,985	4,022	3,179,263
Total per expanded income concept	4,297,054	364,537,415	4,293,032	363,291,874	4,022	1,245,541
Charitable contributions deduction	4,036,210	90,511,607	4,032,776	90,248,615	3,434	262,992
Interest paid deduction:						
Total per adjusted gross income concept	3,531,705	100,624,208	3,529,246	98,664,636	2,459	1,959,572
Total per expanded income concept	3,343,935	75,766,744	3,341,946	75,639,526	1,989	127,218
Total home mortgage interest	3,335,760	75,543,652	3,333,775	75,416,962	1,985	126,690
Medical and dental expense deduction	132,206	3,503,225	130,015	3,262,346	2,191	240,879
Net casualty or theft loss deduction	3,660	485,026	3,325	277,909	335	207,117
Taxes paid deduction	4,290,929	182,967,533	4,286,942	182,666,840	3,986	300,693
Net limited miscellaneous deductions per adjusted gross income concept	659,053	14,360,975	656,947	14,252,927	2,106	108,048
Non-limited miscellaneous deductions	243,446	7,417,606	243,040	7,296,225	406	121,381
Excess of exemptions and deductions over adjusted gross income	8,838	2,262,534	4,942	1,690,446	3,896	572,088
Taxable income	4,567,473	2,454,528,318	4,567,019	2,454,468,993	454	59,324
Tax at regular rates	4,567,513	605,103,277	4,567,051	605,093,520	462	9,757
Alternative minimum tax (Form 6251)	2,907,214	21,832,524	2,907,119	21,831,841	95	684
Income tax before credits	4,572,462	626,941,657	4,571,957	626,931,216	505	10,441
Tax credits:						
Total	798,698	2,230,482	798,193	2,220,042	505	10,441
Child care credit	304,381	154,016	304,356	154,003	25	13
Minimum tax credit	134,654	766,946	134,409	759,109	245	7,837
Foreign tax credit	0	0	0	0	0	0
General business credit	71,816	630,734	71,734	630,296	82	439
Worldwide total income tax	4,571,961	625,872,243	4,571,961	625,872,243	0	0
Foreign taxes paid	1,872,292	15,346,914	1,872,292	15,346,914	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	41,790	1,160,499	41,790	1,160,499	0	0
Taxable income which would yield:						
Income tax before credits	4,572,462	2,107,727,061	4,571,957	2,107,682,878	505	44,183
Income tax after credits	4,571,961	2,104,548,946	4,571,961	2,104,548,946	0	0
Worldwide total income tax	4,571,961	2,104,550,574	4,571,961	2,104,550,574	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,576,314	2,845,182,018	4,571,961	2,842,484,197	4,353	2,697,821
plus: Total tax preferences excluded from adjusted gross income [2]	1,698,753	61,777,073	1,695,437	60,788,964	3,316	988,110
Social Security benefits (nontaxable)	877,138	3,187,955	874,999	3,180,757	2,139	7,198
Foreign-earned income exclusion	69,027	5,774,723	68,958	5,765,384	69	9,339
minus: Investment interest expense deduction	785,396	24,857,464	784,143	23,025,110	1,253	1,832,354
Non-limited miscellaneous deductions	243,446	7,417,606	243,040	7,296,225	406	121,381
Unreimbursed employee business expenses	770,051	5,362,763	769,797	5,360,895	254	1,868
Equals: Expanded income	4,576,315	2,878,271,990	4,571,961	2,876,534,876	4,354	1,737,113

[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.

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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 2007

[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	4,394,741	100.0	1,171,501	26.7	62,180	1.4	2,301,758	52.4
Interest paid deduction	1,456,094	33.1	0	0.0	12,020	19.3	1,291,036	56.1
Investment interest expense deduction [1]	70,645	1.6	8,860	0.8	0	0.0	43,528	1.9
Taxes paid deduction	1,536,112	35.0	1,059,021	90.4	34,132	54.9	0	0.0
Charitable contributions deduction	797,577	18.1	63,518	5.4	6,932	11.1	689,779	30.0
Medical and dental expense deduction	20,425	0.5	2,518	0.2	** 26	** [2]	12,208	0.5
Net casualty or theft loss deduction	1,184	[2]	620	0.1	**	**	67	[2]
Total miscellaneous deductions	167,863	3.8	21,488	1.8	3,896	6.3	115,608	5.0
Foreign tax credit	83,132	1.9	1,628	0.1	852	1.4	55,069	2.4
General business credit	8,271	0.2	558	[2]	439	0.7	4,987	0.2
All other tax credits	35,907	0.8	3,263	0.3	796	1.3	19,661	0.9
Partnership and S corporation net losses	66,983	1.5	** 10,027	** 0.9	2,932	4.7	38,536	1.7
No second largest item	150,547	3.4	**	**	154	0.2	31,278	1.4
Returns with expanded income of \$200,000 or more								
Total	4,493,195	100.0	1,152,011	25.6	0	0.0	2,156,510	48.0
Interest paid deduction	1,402,047	31.2	0	0.0	0	0.0	1,250,715	58.0
Tax-exempt interest [3]	261,204	5.8	5,634	0.5	0	0.0	178,621	8.3
Taxes paid deduction	1,597,387	35.6	1,055,547	91.6	0	0.0	0	0.0
Charitable contributions deduction	651,698	14.5	65,645	5.7	0	0.0	528,687	24.5
Medical and dental expense deduction	24,622	0.5	2,654	0.2	0	0.0	9,437	0.4
Net casualty or theft loss deduction	742	[2]	620	0.1	0	0.0	56	[2]
Total miscellaneous deductions	67,347	1.5	2,855	0.2	0	0.0	33,575	1.6
Foreign tax credit	98,059	2.2	1,376	0.1	0	0.0	29,583	1.4
General business credit	8,137	0.2	708	0.1	0	0.0	4,226	0.2
All other tax credits	32,782	0.7	3,287	0.3	0	0.0	15,816	0.7
Partnership and S corporation net losses	65,865	1.5	11,399	1.0	0	0.0	33,468	1.6
Foreign-earned income exclusion [3]	35,152	0.8	518	[2]	0	0.0	242	[2]
AMT tax preference [3]	4,114	0.1	186	[2]	0	0.0	1,829	0.1
Nontaxable Social Security benefits [3]	125,214	2.8	** 1,581	** 0.1	0	0.0	45,476	2.1
No second largest item	118,823	2.6	**	**	0	0.0	24,780	1.1

Footnotes at end of table.

