Individual Income Tax Returns, Preliminary Data, 1989

By Emily Ring*

Adjusted gross income reported on the 112 million individual income tax returns for 1989 was nearly $3.3 trillion, an increase of 6.8 percent from 1988. Total income tax rose to $439.4 billion, up 6.4 percent over 1988.

For 1989, there were significant changes in taxable interest, net capital gains, and the child and dependent care credit, in particular. Taxable interest rose sharply by 15.5 percent for 1989, while net capital gains declined 6.2 percent. As a result of more stringent eligibility requirements, the amount reported for the child and dependent care credit declined 35.9 percent.

ADJUSTED GROSS INCOME, TAXABLE INCOME, AND TOTAL INCOME TAX

For 1989, adjusted gross income (AGI) less deficit increased by a greater amount than taxable income, which rose by 6.2 percent from almost $2.1 trillion to nearly $2.2 trillion (Figure A). Total income tax increased 6.4 percent from nearly $413 billion to over $439 billion. The alternative minimum tax for 1989 fell from $1.0 billion to $0.7 billion. This followed a similar decline for 1988.

The alternative minimum tax was created in order to insure that individuals with "tax preferences" had to pay some taxes. The Tax Reform Act of 1986 (TRA) reduced the number of such preferences. As a result, alternative minimum tax declined for the third straight year as taxpayers adjusted to the reduced number of tax preferences allowed under TRA.

Total income taxes as a percentage of AGI were 13.4 percent for both 1988 and 1989 (Figure B). Average tax rates for most individual income classes fell slightly, but there was a small increase for the $30,000 under $50,000 income class. These small changes in average tax rates are in contrast to the more dramatic changes in average tax rates for the same income categories between 1987 and 1988, where, in the three income classes of $200,000 and higher, average tax rates declined between 2.5 percent and 4.2 percent [1]. The changes that took place between 1987 and 1988 can be attributed to the lowering of the marginal tax rates for upper income levels.

The largest percentage point declines in total tax as a percentage of AGI occurred for those individuals in the two income classes between $100,000 and $500,000. In both of these classes, the taxpayers' income tax burden fell 0.5 percentage points from 1988 to 1989. When comparing 1987 to 1988, the largest drop in tax as a percentage of AGI was in the $500,000 under $1 million category, where tax as a percentage of AGI decreased 4.2 percentage points.

For 1989, the group in the $1 million or more income class had the highest average tax rate, 24.7 percent. That rate is over twice the rate for taxpayers in the $30,000

Figure A.—Adjusted Gross Income, Taxable Income, Total Income Tax, and Alternative Minimum Tax, Tax Years 1988 and 1989

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

Item	1988		1989		Percentage change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Adjusted gross income (less deficit)	109,708	$3,083,020	112,280	$3,291,413	6.8%
Taxable income	90,282	2,069,967	92,581	2,198,730	6.2
Total income tax	87,135	412,870	89,422	439,427	6.4
Alternative minimum tax	114	1,028	107	651	-36.7

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Figure B.—Number of Returns, Adjusted Gross Income (AGI), and Total Income Tax by Size of Adjusted Gross Income, Tax Years 1988 and 1989

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

Tax year, income and tax	Total	Size of adjusted gross income									
		Under $1	$1 under $10,000	$10,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 under $100,000	$100,000 under $200,000	$200,000 under $500,000	$500,000 under $1,000,000	$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 1989:											
Number of returns	112,280	722	31,795	26,110	17,011	20,714	13,023	2,097	626	121	62
AGI	$3,291,413	$-30,505	$153,655	$383,293	$419,729	$804,609	$857,974	$277,814	$183,081	$82,342	$159,422
Total income tax	$439,427	$50	$4,123	$24,686	$39,113	$89,716	$124,416	$55,092	$42,861	$19,996	$39,373
Tax as a percentage of AGI	13.4%	([1])	2.7%	6.4%	9.3%	11.2%	14.5%	19.8%	23.4%	24.3%	24.7%
Tax Year 1988:											
Number of returns	109,708	835	32,451	25,476	16,797	20,221	11,425	1,778	548	115	62
AGI	$3,083,020	$-41,136	$157,526	$375,731	$414,039	$784,426	$746,920	$236,074	$161,915	$77,894	$169,631
Total income tax	$412,870	$109	$4,515	$24,550	$38,640	$86,907	$110,026	$47,837	$38,700	$19,163	$42,423
Tax as a percentage of AGI	13.4%	([1])	2.9%	6.5%	9.3%	11.1%	14.7%	20.3%	23.9%	24.6%	25.0%

[1] Less than 0.05 percent
NOTE: Detail may not add to total because of rounding.

under $50,000 AGI class (11.2 percent), and nearly four times the tax burden of those in the $10,000 under $20,000 income class (6.4 percent).