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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 2007—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	347,613	7.9	35,398	0.8	872	[2]	119,430	2.7
Interest paid deduction	67,036	19.3	3,101	8.8	656	75.3	32,550	27.3
Investment interest expense deduction [1]	6,766	1.9	187	0.5	42	4.8	1,752	1.5
Taxes paid deduction	243,844	70.1	21,972	62.1	109	12.5	62,804	52.6
Charitable contributions deduction	0	0.0	3,941	11.1	9	1.1	13,090	11.0
Medical and dental expense deduction	3,864	1.1	0	0.0	0	0.0	1,314	1.1
Net casualty or theft loss deduction	12	[2]	0	0.0	0	0.0	438	0.4
Total miscellaneous deductions	14,862	4.3	5,153	14.6	0	0.0	0	0.0
Foreign tax credit	2,467	0.7	587	1.7	50	5.7	3,713	3.1
General business credit	600	0.2	0	0.0	3	0.3	81	0.1
All other tax credits	1,552	0.4	7	[2]	0	0.0	98	0.1
Partnership and S corporation net losses	** 6,611	** 1.9	451	1.3	3	0.4	3,121	2.6
No second largest item	**	**	0	0.0	0	0.0	470	0.4
Returns with expanded income of \$200,000 or more								
Total	330,533	7.4	33,544	0.7	1,507	[2]	26,883	0.6
Interest paid deduction	67,884	20.5	2,268	6.8	649	43.1	3,195	11.9
Tax-exempt interest [3]	24,539	7.4	5,976	17.8	555	36.8	4,831	18.0
Taxes paid deduction	216,624	65.5	14,187	42.3	101	6.7	11,448	42.6
Charitable contributions deduction	0	0.0	3,183	9.5	145	9.6	3,491	13.0
Medical and dental expense deduction	2,702	0.8	0	0.0	0	0.0	423	1.6
Net casualty or theft loss deduction	12	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	5,953	1.8	3,091	9.2	0	0.0	0	0.0
Foreign tax credit	1,531	0.5	189	0.6	9	0.6	1,841	6.8
General business credit	449	0.1	0	0.0	3	0.2	49	0.2
All other tax credits	1,835	0.6	0	0.0	0	0.0	18	0.1
Partnership and S corporation net losses	5,927	1.8	435	1.3	3	0.2	922	3.4
Foreign-earned income exclusion [3]	71	[2]	0	0.0	0	0.0	357	1.3
AMT tax preference [3]	393	0.1	302	0.9	41	2.7	**	**
Nontaxable Social Security benefits [3]	2,564	0.8	3,913	11.7	0	0.0	** 308	** 1.1
No second largest item	49	[2]	0	0.0	0	0.0	**	**

Footnotes at end of table.

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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 2007—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	166,088	3.8	8,482	0.2	43,321	1.0	138,098	3.1
Interest paid deduction	14,576	8.8	1,375	16.2	5,009	11.6	28,734	20.8
Investment interest expense deduction [1]	2,305	1.4	203	2.4	656	1.5	6,346	4.6
Taxes paid deduction	37,670	22.7	3,238	38.2	15,133	34.9	58,188	42.1
Charitable contributions deduction	3,734	2.2	409	4.8	1,396	3.2	14,768	10.7
Medical and dental expense deduction	** 53	** [2]	0	0.0	142	0.3	** 305	** 0.2
Net casualty or theft loss deduction	**	**	41	0.5	0	0.0	**	**
Total miscellaneous deductions	1,958	1.2	57	0.7	397	0.9	4,445	3.2
Foreign tax credit	0	0.0	368	4.3	7,426	17.1	10,972	7.9
General business credit	282	0.2	0	0.0	898	2.1	424	0.3
All other tax credits	6,159	3.7	1,108	13.1	0	0.0	3,264	2.4
Partnership and S corporation net losses	4,639	2.8	138	1.6	623	1.4	0	0.0
No second largest item	94,713	57.0	1,544	18.2	11,641	26.9	10,650	7.7
Returns with expanded income of \$200,000 or more								
Total	105,111	2.3	8,591	0.2	36,878	0.8	132,526	2.9
Interest paid deduction	7,983	7.6	1,599	18.6	4,566	12.4	28,799	21.7
Tax-exempt interest [3]	8,018	7.6	478	5.6	3,033	8.2	12,846	9.7
Taxes paid deduction	23,963	22.8	3,087	35.9	13,374	36.3	53,238	40.2
Charitable contributions deduction	2,265	2.2	345	4.0	1,382	3.7	14,416	10.9
Medical and dental expense deduction	** 12	** [2]	0	0.0	151	0.4	** 342	** 0.3
Net casualty or theft loss deduction	**	**	41	0.5	0	0.0	**	**
Total miscellaneous deductions	600	0.6	**	**	18	[2]	2,115	1.6
Foreign tax credit	0	0.0	** 191	** 2.2	2,846	7.7	5,600	4.2
General business credit	122	0.1	0	0.0	834	2.3	262	0.2
All other tax credits	682	0.6	1,176	13.7	0	0.0	2,671	2.0
Partnership and S corporation net losses	1,435	1.4	177	2.1	438	1.2	0	0.0
Foreign-earned income exclusion [3]	33,853	32.2	0	0.0	3	[2]	51	[2]
AMT tax preference [3]	324	0.3	**	**	67	0.2	419	0.3
Nontaxable Social Security benefits [3]	4,801	4.6	** 783	** 9.1	2,161	5.9	5,534	4.2
No second largest item	21,053	20.0	712	8.3	8,016	21.7	6,234	4.7

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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 2007—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	24,743	0.6	373,766	8.3	13,126	0.3	97,466	2.2
Interest paid deduction	6,005	24.3	20,809	5.6	2,155	16.4	5,429	5.6
Tax-exempt interest [3]	1,228	5.0	0	0.0	838	6.4	14,607	15.0
Taxes paid deduction	3,081	12.5	181,578	48.6	8,255	62.9	12,903	13.2
Charitable contributions deduction	557	2.3	30,632	8.2	607	4.6	343	0.4
Medical and dental expense deduction	0	0.0	8,595	2.3	8	0.1	302	0.3
Net casualty or theft loss deduction	0	0.0	8	[2]	0	0.0	0	0.0
Total miscellaneous deductions	15	0.1	19,119	5.1	**	**	0	0.0
Foreign tax credit	8,869	35.8	30,662	8.2	** 8	** 0.1	15,360	15.8
General business credit	0	0.0	1,172	0.3	8	0.1	305	0.3
All other tax credits	323	1.3	3,314	0.9	558	4.3	3,103	3.2
Partnership and S corporation net losses	463	1.9	9,121	2.4	155	1.2	1,923	2.0
Foreign-earned income exclusion [3]	0	0.0	17	[2]	41	0.3	0	0.0
AMT tax preference [3]	0	0.0	373	0.1	0	0.0	177	0.2
Nontaxable Social Security benefits [3]	315	1.3	57,774	15.5	12	0.1	0	0.0
No second largest item	3,887	15.7	10,592	2.8	482	3.7	43,014	44.1

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[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	10,464	100.0	340	3.2	1,050	10.0	253	2.4
Interest paid deduction	3,082	29.5	0	0.0	260	24.8	160	63.2
Investment interest expense deduction [1]	749	7.2	39	11.5	0	0.0	29	11.5
Taxes paid deduction	1,808	17.3	172	50.6	195	18.6	0	0.0
Charitable contributions deduction	960	9.2	66	19.4	184	17.5	20	7.9
Medical and dental expense deduction	115	1.1	6	1.8	20	1.9	7	2.8
Net casualty or theft loss deduction	7	0.1	** 4	** 1.2	0	0.0	0	0.0
Total miscellaneous deductions	440	4.2	14	4.1	71	6.8	8	3.2
Foreign tax credit	142	1.4	3	0.9	34	3.2	** 8	** 3.2
General business credit	18	0.2	**	**	**	**	0	0.0
All other tax credits	175	1.7	17	5.0	15	1.4	**	**
Partnership and S corporation net losses	803	7.7	19	5.6	267	25.4	21	8.3
No second largest item	2,165	20.7	**	**	** 4	** 0.4	0	0.0
Returns with expanded income of \$200,000 or more								
Total	13,142	100.0	294	2.2	0	0.0	274	2.1
Interest paid deduction	1,346	10.2	0	0.0	0	0.0	161	58.8
Tax-exempt interest [3]	812	6.2	10	3.4	0	0.0	42	15.3
Taxes paid deduction	1,522	11.6	165	56.1	0	0.0	0	0.0
Charitable contributions deduction	790	6.0	62	21.1	0	0.0	** 20	** 7.3
Medical and dental expense deduction	604	4.6	8	2.7	0	0.0	12	4.4
Net casualty or theft loss deduction	15	0.1	**	**	0	0.0	0	0.0
Total miscellaneous deductions	322	2.4	**	**	0	0.0	9	3.3
Foreign tax credit	1,012	7.7	** 7	** 2.4	0	0.0	5	1.8
General business credit	22	0.2	**	**	0	0.0	0	0.0
All other tax credits	141	1.1	17	5.8	0	0.0	3	1.1
Partnership and S corporation net losses	575	4.4	19	6.5	0	0.0	22	8.0
Foreign-earned income exclusion [3]	5,177	39.4	** 6	** 2.0	** 0	** 0.0	**	**
AMT tax preference [3]	4	[2]	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	151	1.1	0	0.0	0	0.0	0	0.0
No second largest item	649	4.9	**	**	0	0.0	0	0.0

Footnotes at end of table.

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[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	395	3.8	518	5.0	323	3.1	1,805	17.3
Interest paid deduction	102	25.8	52	10.0	151	46.7	786	43.5
Investment interest expense deduction [1]	90	22.8	13	2.5	** 10	** 3.1	43	2.4
Taxes paid deduction	77	19.5	162	31.3	91	28.2	** 629	** 34.8
Charitable contributions deduction	0	0.0	135	26.1	26	8.0	**	**
Medical and dental expense deduction	25	6.3	0	0.0	8	2.5	24	1.3
Net casualty or theft loss deduction	** 3	** 0.8	0	0.0	0	0.0	**	**
Total miscellaneous deductions	26	6.6	134	25.9	23	7.1	0	0.0
Foreign tax credit	36	9.1	9	1.7	0	0.0	7	0.4
General business credit	**	**	0	0.0	0	0.0	** 6	** 0.3
All other tax credits	15	3.8	** 7	** 1.3	**	**	11	0.6
Partnership and S corporation net losses	21	5.3	6	1.2	14	4.3	212	11.7
No second largest item	0	0.0	**	**	**	**	87	4.8
Returns with expanded income of \$200,000 or more								
Total	413	3.1	822	6.3	317	2.4	45	0.3
Interest paid deduction	115	27.8	54	6.6	148	46.7	5	11.1
Tax-exempt interest [3]	** 43	** 10.4	413	50.2	22	6.9	18	40.0
Taxes paid deduction	107	25.9	98	11.9	83	26.2	10	22.2
Charitable contributions deduction	0	0.0	122	14.8	** 37	** 11.7	5	11.1
Medical and dental expense deduction	33	8.0	0	0.0	**	**	**	**
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	25	6.1	** 97	** 11.8	6	1.9	0	0.0
Foreign tax credit	28	6.8	8	1.0	**	**	**	**
General business credit	**	**	**	**	0	0.0	0	0.0
All other tax credits	19	4.6	3	0.4	**	**	** 4	** 8.9
Partnership and S corporation net losses	33	8.0	5	0.6	14	4.4	3	6.7
Foreign-earned income exclusion [3]	** 7	** 1.7	**	**	** 3	** 0.9	** 0	** 0.0
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	3	0.7	19	2.3	4	1.3	0	0.0
No second largest item	0	0.0	** 3	** 0.4	0	0.0	0	0.0

Footnotes at end of table.

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[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	4,863	46.5	11	0.1	288	2.8	618	5.9
Interest paid deduction	1,437	29.6	3	27.3	97	33.7	34	5.5
Investment interest expense deduction [1]	205	4.2	** 4	** 36.4	20	6.9	301	48.7
Taxes paid deduction	394	8.1	**	**	93	32.3	71	11.5
Charitable contributions deduction	338	7.0	**	**	22	7.6	90	14.6
Medical and dental expense deduction	20	0.4	0	0.0	0	0.0	5	0.8
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	108	2.2	0	0.0	14	4.9	42	6.8
Foreign tax credit	0	0.0	**	**	5	1.7	42	6.8
General business credit	** 3	** [2]	0	0.0	**	**	5	0.8
All other tax credits	76	1.6	** 4	** 36.4	0	0.0	28	4.5
Partnership and S corporation net losses	216	4.4	0	0.0	27	9.4	0	0.0
No second largest item	2,066	42.5	0	0.0	** 10	** 3.5	0	0.0
Returns with expanded income of \$200,000 or more								
Total	7,009	53.3	10	0.1	300	2.3	448	3.4
Interest paid deduction	462	6.6	3	30.0	104	34.7	31	6.9
Tax-exempt interest [3]	88	1.3	**	**	25	8.3	151	33.7
Taxes paid deduction	283	4.0	0	0.0	93	31.0	69	15.4
Charitable contributions deduction	171	2.4	** 3	** 30.0	25	8.3	92	20.6
Medical and dental expense deduction	11	0.2	0	0.0	0	0.0	6	1.3
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	41	0.6	0	0.0	7	2.3	19	4.2
Foreign tax credit	0	0.0	0	0.0	5	1.7	44	9.8
General business credit	0	0.0	0	0.0	** 4	** 1.3	6	1.3
All other tax credits	21	0.3	4	40.0	0	0.0	27	6.0
Partnership and S corporation net losses	140	2.0	0	0.0	30	10.0	0	0.0
Foreign-earned income exclusion [3]	** 5,156	** 73.6	** 0	** 0.0	**	**	** 3	** 0.7
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	63	0.9	0	0.0	3	1.0	0	0.0
No second largest item	573	8.2	0	0.0	4	1.3	0	0.0

Footnotes at end of table.