SELECTED SOURCES OF INCOME

Total "positive income" (i.e., income without regard to losses) [2] rose 5.5 percent for 1989, from nearly $3.3 trillion to almost $3.5 trillion (Figure C). Total positive income rose 5.5 percent for 1989, from nearly $3.3 trillion to almost $3.5 trillion. This increase was about half as much as it was from 1987 to 1988.

All sources of positive income showed an increase for 1989 (with the exception of net capital gains and net gains from the sales of property other than capital assets). The largest percentage gains from 1988 to 1989 were Individual Retirement Arrangement (IRA) distributions included in AGI (up 24.3 percent), social security benefits in AGI (up 22.4 percent), and taxable interest (up 15.5 percent). Salaries and wages constituted 71.6 percent of total positive income for 1989, increasing 5.5 percent over 1988. The largest non-wage source of total positive income was taxable interest, which comprised 6.3 percent of the total.

Net capital gains decreased 6.2 percent from $161.9 billion to $151.8 billion, and net gains from sales of property other than capital assets decreased 3.8 percent from $6.3 billion to $6.0 billion. This decline might stem from decisions by taxpayers to postpone capital gain realizations in anticipation of more favorable future tax treatment

Figure C.—Comparison of Selected Sources of Positive Income, Tax Years 1988 and 1989

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

Item	1988		1989		Percentage change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total positive income [1]	**n.a.**	**$3,267,280**	**n.a.**	**$3,446,298**	**5.5%**
Salaries and wages	93,257	2,337,984	95,867	2,467,498	5.5
Taxable interest	69,421	186,982	70,089	215,921	15.5
Dividends	22,903	77,330	23,136	82,124	6.2
Business or profession, net income	10,492	145,518	11,020	148,995	2.4
Net capital gains	9,679	161,875	10,686	151,831	-6.2
Net gain, sales of property other than capital assets	961	6,280	873	6,043	-3.8
Social security benefits in AGI	4,024	14,361	4,724	17,577	22.4
Rents and royalties, net income	4,797	27,602	4,851	29,758	7.8
Partnership and S Corporation, net income	2,902	100,918	2,991	104,047	3.1
Farm net income	992	11,241	1,029	11,625	3.4
Unemployment compensation	6,974	11,627	7,219	12,103	4.1
Pensions and annuities in AGI	16,481	138,786	16,985	149,430	7.7
IRA distributions in AGI	2,645	11,118	3,008	13,815	24.3
Other net income	6,092	21,633	6,141	22,744	5.1

n.a. - not available.
[1] Sources of income shown below represent an incomplete list and do not add to total positive income. "Other net income" represents only data reported on the Form 1040 "other income" line.

that had been outlined in certain proposed legislation. Despite their decline, capital gains included in AGI were still the third largest component of income.

Capital gains (less losses) for Tax Years 1980 through 1989 show a decline for 1989 (Figure D). The 1989 net capital gains (less losses) amount represents only the second time that capital gains declined over this ten year period. The first decline occurred between 1986 and 1987, resulting perhaps from the rescinding of the preferential tax treatment of capital gains by TRA and the consequent acceleration of capital gains realizations into 1986.

LOSSES

Total losses included in AGI declined from $160.8 billion to $134.3 billion for 1989 (Figure E). This decrease in net losses was largely due to a continued phasing-in of the limitations on passive losses imposed by TRA [3]. For Tax Year 1989, 20 percent of passive losses from activities entered into before October 23, 1987, could be used to offset nonpassive income. For 1988, the comparable figure was 40 percent, and for 1987, 65 percent. Prior to 1987, no limitations were in place and such losses were completely deductible. Because of the phase-in provisions, losses from these categories have steadily declined since this rule was enacted. The category "other net loss" which includes deductions for prior-year "net operating losses" for businesses showed a decrease for 1989. Most other sources of net losses experienced more moderate declines. Losses from sales of property other than capital assets actually increased 6.6 percent between 1988 and 1989, from $4.4 billion to $4.7 billion.

Based on comparisons between preliminary and final data for prior years, the preliminary data for losses such as partnership and S Corporation net loss and "other net loss" are probably understated. Consequently, the data for partnership and S Corporation net income (less los-

Figure D.—Net Capital Gains (Less Losses) Before and After Exclusion and Limitation of Losses, Tax Years 1980–1989

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

Tax year	Number of returns	Net capital gains before exclusion [1]	Percentage change in amount	Net capital gains in AGI [2]	Percentage change in amount
	(1)	(2)	(3)	(4)	(5)
1980	8,988	$56,167	2.3%	$29,660	4.3%
1981	9,557	58,682	4.5	30,819	3.9
1982	9,734	65,022	10.8	34,404	11.6
1983	10,918	97,097	44.3	49,408	43.6
1984	12,448	111,387	14.7	54,519	10.3
1985	12,579	140,907	26.5	68,278	25.2
1986	15,560	295,871	110.0	132,842	94.6
1987	15,468	108,467	-63.4	137,402	3.4
1988	14,309	112,618	3.8	153,768	11.9
1989	14,951	102,675	-8.8	144,141	-6.3

[1] Reduced by net losses before limitation. The capital gain exclusion was repealed effective 1987.
[2] Reduced by net losses after limitation.

Figure E.—Comparison of Net Losses By Type Included in Adjusted Gross Income Reported for Selected Sources, Tax Years 1988 and 1989

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

Item	1988		1989	
	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)
Total net losses [1]	**n.a.**	**$160,849**	**n.a.**	**$134,295**
Partnerships and S Corporation, net loss	2,997	43,838	2,655	31,060
Rents and royalties, net loss	5,189	28,881	5,120	27,497
Estates and trusts, net loss	68	465	79	453
Business or profession, net loss	3,079	19,195	3,131	18,084
Farm net loss	1,375	12,418	1,332	11,480
Net capital loss [2]	4,631	8,106	4,266	7,689
Net loss, sales of property other than capital assets	795	4,419	852	4,709
Other net loss	n.a.	43,527	n.a.	33,323

[1] The preliminary 1989 data for net losses may be understated. See the Data Sources and Limitations section of this article.
[2] Includes only the portion of capital losses deducted in calculating AGI.
n.a. - not available.
NOTE: Detail may not add to total because of rounding.

ses) and "other net income" (less losses) are probably overstated (Figure F). For the possible magnitude of this change, see the Data Sources and Limitations section of this article.

STATUTORY ADJUSTMENTS

Statutory adjustments decreased 12.8 percent, from $28.2 billion for 1988 to $24.6 billion for 1989 (Figure G). Of the adjustments available to taxpayers in both years, payments to IRA's fell the most, from $11.9 billion to $11.0 billion. This decline continues a reduction in deductible contributions to IRA's which began after TRA placed limitations on the extent to which IRA contributions could be deducted as adjustments to income [4].

A large portion of the 12.8 percent decline in statutory adjustments was due to the elimination of the reimbursed employee business expense as an adjustment to income. These expenses were removed from the "Adjustments to Income" portion of the Form 1040 income tax return because such expenses no longer needed to be included on the employee's Form W-2 (wage and tax withholding statement) if they were accounted for by the employee (since the employer would have already subtracted the expenses from total wages) [5]. In such an instance, it would not be necessary for the individual to adjust income by that amount. For 1988, reimbursed employee business expenses shown as statutory adjustments amounted to $4.2 billion.

DEDUCTIONS

The number of returns claiming a standard deduction increased by over 3 million for Tax Year 1989 (Figure H). In addition, the number of filers itemizing deductions increased slightly for 1989 after falling substantially for both 1987 and 1988. Despite the minimal increase in the

Figure F.—Comparison of Selected Sources of Adjusted Gross Income (Less Deficit), Tax Years 1988 and 1989

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

Item	1988		1989		Change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Adjusted gross income (less deficit) [1]	**109,708**	**$3,083,020**	**112,280**	**$3,291,413**	**$208,393**
Salaries and wages	93,257	2,337,984	95,867	2,467,498	129,514
Taxable interest	69,421	186,982	70,089	215,921	28,939
Dividends	22,903	77,330	23,136	82,124	4,794
Business or profession, net income (less losses)	13,571	126,323	14,151	130,911	4,588
Net capital gains (less losses)	14,309	153,768	14,951	144,141	-9,627
Net gains (less losses), sales of property other than capital assets	1,756	1,860	1,725	1,334	-526
Social security benefits in AGI	4,024	14,361	4,724	17,577	3,216
Rents and royalties, net income (less losses)	9,986	-1,279	9,971	2,261	3,540
Partnerships and S Corporation, net income (less losses)	5,899	57,080	5,647	72,987	15,907
Estates and trusts net income (less losses)	597	4,094	539	3,947	-147
Farm net income (less losses)	2,368	-1,177	2,361	146	1,323
Unemployment compensation	6,974	11,627	7,219	12,103	476
Pensions and annuities in AGI	16,481	138,786	16,985	149,430	10,644
IRA distributions in AGI	2,645	11,118	3,008	13,815	2,697
Other net income (less losses)	n.a.	-21,894	n.a.	-10,579	11,315

[1] Sources of adjusted gross income shown below represent an incomplete list and do not add to total adjusted gross income. "Other net income" (less losses) represents only data reported on the Form 1040 "other income" line.
n.a.- not available.