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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 2007—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	998	7.6	** 2,212	** 16.8	**	**	**	**
Interest paid deduction	50	5.0	** 213	** 9.6	**	**	**	**
Tax-exempt interest [3]	**	**	** 0	** 0.0	**	**	**	**
Taxes paid deduction	20	2.0	** 594	** 26.9	**	**	**	**
Charitable contributions deduction	** 10	** 1.0	** 256	** 11.6	**	**	**	**
Medical and dental expense deduction	** 8	** 0.8	** 531	** 24.0	**	**	**	**
Net casualty or theft loss deduction	**	**	**	**	**	**	**	**
Total miscellaneous deductions	**	**	** 118	** 5.3	**	**	**	**
Foreign tax credit	903	90.5	** 13	** 0.6	**	**	**	**
General business credit	0	0.0	** 10	** 0.5	**	**	**	**
All other tax credits	3	0.3	** 42	** 1.9	**	**	**	**
Partnership and S corporation net losses	4	0.4	** 305	** 13.8	**	**	**	**
Foreign-earned income exclusion [3]	** 0	** 0.0	**	**	**	**	**	**
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	0	0.0	** 59	** 2.7	**	**	**	**
No second largest item	**	**	** 71	** 3.2	**	**	**	**

** 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.

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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 2007

[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	4,303,578	100.0	1,187,532	27.6	64,833	1.5	2,339,972	54.4
Interest paid deduction	1,465,926	34.1	0	0.0	12,545	19.4	1,312,248	56.1
Investment interest expense deduction [1]	73,308	1.7	9,671	0.8	0	0.0	46,658	2.0
Taxes paid deduction	1,525,464	35.4	1,072,899	90.3	36,172	55.8	0	0.0
Charitable contributions deduction	842,024	19.6	65,143	5.5	7,452	11.5	734,620	31.4
Medical and dental expense deduction	20,889	0.5	2,523	0.2	** 31	** [2]	12,237	0.5
Net casualty or theft loss deduction	1,183	[2]	620	0.1	**	**	67	[2]
Total miscellaneous deductions	173,446	4.0	21,591	1.8	4,049	6.2	121,797	5.2
General business credit	8,616	0.2	558	[2]	461	0.7	5,381	0.2
All other tax credits	32,828	0.8	3,503	0.3	839	1.3	21,710	0.9
Partnership and S Corporation net losses	64,840	1.5	10,070	0.8	3,092	4.8	40,287	1.7
No second largest item	95,055	2.2	955	0.1	192	0.3	44,966	1.9
Returns with expanded income of \$200,000 or more								
Total	4,480,357	100.0	1,160,486	25.9	0	0.0	2,180,908	48.7
Interest paid deduction	1,422,555	31.8	0	0.0	0	0.0	1,266,972	58.1
Tax-exempt interest [3]	270,047	6.0	5,725	0.5	0	0.0	185,124	8.5
Taxes paid deduction	1,603,629	35.8	1,064,443	91.7	0	0.0	0	0.0
Charitable contributions deduction	668,165	14.9	65,936	5.7	0	0.0	544,652	25.0
Medical and dental expense deduction	25,030	0.6	2,656	0.2	0	0.0	9,441	0.4
Net casualty or theft loss deduction	746	[2]	620	0.1	0	0.0	56	[2]
Total miscellaneous deductions	70,421	1.6	2,960	0.3	0	0.0	35,844	1.6
General business credit	8,416	0.2	708	0.1	0	0.0	4,412	0.2
All other tax credits	38,502	0.9	3,310	0.3	0	0.0	16,310	0.7
Partnership and S Corporation net losses	69,063	1.5	11,558	1.0	0	0.0	34,380	1.6
Foreign-earned income exclusion [3]	2,942	0.1	592	0.1	0	0.0	1,055	[2]
AMT tax preference [3]	4,509	0.1	186	[2]	0	0.0	1,841	0.1
Nontaxable Social Security benefits [3]	129,358	2.9	1,762	0.2	0	0.0	48,062	2.2
No second largest item	166,975	3.7	30	[2]	0	0.0	32,759	1.5

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	351,775	8.2	35,509	0.8	881	[2]	121,527	2.8
Interest paid deduction	68,077	19.4	3,122	8.8	659	74.8	32,844	27.0
Investment interest expense deduction [1]	7,008	2.0	188	0.5	43	4.8	1,959	1.6
Taxes paid deduction	248,203	70.6	22,606	63.7	120	13.6	66,566	54.8
Charitable contributions deduction	0	0.0	3,955	11.1	** 52	** 5.9	13,776	11.3
Medical and dental expense deduction	3,872	1.1	0	0.0	0	0.0	1,780	1.5
Net casualty or theft loss deduction	12	[2]	0	0.0	0	0.0	438	0.4
Total miscellaneous deductions	15,473	4.4	5,169	14.6	**	**	0	0.0
General business credit	608	0.2	0	0.0	3	0.3	82	0.1
All other tax credits	1,604	0.5	12	[2]	0	0.0	116	0.1
Partnership and S Corporation net losses	6,658	1.9	452	1.3	4	0.5	3,175	2.6
No second largest item	259	0.1	4	[2]	0	0.0	793	0.7
Returns with expanded income of \$200,000 or more								
Total	333,067	7.4	33,617	0.8	1,516	[2]	27,532	0.6
Interest paid deduction	68,473	20.6	2,278	6.8	650	42.9	3,246	11.8
Tax-exempt interest [3]	24,850	7.5	5,996	17.8	557	36.7	4,898	17.8
Taxes paid deduction	218,972	65.7	14,395	42.8	112	7.4	12,928	47.0
Charitable contributions deduction	0	0.0	3,189	9.5	147	9.7	3,692	13.4
Medical and dental expense deduction	2,710	0.8	0	0.0	0	0.0	739	2.7
Net casualty or theft loss deduction	12	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	6,394	1.9	** 3,098	** 9.2	**	**	0	0.0
General business credit	455	0.1	**	**	** 4	** 0.3	49	0.2
All other tax credits	1,862	0.6	3	[2]	0	0.0	24	0.1
Partnership and S Corporation net losses	6,001	1.8	436	1.3	4	0.3	958	3.5
Foreign-earned income exclusion [3]	161	[2]	3	[2]	0	0.0	360	1.3
AMT tax preference [3]	393	0.1	302	0.9	** 42	** 2.8	3	[2]
Nontaxable Social Security benefits [3]	2,719	0.8	3,914	11.6	**	**	622	2.3
No second largest item	64	[2]	3	[2]	0	0.0	14	0.1