Figure G.—Selected Statutory Adjustments, Tax Years 1988 and 1989

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

Type of adjustment	1988		1989		Percentage change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total [1]	**10,747**	**$28,202**	**9,930**	**$24,579**	**-12.8%**
Reimbursed employee business expense	1,394	4,247	N/A	N/A	N/A
Payments to an IRA	6,361	11,882	5,882	10,960	-7.8
Payments to a Keogh plan	815	6,627	827	6,348	-4.2
Alimony paid	587	4,183	595	4,374	4.6

[1] Includes adjustments not shown separately.
N/A - Not applicable.

Figure H.— Selected Itemized Deductions and the Standard Deduction, Tax Years 1988 and 1989

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

Deduction	1988		1989		Percentage change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total itemized deductions	**31,903**	**$395,216**	**31,930**	**$424,687**	**7.5%**
Medical and dental expenses	4,810	17,994	5,074	20,499	13.9
Taxes paid	31,328	120,628	31,384	131,410	8.9
Interest paid [1]	29,631	179,738	29,391	188,411	4.8
Home mortgage	25,993	149,166	26,346	167,188	12.1
Personal interest	25,839	16,281	25,000	8,008	-50.8
Contributions	29,111	50,949	29,163	55,329	8.6
Casualty or theft losses	133	1,236	185	1,709	38.3
Moving expenses	912	3,634	899	3,940	8.4
Miscellaneous expenses after limitation	7,444	19,408	7,433	21,438	10.5
Other miscellaneous expenses	822	1,629	697	1,951	19.8
Standard deduction	**76,472**	**289,564**	**79,627**	**311,186**	**7.5**

[1] Also includes investment interest and deductible "points" not shown separately.

NOTES: Those returns with AGI less than or equal to zero are not included in deduction counts. For this reason, the sum of the number of returns for total itemized deductions and total standard deduction is less than the total number of returns for all filers. Detail may not add to totals because of rounding.

number of returns itemizing, the amount of total itemized deductions increased by 7.5 percent, from $395.2 billion in 1988 to $424.7 billion in 1989.

The only itemized deduction to decline significantly was the personal interest deduction, which fell 50.8 percent for 1989 from $16.3 billion to $8.0 billion. This change was largely due to a decrease in the percentage of personal interest (i.e., interest on personal loans and credit cards) allowed to be claimed as an itemized deduction. Only 20 percent of such interest could be claimed as an itemized deduction on 1989 returns. This was half of the 40 percent that was allowable for 1988.

After increasing only $1.3 billion for 1988, contributions deductions for 1989 rose $4.4 billion to a record $55.3 billion for 1989. As a result, the average charitable contribution deduction (per return claiming such a deduction) increased 8.4 percent from $1,750 for 1988 to $1,897 for 1989. Other itemized deduction amounts showing sizable changes for 1989 were the casualty or theft deduction which increased 38.3 percent, and the deduction for "other miscellaneous expenses" which increased 19.8 percent.

The total standard deduction amount (shown separately at the bottom of Figure H), rose 7.5 percent for 1989, from $289.6 billion to $311.2 billion. Total deductions, the sum of the total standard deduction and total itemized deductions, also increased by 7.5 percent, from $684.8 billion to $735.9 billion. This helps to explain why taxable income increased by a smaller amount than AGI (less deficit) (Figure A).

TAX CREDITS

Total tax credits decreased 16.0 percent, from $7.0 billion for 1988 to $5.9 billion for 1989 (Figure I). This decline was largely attributable to the child and dependent care credit, which dropped by 35.9 percent, from $3.8 billion for 1988 to $2.4 billion for 1989. In order to be eligible for the child care credit for 1989, filers were required to supply more detailed taxpayer identification information about the care provider than they had to do for 1988. In addition, a taxpayer's dependent child could qualify only if the child was disabled or under the age of 13. This age cutoff was 2 years younger than the age ceiling for 1988 (see Definitions and Changes in the Law).

Another credit which fell substantially for 1989 was the general business credit. This credit fell for the fourth straight year since a major portion of it, the investment credit, was being phased out by TRA.