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	8,773	0.2	49,704	1.2	143,073	3.3
Interest paid deduction	0	0.0	1,391	15.9	5,597	11.3	29,442	20.6
Investment interest expense deduction [1]	0	0.0	211	2.4	736	1.5	6,834	4.8
Taxes paid deduction	0	0.0	3,391	38.7	15,529	31.2	59,977	41.9
Charitable contributions deduction	0	0.0	** 512	** 5.8	1,455	2.9	15,129	10.6
Medical and dental expense deduction	0	0.0	0	0.0	142	0.3	** 308	** 0.2
Net casualty or theft loss deduction	0	0.0	41	0.5	0	0.0	**	**
Total miscellaneous deductions	0	0.0	**	**	410	0.8	4,886	3.4
General business credit	0	0.0	0	0.0	1,064	2.1	460	0.3
All other tax credits	0	0.0	1,111	12.7	0	0.0	3,935	2.8
Partnership and S Corporation net losses	0	0.0	146	1.7	956	1.9	0	0.0
No second largest item	0	0.0	1,970	22.5	23,815	47.9	22,102	15.4
Returns with expanded income of \$200,000 or more								
Total	8,718	0.2	37,739	0.8	134,215	3.0	64,697	1.4
Interest paid deduction	1,602	18.4	4,639	12.3	29,456	21.9	16,241	25.1
Tax-exempt interest [3]	509	5.8	3,252	8.6	14,017	10.4	5,832	9.0
Taxes paid deduction	3,188	36.6	13,510	35.8	54,649	40.7	10,110	15.6
Charitable contributions deduction	352	4.0	1,420	3.8	14,588	10.9	1,651	2.6
Medical and dental expense deduction	0	0.0	151	0.4	340	0.3	23	[2]
Net casualty or theft loss deduction	41	0.5	0	0.0	3	[2]	5	[2]
Total miscellaneous deductions	4	[2]	27	0.1	2,307	1.7	** 212	** 0.3
General business credit	0	0.0	839	2.2	280	0.2	**	**
All other tax credits	1,178	13.5	0	0.0	2,842	2.1	4,223	6.5
Partnership and S Corporation net losses	177	2.0	459	1.2	0	0.0	2,124	3.3
Foreign-earned income exclusion [3]	0	0.0	15	[2]	206	0.2	0	0.0
AMT tax preference [3]	**	**	67	0.2	421	0.3	9	[2]
Nontaxable Social Security benefits [3]	** 783	** 9.0	2,206	5.8	5,713	4.3	436	0.7
No second largest item	883	10.1	11,155	29.6	9,393	7.0	23,832	36.8

Footnotes at end of table.

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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 2007—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	382,080	8.5	13,451	0.3	102,330	2.3
Interest paid deduction	21,410	5.6	2,156	16.0	5,431	5.3
Tax-exempt interest [3]	0	0.0	850	6.3	18,437	18.0
Taxes paid deduction	188,554	49.3	8,401	62.5	14,369	14.0
Charitable contributions deduction	31,581	8.3	611	4.5	345	0.3
Medical and dental expense deduction	8,660	2.3	8	0.1	302	0.3
Net casualty or theft loss deduction	8	[2]	0	0.0	0	0.0
Total miscellaneous deductions	19,639	5.1	**	**	**	**
General business credit	1,288	0.3	** 13	** 0.1	** 306	** 0.3
All other tax credits	4,748	1.2	575	4.3	3,426	3.3
Partnership and S Corporation net losses	10,806	2.8	155	1.2	2,006	2.0
Foreign-earned income exclusion [3]	404	0.1	145	1.1	0	0.0
AMT tax preference [3]	1,059	0.3	0	0.0	185	0.2
Nontaxable Social Security benefits [3]	63,129	16.5	12	0.1	0	0.0
No second largest item	30,795	8.1	526	3.9	57,521	56.2

Footnotes at end of table.

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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 2007—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	4,840	100.0	314	6.5	907	18.7	103	2.1
Interest paid deduction	1,393	28.8	0	0.0	231	25.5	17	16.5
Investment interest expense deduction [1]	490	10.1	33	10.5	0	0.0	28	27.2
Taxes paid deduction	1,302	26.9	165	52.5	180	19.8	0	0.0
Charitable contributions deduction	551	11.4	61	19.4	165	18.2	20	19.4
Medical and dental expense deduction	86	1.8	6	1.9	16	1.8	7	6.8
Net casualty or theft loss deduction	5	0.1	**	**	0	0.0	0	0.0
Total miscellaneous deductions	289	6.0	12	3.8	53	5.8	8	7.8
General business credit	12	0.2	**	**	**	**	0	0.0
All other tax credits	62	1.3	15	4.8	7	0.8	**	**
Partnership and S Corporation net losses	551	11.4	18	5.7	252	27.8	** 23	** 22.3
No second largest item	99	2.0	** 4	** 1.3	** 3	** 0.3	0	0.0
Returns with expanded income of \$200,000 or more								
Total	4,354	100.0	264	6.1	0	0.0	121	2.8
Interest paid deduction	617	14.2	0	0.0	0	0.0	18	14.9
Tax-exempt interest [3]	647	14.9	4	1.5	0	0.0	41	33.9
Taxes paid deduction	1,104	25.4	157	59.5	0	0.0	0	0.0
Charitable contributions deduction	517	11.9	57	21.6	0	0.0	18	14.9
Medical and dental expense deduction	564	13.0	8	3.0	0	0.0	11	9.1
Net casualty or theft loss deduction	15	0.3	**	**	0	0.0	0	0.0
Total miscellaneous deductions	246	5.6	0	0.0	0	0.0	9	7.4
General business credit	12	0.3	**	**	0	0.0	0	0.0
All other tax credits	74	1.7	13	4.9	0	0.0	** 3	** 2.5
Partnership and S Corporation net losses	380	8.7	18	6.8	0	0.0	21	17.4
Foreign-earned income exclusion [3]	** 15	** 0.3	** 7	** 2.7	** 0	** 0.0	**	**
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	87	2.0	0	0.0	0	0.0	0	0.0
No second largest item	76	1.7	**	**	0	0.0	0	0.0

Footnotes at end of table.

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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 2007—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	305	6.3	480	9.9	317	6.5	** 1,776	** 36.7
Interest paid deduction	88	28.8	47	9.8	149	47.0	** 778	** 43.8
Investment interest expense deduction [1]	74	24.3	13	2.7	8	2.5	** 38	** 2.1
Taxes paid deduction	68	22.3	153	31.9	89	28.1	** 547	** 30.8
Charitable contributions deduction	0	0.0	128	26.7	25	7.9	** 75	** 4.2
Medical and dental expense deduction	21	6.9	0	0.0	8	2.5	** 24	** 1.4
Net casualty or theft loss deduction	** 3	** 1.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	22	7.2	131	27.3	23	7.3	** 0	** 0.0
General business credit	**	**	0	0.0	0	0.0	** 4	** 0.2
All other tax credits	9	3.0	**	**	**	**	** 10	** 0.6
Partnership and S Corporation net losses	20	6.6	** 8	** 1.7	** 15	** 4.7	** 211	** 11.9
No second largest item	0	0.0	**	**	**	**	** 89	** 5.0
Returns with expanded income of \$200,000 or more								
Total	316	7.3	772	17.7	309	7.1	36	0.8
Interest paid deduction	96	30.4	49	6.3	147	47.6	**	**
Tax-exempt interest [3]	26	8.2	395	51.2	21	6.8	15	41.7
Taxes paid deduction	98	31.0	92	11.9	81	26.2	7	19.4
Charitable contributions deduction	0	0.0	118	15.3	26	8.4	5	13.9
Medical and dental expense deduction	26	8.2	0	0.0	7	2.3	**	**
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	21	6.6	** 94	** 12.2	6	1.9	0	0.0
General business credit	**	**	0	0.0	0	0.0	0	0.0
All other tax credits	12	3.8	0	0.0	**	**	** 6	** 16.7
Partnership and S Corporation net losses	30	9.5	5	0.6	13	4.2	3	8.3
Foreign-earned income exclusion [3]	** 4	** 1.3	**	**	** 4	** 1.3	** 0	** 0.0
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	3	0.9	19	2.5	4	1.3	0	0.0
No second largest item	0	0.0	**	**	0	0.0	0	0.0

Footnotes at end of table.

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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 2007—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	**	**	140	2.9	498	10.3
Interest paid deduction	0	0.0	**	**	56	40.0	27	5.4
Investment interest expense deduction [1]	0	0.0	**	**	10	7.1	286	57.4
Taxes paid deduction	0	0.0	**	**	44	31.4	56	11.2
Charitable contributions deduction	0	0.0	**	**	7	5.0	70	14.1
Medical and dental expense deduction	0	0.0	**	**	0	0.0	4	0.8
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	**	**	** 4	** 2.9	** 39	** 7.8
General business credit	0	0.0	**	**	**	**	**	**
All other tax credits	0	0.0	**	**	0	0.0	16	3.2
Partnership and S Corporation net losses	0	0.0	**	**	** 19	** 13.6	0	0.0
No second largest item	0	0.0	**	**	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	4	0.1	142	3.3	334	7.7	52	1.2
Interest paid deduction	**	**	60	42.3	26	7.8	24	46.2
Tax-exempt interest [3]	0	0.0	7	4.9	138	41.3	0	0.0
Taxes paid deduction	0	0.0	45	31.7	53	15.9	16	30.8
Charitable contributions deduction	**	**	8	5.6	74	22.2	**	**
Medical and dental expense deduction	0	0.0	0	0.0	6	1.8	** 7	** 13.5
Net casualty or theft loss deduction	0	0.0	0	0.0	**	**	**	**
Total miscellaneous deductions	0	0.0	0	0.0	16	4.8	**	**
General business credit	0	0.0	**	**	** 5	** 1.5	0	0.0
All other tax credits	** 4	** 100.0	0	0.0	16	4.8	**	**
Partnership and S Corporation net losses	0	0.0	13	9.2	0	0.0	0	0.0
Foreign-earned income exclusion [3]	** 0	** 0.0	**	**	**	**	** 0	** 0.0
AMT tax preference [3]	**	**	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	0	0.0	3	2.1	0	0.0	0	0.0
No second largest item	0	0.0	** 6	** 4.2	0	0.0	** 5	** 9.6

Footnotes at end of table.

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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 2007—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	** 2,004	** 46.0	**	**	**	**
Interest paid deduction	** 193	** 9.6	**	**	**	**
Tax-exempt interest [3]	** 0	** 0.0	**	**	**	**
Taxes paid deduction	** 555	** 27.7	**	**	**	**
Charitable contributions deduction	** 208	** 10.4	**	**	**	**
Medical and dental expense deduction	** 499	** 24.9	**	**	**	**
Net casualty or theft loss deduction	** 13	** 0.6	**	**	**	**
Total miscellaneous deductions	** 101	** 5.0	**	**	**	**
General business credit	** 6	** 0.3	**	**	**	**
All other tax credits	** 25	** 1.2	**	**	**	**
Partnership and S Corporation net losses	** 277	** 13.8	**	**	**	**
Foreign-earned income exclusion [3]	**	**	**	**	**	**
AMT tax preference [3]	**	**	**	**	**	**
Nontaxable Social Security benefits [3]	** 58	** 2.9	**	**	**	**
No second largest item	** 69	** 3.4	**	**	**	**

** 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.

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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 2007

[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	10,465	2,238	1,496	814	417	147
Interest paid deduction:						
Total	10,465	3,600	2,967	1,000	710	241
Investment interest per income concept	10,465	6,982	1,572	196	150	143
Taxes paid deduction	10,465	3,004	5,373	1,127	382	151
Charitable contributions deduction	10,465	4,485	4,435	395	199	229
Medical and dental expense deduction	10,465	9,517	280	62	35	31
Net casualty or theft loss deduction	10,465	10,129	4	3	3	3
Net limited miscellaneous deduction per income concept	10,465	8,386	1,283	480	140	65
Non-limited miscellaneous deduction	10,465	7,979	602	47	26	23
Deduction equivalent of:						
Total credits	10,465	4,418	544	94	104	147
Foreign tax credit	10,465	4,841	586	50	57	83
General business credit	10,465	10,294	107	33	12	** 13
Tax preferences excluded from adjusted gross income	10,465	8,114	1,684	226	121	68
Nontaxable Social Security benefits	10,465	8,670	1,792	3	0	0
Expanded income concept						
Total itemized deductions	13,142	4,748	2,455	1,710	703	434
Interest paid deduction:						
Total	13,142	7,706	3,295	1,096	581	148
Investment interest per income concept	13,142	10,648	1,875	165	93	83
Taxes paid deduction	13,142	5,554	5,529	1,159	343	137
Charitable contributions deduction	13,142	6,838	4,848	467	253	187
Medical and dental expense deduction	13,142	10,654	1,069	204	133	133
Net casualty or theft loss deduction	13,142	12,794	14	5	4	7
Net limited miscellaneous deduction per income concept	13,142	10,278	2,011	543	150	56
Non-limited miscellaneous deduction	13,142	12,528	538	29	7	6
Deduction equivalent of:						
Total credits	13,142	3,853	729	154	164	346
Foreign tax credit	13,142	4,358	689	100	131	288
General business credit	13,142	12,979	105	31	9	10
Tax preferences excluded from adjusted gross income	13,142	8,545	1,430	275	222	172
Nontaxable Social Security benefits	13,142	10,502	** 2,640	**	0	0