The earned income credit used to offset income tax before credits (one part of the total earned income credit) rose 26.0 percent, from $1.1 billion for 1988 to $1.4 billion for 1989. The largest portion of the $6.6 billion total earned income credit was the part that was refunded to individuals who either had no tax or whose income tax (and other taxes, such as self-employment tax) was already offset by their earned income credit. This amount increased from $4.3 billion for 1988 to $4.7 billion for 1989. The total amount of both portions of the credit increased by $0.7 billion, from $5.9 billion for 1988 to $6.6 billion for 1989. The total number of returns claiming the earned income credit rose from 4.8 million for 1988 to 5.4 million for 1989, an increase of 12.2 percent (see Definitions and Changes in the Law).

Figure I.—Selected Tax Credits, Tax Years 1988 and 1989

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

Tax credit	1988		1989		Percentage change in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total credits [1]	**14,099**	**$7,047**	**12,066**	**$5,919**	**-16.0%**
Child care credit	9,023	3,813	6,043	2,442	-35.9
Earned income credit [2]	4,782	1,102	5,367	1,388	26.0
Credit for the elderly or disabled	357	69	326	66	-4.7
Foreign tax credit	559	1,087	639	1,220	12.2
General business credit	364	718	321	534	-25.6
Credit for prior year minimum tax	26	203	32	199	-2.0

[1] Includes credits not shown separately.

[2] Represents the portion of the earned income credit that was used to offset income tax before credits. Additional earned income credit amounts were used to offset other taxes and some amounts were paid directly to the taxpayer. The total earned income credit for 1988 was $5.9 billion (claimed on 11.1 million returns), and for 1989 was $6.6 billion (claimed on 11.7 million returns).

SUMMARY

For Tax Year 1989, both adjusted gross income and total positive income experienced less than half of the rate of growth that they did for 1988. Statutory adjustments declined 12.8 percent, mostly due to the removal of the employee business expense as an adjustment to income. Itemized deductions increased 7.5 percent, even though the personal interest deduction declined 50.8 percent. Total tax credits fell 16.0 percent mainly because the child and dependent care credit declined 35.9 percent. Total income tax after credits rose by over 6.4 percent, while total tax as a percentage of AGI remained about the same between 1988 and 1989.

DEFINITIONS AND CHANGES IN THE LAW

In general, the definitions of the terms used are the same as those shown in the complete report, *Statistics of Income--1987, Individual Income Tax Returns.*

The following is a partial list of 1989 tax law and Internal Revenue Service administrative changes that are reflected in the preliminary data in this article. Some of the changes for 1989 were a continuation of the phasing out of certain deductions or losses allowed prior to TRA.

- *Child or Dependent Care Credit:* The child and dependent care credit for 1989 changed as follows: a taxpayer's dependent child had to be disabled or under 13 to qualify for the credit (for 1988, the child qualified if he or she was under 15), the child or dependent care provider had to be identified by taxpayer identification number on the filer's return, and the filer had to reduce the dollar limit for work-related expenses by any employer-provided dependent care benefits that could be excluded from income.

- *Parent's Election to Report Child's Interest and Dividend Income:* Beginning with 1989, filers could elect to include their child's interest and dividend income on their own tax return, instead of filing a separate return to report the child's income. The taxpayer was eligible to do so if: the child was under age 14, the child's gross income was from interest and dividends only, the income was between $500 and $5,000, no estimated tax payments were made for the tax year in the name and social security number of the child, and none of the child's tax had been deducted and withheld under the "backup withholding" rules.

- *Exemption Requirements:* Taxpayers could not claim an exemption for a child who was 24 years or older at the end of 1989 and had gross income equal to or over the exemption amount ($2,000 for 1989), even if that child was a student. When this occurred, the child could claim an exemption on his or her own return. Also for 1989, the personal exemption amount increased from $1,950 to $2,000.

- *Standard Deduction:* The standard deduction increased slightly for 1989 over 1988, as a result of inflation indexing. For single filers, the standard deduction rose from $3,000 to $3,100. Other increases were as follows: from $5,000 to $5,200 for those who were married filing jointly or qualifying widow(er)s; from $2,500 to $2,600 for those who were married filing separately; and from $4,400 to $4,550 for heads of households.