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	123	98	69	1,211	3,852
Interest paid deduction:					
Total	197	184	201	791	574
Investment interest per income concept	165	182	152	553	370
Taxes paid deduction	226	55	30	50	67
Charitable contributions deduction	156	** 492	0	**	73
Medical and dental expense deduction	29	42	34	231	204
Net casualty or theft loss deduction	9	5	15	89	205
Net limited miscellaneous deduction per income concept	36	17	13	21	24
Non-limited miscellaneous deduction	21	29	48	1,049	641
Deduction equivalent of:					
Total credits	313	396	249	2,286	1,915
Foreign tax credit	232	275	207	2,236	1,899
General business credit	**	3	3	0	0
Tax preferences excluded from adjusted gross income	52	39	20	53	88
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept—continued					
Total itemized deductions	346	297	188	932	1,329
Interest paid deduction:					
Total	59	33	28	129	67
Investment interest per income concept	53	29	25	51	120
Taxes paid deduction	210	46	33	43	88
Charitable contributions deduction	199	125	47	89	89
Medical and dental expense deduction	140	124	111	391	183
Net casualty or theft loss deduction	10	4	15	86	203
Net limited miscellaneous deduction per income concept	29	27	10	20	18
Non-limited miscellaneous deduction	5	6	5	4	14
Deduction equivalent of:					
Total credits	643	1,053	1,631	4,559	10
Foreign tax credit	556	946	1,585	4,481	8
General business credit	** 4	**	4	0	0
Tax preferences excluded from adjusted gross income	197	231	283	1,468	319
Nontaxable Social Security benefits	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 2007

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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 2007

[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	4,841	11	33	43	23	34
Interest paid deduction:						
Total	4,841	941	1,196	483	285	178
Investment interest per income concept	4,841	2,678	543	128	97	119
Taxes paid deduction	4,841	144	3,151	834	308	131
Charitable contributions deduction	4,841	1,188	2,442	258	152	174
Medical and dental expense deduction	4,841	4,038	201	47	27	24
Net casualty or theft loss deduction	4,841	4,514	** 4	**	** 5	**
Net limited miscellaneous deduction per income concept	4,841	3,491	809	258	119	58
Non-limited miscellaneous deduction	4,841	2,593	406	40	19	19
Deduction equivalent of:						
Total credits	4,841	4,418	176	27	22	36
Foreign tax credit	4,841	4,841	0	0	0	0
General business credit	4,841	4,740	63	22	6	** 10
Tax preferences excluded from adjusted gross income	4,841	3,391	931	157	96	55
Nontaxable Social Security benefits	4,841	3,463	1,378	0	0	0
Expanded income concept						
Total itemized deductions	4,354	335	282	503	358	275
Interest paid deduction:						
Total	4,354	2,366	814	448	304	121
Investment interest per income concept	4,354	3,103	782	110	70	60
Taxes paid deduction	4,354	371	2,504	831	270	111
Charitable contributions deduction	4,354	920	2,358	302	181	134
Medical and dental expense deduction	4,354	2,164	864	183	116	122
Net casualty or theft loss deduction	4,354	4,019	12	3	3	5
Net limited miscellaneous deduction per income concept	4,354	2,313	1,433	337	123	49
Non-limited miscellaneous deduction	4,354	3,948	349	21	6	4
Deduction equivalent of:						
Total credits	4,354	3,849	268	36	12	29
Foreign tax credit	4,354	4,354	0	0	0	0
General business credit	4,354	4,272	51	** 20	**	8
Tax preferences excluded from adjusted gross income	4,354	1,038	510	185	182	138
Nontaxable Social Security benefits	4,354	2,215	** 2,139	0	0	0

Footnotes at end of table.

High-Income Tax Returns for 2007

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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 2007—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	24	23	25	777	3,848
Interest paid deduction:					
Total	159	141	171	714	573
Investment interest per income concept	123	151	127	506	369
Taxes paid deduction	76	52	28	50	67
Charitable contributions deduction	121	** 434	0	**	72
Medical and dental expense deduction	24	35	31	210	204
Net casualty or theft loss deduction	9	5	15	84	205
Net limited miscellaneous deduction per income concept	33	15	13	21	24
Non-limited miscellaneous deduction	19	29	41	1,034	641
Deduction equivalent of:					
Total credits	36	58	25	** 43	**
Foreign tax credit	0	0	0	0	0
General business credit	0	**	**	0	0
Tax preferences excluded from adjusted gross income	43	28	16	45	79
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept—continued					
Total itemized deductions	233	225	144	671	1,328
Interest paid deduction:					
Total	53	28	26	127	67
Investment interest per income concept	40	24	22	40	103
Taxes paid deduction	64	43	30	42	88
Charitable contributions deduction	139	105	42	84	89
Medical and dental expense deduction	134	112	101	375	183
Net casualty or theft loss deduction	10	4	15	80	203
Net limited miscellaneous deduction per income concept	26	25	10	20	18
Non-limited miscellaneous deduction	4	5	3	3	11
Deduction equivalent of:					
Total credits	36	52	27	** 45	**
Foreign tax credit	0	0	0	0	0
General business credit	0	** 3	**	0	0
Tax preferences excluded from adjusted gross income	159	207	244	1,373	318
Nontaxable Social Security benefits	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 2007

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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 2007