- *Tax Rates:* For 1989, the tax rate schedules contained only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels ($44,900 if single, $37,425 if married filing

separately, $64,200 if head of household, and $74,850 if married filing jointly or a qualifying widow(er)), was subject to an additional 5 percent tax. The purpose of this was to phase out the benefits of the 15 percent tax rate and the benefits of the deduction for personal exemptions for taxpayers and dependents. The benefits of the 15 percent tax rate bracket were phased out first. They were completely phased out for an individual at varying levels of taxable income according to filing status: $93,130 for single taxpayers; $117,895 for those who were married filing separately; $128,810 for heads of households; and $155,320 for those who were married filing jointly and qualifying widow(er)s. After the benefits of personal exemptions were also phased out, the individual then paid a 28 percent tax on each additional dollar of taxable income. Despite some taxpayers being subject to a 33 percent marginal rate on some portion of their income, the individuals with the highest incomes reported the highest average tax rates.

- *Earned Income Credit:* If a taxpayer had "earned income" less than $19,340 and had a child living with him or her for more than half the year, and met all the other requirements for the earned income credit, that filer was entitled to a credit of up to $910 for 1989. For 1988, the income ceiling for qualifying was $18,576 and the maximum allowed credit was $874.

DATA SOURCES AND LIMITATIONS

These preliminary statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ) filed during Calendar Year 1990. Returns in the sample were stratified based on return type (Form 1040, 1040A, or 1040EZ); the presence or absence of specific forms or schedules; and the larger of total positive income or total negative income and the size of business receipts [6,7]. Returns were then selected at rates ranging from 0.02 percent to 100 percent. The preliminary 1989 data are based on a sample of 95,891 returns and an estimated final population of 112,876,634 returns. The corresponding sample and population for the preliminary 1988 data were 94,290 and 110,088,081 returns, respectively. Sample and population sizes for the final 1988 data referenced in this article were 110,634 and 110,088,189, respectively.

Because the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure that magnitude.

Approximate coefficients of variation (CV's) for frequency estimates are presented in Figure J. These approximate CV's shown are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the Appendix. While these preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes between January and late September of 1990. In general, returns processed during the remainder of each year tend to have somewhat different characteristics from those processed for the preliminary estimates. The characteristics of these later returns include a larger portion of investment income, and a larger proportion of other items, such as alternative minimum tax.

Figure J.—Estimated Number of Returns for Selected Coefficients of Variation, Tax Year 1989

Number of returns	Approximate coefficient of variation
17,474,200	0.01
4,368,600	0.02
699,000	0.05
174,700	0.10
43,700	0.20
19,400	0.30
14,300	0.35
7,000	0.50

Figure K provides a comparison of 1988 preliminary and final data. Figure K shows, for example, that certain items, such as AGI and salaries and wages, which are reported on most returns, changed little between preliminary and final data. This contrasts with other items, such as partnership and S Corporation net losses and the alternative minimum tax, which tend to be understated in all preliminary estimates.

Figure K.—Comparison of Preliminary and Final Data, Tax Year 1988

[Money amounts are in millions of dollars]

Item	1988 preliminary data	1988 final data	Change from preliminary to final data	Percentage change, preliminary to final data
	(1)	(2)	(3)	(4)
Adjusted gross income (less deficit)	$3,097,302	$3,083,020	$-14,282	-0.46%
Salaries and wages	2,347,226	2,337,984	-9,242	-0.39
Sales of capital assets, net gain less loss	152,295	153,768	1,473	0.97
Partnership and S Corporation				
Net income	95,718	100,918	5,200	5.43
Net loss	33,118	43,838	10,720	32.37
Other income				
Net income	21,239	21,633	394	1.86
Net loss	26,937	43,527	16,590	61.59
Total itemized deductions	388,565	395,216	6,651	1.71
Interest paid deduction	175,148	179,738	4,590	2.62
Total tax credits	6,789	7,047	258	3.80
Total income tax	416,108	412,870	-3,238	-0.78
Alternative minimum tax	711	1,028	317	44.59

NOTES AND REFERENCES

[1] For a comparison of average tax rates by size of AGI for Tax Years 1987 and 1988, see Strudler, Michael and Ring, Emily, "Individual Income Tax Returns, Preliminary Data, 1988," *Statistics of Income Bulletin,* Spring 1990, Volume 9, Number 4.

[2] For the purposes of this article, total positive income was a compilation of all income line items on the tax return (Form 1040, 1040A, or 1040EZ), if the line items were positive. The Form 1040 income tax return entry for Schedule E (supplemental income and loss) was separated into the following components: rent and royalty net income; partnership and S Corporation net income; and estate and trust net income. When any of these subtotals were positive on a return, the corresponding income was included in the statistics for total positive income.

[3] Passive activity losses are losses generated by a trade, business, or rental activity in which the taxpayer did not materially participate (i.e., was not involved on a regular and substantial basis). In general, the passive loss provisions of TRA prevent taxpayers from offsetting nonpassive income with passive losses. The disallowance of passive losses was phased in for losses generated by activities entered into before TRA was enacted. Losses resulting from rental real estate activities were treated like any other passive loss, except that only up to $25,000 could be used to offset non-passive income such as wages and dividends. However, taxpayers whose AGI exceeded $100,000 had to reduce the exception by 50 percent of the amount by which AGI exceeded $100,000. This rule effectively eliminated the $25,000 exception completely for individuals with AGI amounts over $150,000. For further explanation of this change resulting from TRA, see Strudler, Michael and Ring, Emily, "Individual Income Tax Returns, Preliminary Data, 1988", *Statistics of Income Bulletin*, Spring 1990, Volume 9, Number 4, and Nelson, Susan and Petska, Tom, "Partnerships, Passive Losses, and Tax Reform, 1981-1987", *Statistics of Income Bulletin*, Winter 1989-1990, Volume 9, Number 3.

[4] TRA limited or disallowed the IRA contribution deduction for middle and upper-income taxpayers who were covered by a pension plan. For these participants, an IRA contribution was only deductible if AGI fell below certain levels. For more information, see the "Introduction and Changes in the Law" section in *Statistics of Income -- 1987, Individual Income Tax Returns.*

[5] The business reimbursement or allowance amounts are only shown on the employee's W-2 if paid out under a "nonaccountable plan." This term refers to a plan that either (1) does not require the employee to fully account for his or her expenses to the employer, or (2) allows the employee to keep allowances in excess of the amount accounted for. Conversely, if the employee was reimbursed for the exact amount accounted for, the reimbursement would not be listed on the Form W-2, and would neither be included in income nor deducted as an expense on the employee's Schedule A (Itemized Deductions).

[6] Returns in the sample are stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, Foreign Earned Income; Form 1116, Computation of Foreign Tax Credit; Schedule C, Profit (or Loss) from Business or Profession; or Schedule F, Farm Income and Expenses or Form 4835, Farm Rental Income (or Loss).

[7] For the purpose of sample selection, total positive income was a compilation of all line items on the individual income tax return that showed positive sources of income while total negative income was the compilation of those line items that showed negative amounts. The only exception to using the line item amount for this schedule was the Schedule E, Supplemental Income and Loss. Instead of using the total line item amount from the sources of income shown on the face of the tax return, it was separated into the following components: Total Rental and Royalty Income (or Loss); Total Partnership and S Corporation Income (or Loss); Total Estate and Trust Income (or Loss); and Income and Loss from Real Estate Mortgage Investment Conduits. Positive components were added to total positive income and total negative components were added to total negative income.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

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

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit (AGI)	Salaries and wages		Taxable interest		Tax-exempt interest [1]		Dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns, total	**112,279,988**	**3,291,413,132**	**95,866,668**	**2,467,497,707**	**70,089,293**	**215,920,904**	**3,767,903**	**38,839,996**	**23,136,383**	**82,123,818**
No adjusted gross income	721,525	−30,505,082	269,286	4,941,568	475,590	2,475,079	27,161	630,999	178,281	527,304
$1 under $5,000	16,761,868	41,628,970	13,818,195	35,202,445	6,398,411	3,979,955	82,728	235,537	1,328,219	1,055,540
$5,000 under $10,000	15,032,901	112,025,735	11,921,068	82,114,803	6,551,289	11,446,751	124,617	491,883	1,601,254	2,118,475
$10,000 under $15,000	14,348,584	178,303,046	11,535,627	131,618,549	7,023,273	16,609,471	183,210	682,251	1,674,438	3,127,887
$15,000 under $20,000	11,761,209	204,989,941	9,970,454	159,770,150	6,541,871	15,205,816	187,884	535,767	1,685,851	3,211,643
$20,000 under $25,000	9,361,682	209,595,894	8,149,724	168,765,401	5,861,337	13,726,142	187,753	893,439	1,538,985	3,174,344
$25,000 under $30,000	7,649,156	210,132,689	6,882,695	173,610,926	5,402,641	11,434,398	188,270	1,184,467	1,578,027	2,811,467
$30,000 under $40,000	12,136,095	421,525,845	11,059,938	352,190,584	9,453,694	20,592,054	424,361	2,983,187	2,923,329	5,796,588
$40,000 under $50,000	8,577,458	383,083,044	7,862,638	317,421,356	7,369,635	18,437,304	436,550	2,708,615	2,661,466	5,150,134
$50,000 under $75,000	9,978,417	598,214,907	9,226,996	493,802,714	9,241,127	28,436,966	689,491	4,600,164	4,157,629	11,058,701
$75,000 under $100,000	3,044,653	259,758,935	2,725,576	195,755,988	2,926,352	15,961,815	435,876	3,811,046	1,723,564	7,374,141
$100,000 under $200,000	2,097,490	277,814,410	1,783,724	178,792,424	2,040,049	20,094,613	478,960	6,081,724	1,428,410	10,482,495
$200,000 under $500,000	625,710	183,081,370	511,491	98,018,691	621,205	14,562,876	224,489	5,886,664	495,957	9,798,636
$500,000 under $1,000,000	121,253	82,341,696	98,291	36,219,143	120,964	7,768,881	59,276	3,061,287	104,655	4,824,831
$1,000,000 and over	61,987	159,421,731	50,965	39,272,968	61,855	15,188,785	37,278	5,052,966	56,319	11,611,631
Taxable returns, total	**89,422,362**	**3,183,367,362**	**77,337,843**	**2,356,566,736**	**62,934,253**	**202,443,848**	**3,573,560**	**37,153,837**	**21,341,426**	**78,924,810**
Nontaxable returns, total	**22,857,626**	**108,045,770**	**18,528,825**	**110,930,971**	**7,155,040**	**13,477,056**	**194,343**	**1,686,159**	**1,794,957**	**3,199,008**