[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	142,978,806	100.0	93,790,430	100.0	31,194,877	100.0	13,457,876	100.0	4,535,623	100.0
Returns without U.S. income tax	44,609,667	31.2	43,214,363	46.1	1,316,681	4.2	68,158	0.5	10,465	0.2
Returns with U.S. income tax	98,369,139	68.8	50,576,067	53.9	29,878,195	95.8	13,389,718	99.5	4,525,158	99.8
Effective tax rate:										
Under 5 percent	29,571,787	20.7	23,783,171	25.4	5,261,631	16.9	475,500	3.5	51,484	1.1
5 under 10 percent	37,513,533	26.2	20,800,017	22.2	13,850,967	44.4	2,760,418	20.5	102,131	2.3
10 under 15 percent	21,310,121	14.9	5,889,453	6.3	8,164,394	26.2	6,768,726	50.3	487,547	10.7
15 under 20 percent	7,223,210	5.1	68,754	0.1	2,588,205	8.3	2,958,506	22.0	1,607,746	35.4
20 under 25 percent	1,867,542	1.3	17,363	[2]	10,315	[2]	417,958	3.1	1,421,906	31.3
25 under 30 percent	753,328	0.5	5,831	[2]	2,457	[2]	6,359	[2]	738,681	16.3
30 under 35 percent	117,533	0.1	3,934	[2]	56	[2]	1,141	[2]	112,402	2.5
35 under 40 percent	2,202	[2]	** 10	** [2]	** 18	** [2]	709	[2]	1,481	[2]
40 under 45 percent	566	[2]	**	**	**	**	13	[2]	538	[2]
45 under 50 percent	645	[2]	0	0.0	0	0.0	47	[2]	599	[2]
50 under 60 percent	1,925	[2]	1,642	[2]	0	0.0	0	0.0	283	[2]
60 under 70 percent	298	[2]	0	0.0	0	0.0	10	[2]	288	[2]
70 under 80 percent	11	[2]	0	0.0	0	0.0	5	[2]	6	[2]
80 percent or more	6,439	[2]	5,892	[2]	152	[2]	327	[2]	67	[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	142,978,806	100.0	92,598,221	100.0	32,439,655	100.0	13,364,614	100.0	4,576,315	100.0
Returns without U.S. income tax	44,609,667	31.2	43,083,386	46.5	1,434,026	4.4	79,113	0.6	13,142	0.3
Returns with U.S. income tax	98,369,139	68.8	49,514,835	53.5	31,005,629	95.6	13,285,501	99.4	4,563,174	99.7
Effective tax rate:										
Under 5 percent	30,274,195	21.2	23,511,197	25.4	6,241,954	19.2	457,190	3.4	63,854	1.4
5 under 10 percent	36,613,232	25.6	19,787,710	21.4	14,056,482	43.3	2,642,850	19.8	126,191	2.8
10 under 15 percent	21,473,864	15.0	6,101,942	6.6	8,026,529	24.7	6,818,297	51.0	527,096	11.5
15 under 20 percent	7,299,978	5.1	80,576	0.1	2,666,009	8.2	2,943,787	22.0	1,609,606	35.2
20 under 25 percent	1,844,063	1.3	17,987	[2]	12,820	[2]	415,971	3.1	1,397,285	30.5
25 under 30 percent	743,474	0.5	5,196	[2]	1,319	[2]	6,311	[2]	730,648	16.0
30 under 35 percent	111,968	0.1	3,894	[2]	56	[2]	976	[2]	107,042	2.3
35 under 40 percent	1,074	[2]	41	[2]	305	[2]	25	[2]	703	[2]
40 under 45 percent	282	[2]	0	0.0	0	0.0	39	[2]	243	[2]
45 under 50 percent	194	[2]	3	[2]	0	0.0	17	[2]	173	[2]
50 under 60 percent	917	[2]	** 645	** [2]	** 11	** [2]	3	[2]	264	[2]
60 under 70 percent	23	[2]	0	0.0	3	[2]	** 22	** [2]	** 11	** [2]
70 under 80 percent	18	[2]	**	**	**	**	**	**	**	**
80 percent or more	5,857	[2]	5,644	[2]	142	[2]	14	[2]	56	[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.

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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 2007

[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	142,978,806	100.0	93,790,430	100.0	31,194,877	100.0	13,457,876	100.0	4,535,623	100.0
Returns without worldwide income tax	44,358,872	31.0	43,037,618	45.9	1,258,719	4.0	57,695	0.4	4,841	0.1
Returns with worldwide income tax	98,619,934	69.0	50,752,812	54.1	29,936,158	96.0	13,400,182	99.6	4,530,782	99.9
Effective tax rate:										
Under 5 percent	29,666,420	20.7	23,892,833	25.5	5,276,546	16.9	466,944	3.5	30,097	0.7
5 under 10 percent	37,509,461	26.2	20,843,747	22.2	13,841,335	44.4	2,734,034	20.3	90,344	2.0
10 under 15 percent	21,324,977	14.9	5,901,309	6.3	8,190,895	26.3	6,767,724	50.3	465,049	10.3
15 under 20 percent	7,263,554	5.1	70,288	0.1	2,603,641	8.3	2,982,649	22.2	1,606,976	35.4
20 under 25 percent	1,889,993	1.3	19,021	[2]	14,114	[2]	428,728	3.2	1,428,129	31.5
25 under 30 percent	778,247	0.5	5,832	[2]	3,618	[2]	7,997	0.1	760,800	16.8
30 under 35 percent	135,556	0.1	4,802	[2]	68	[2]	2,517	[2]	128,169	2.8
35 under 40 percent	16,253	[2]	10	[2]	959	[2]	2,736	[2]	12,548	0.3
40 under 45 percent	9,385	[2]	** 977	** [2]	** 1,733	** [2]	2,195	[2]	5,437	0.1
45 under 50 percent	4,202	[2]	**	**	**	**	1,022	[2]	2,223	[2]
50 under 60 percent	6,894	[2]	** 2,596	** [2]	1,335	[2]	2,348	[2]	** 918	** [2]
60 under 70 percent	1,598	[2]	**	**	375	[2]	921	[2]	**	**
70 under 80 percent	1,057	[2]	4	[2]	1,008	[2]	27	[2]	18	[2]
80 percent or more	12,338	[2]	11,395	[2]	529	[2]	339	[2]	75	[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	142,978,806	100.0	92,598,221	100.0	32,439,655	100.0	13,364,614	100.0	4,576,315	100.0
Returns without worldwide income tax	44,358,872	31.0	42,917,927	46.3	1,371,674	4.2	64,917	0.5	4,354	0.1
Returns with worldwide income tax	98,619,934	69.0	49,680,294	53.7	31,067,981	95.8	13,299,697	99.5	4,571,961	99.9
Effective tax rate:										
Under 5 percent	30,373,485	21.2	23,628,011	25.5	6,266,996	19.3	444,141	3.3	34,337	0.8
5 under 10 percent	36,611,712	25.6	19,823,099	21.4	14,054,338	43.3	2,625,852	19.6	108,424	2.4
10 under 15 percent	21,491,529	15.0	6,112,152	6.6	8,047,658	24.8	6,823,076	51.1	508,643	11.1
15 under 20 percent	7,346,099	5.1	81,465	0.1	2,682,673	8.3	2,967,833	22.2	1,614,127	35.3
20 under 25 percent	1,872,823	1.3	19,620	[2]	14,476	[2]	427,835	3.2	1,410,892	30.8
25 under 30 percent	777,256	0.5	5,196	[2]	1,320	[2]	7,335	0.1	763,406	16.7
30 under 35 percent	134,842	0.1	3,894	[2]	56	[2]	3,169	[2]	127,723	2.8
35 under 40 percent	3,264	[2]	41	[2]	305	[2]	36	[2]	2,882	0.1
40 under 45 percent	1,022	[2]	0	0.0	0	0.0	45	[2]	977	[2]
45 under 50 percent	210	[2]	3	[2]	0	0.0	19	[2]	187	[2]
50 under 60 percent	936	[2]	** 645	** [2]	7	[2]	6	[2]	** 284	** [2]
60 under 70 percent	34	[2]	0	0.0	3	[2]	11	[2]	20	[2]
70 under 80 percent	25	[2]	**	**	8	[2]	12	[2]	**	**
80 percent or more	6,697	[2]	6,167	[2]	142	[2]	329	[2]	58	[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.