Size of adjusted gross income	State income tax refunds		Alimony received		Business or profession				Capital gains distributions reported on Form 1040	
					Net income		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns, total	**16,629,425**	**8,824,447**	**460,097**	**3,550,133**	**11,020,470**	**148,995,296**	**3,130,697**	**18,084,125**	**2,239,115**	**1,652,557**
No adjusted gross income	69,966	91,642	1,931	12,202	85,128	870,427	314,661	5,751,230	10,589	4,104
$1 under $5,000	121,586	33,414	20,958	61,661	913,898	2,103,390	145,713	590,798	214,767	74,348
$5,000 under $10,000	261,861	106,029	62,052	250,000	1,197,121	6,120,823	205,384	837,347	148,528	96,562
$10,000 under $15,000	467,739	137,847	62,356	291,275	1,104,101	7,453,803	240,506	824,376	143,576	84,584
$15,000 under $20,000	694,840	227,182	71,183	389,286	1,024,774	8,013,724	253,792	867,351	176,362	138,331
$20,000 under $25,000	981,275	287,318	62,641	405,075	908,600	7,723,153	223,753	899,522	159,718	134,343
$25,000 under $30,000	1,281,335	425,289	43,579	403,937	806,904	7,171,686	219,408	777,954	192,179	153,272
$30,000 under $40,000	3,005,494	1,003,080	58,198	484,295	1,366,333	13,573,277	428,293	1,514,956	308,279	195,810
$40,000 under $50,000	3,018,665	1,119,332	35,605	596,469	1,055,885	12,321,008	329,720	1,050,281	263,702	205,435
$50,000 under $75,000	4,159,480	1,772,203	22,840	243,199	1,372,167	22,874,338	453,051	1,778,235	380,562	240,290
$75,000 under $100,000	1,292,483	809,888	11,892	224,639	511,894	14,326,438	147,507	846,422	135,717	126,036
$100,000 under $200,000	925,355	1,107,172	3,048	37,204	486,642	24,517,006	112,187	889,693	81,584	168,483
$200,000 under $500,000	261,191	779,483	3,417	140,805	148,150	13,668,541	41,563	580,831	20,603	26,408
$500,000 under $1,000,000	56,462	351,613	223	4,703	25,694	4,296,221	9,636	327,680	2,372	2,669
$1,000,000 and over	31,692	572,958	177	5,381	13,177	3,961,461	5,522	547,449	576	1,881
Taxable returns, total	**15,914,982**	**8,461,335**	**388,363**	**3,285,168**	**8,759,376**	**137,241,884**	**2,394,288**	**10,203,127**	**2,089,713**	**1,588,400**
Nontaxable returns, total	**714,443**	**363,112**	**71,733**	**264,965**	**2,261,094**	**11,753,411**	**736,408**	**7,880,998**	**149,402**	**64,156**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Sales of capital assets reported on Schedule D				Sales of property other than capital assets				Taxable IRA distribution	
	Net gain in AGI		Net loss in AGI		Net gain in AGI		Net loss in AGI			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All returns, total	**8,446,447**	**150,178,210**	**4,265,560**	**7,689,362**	**873,078**	**6,042,991**	**851,699**	**4,708,601**	**3,007,883**	**13,815,200**
No adjusted gross income	102,975	3,526,666	109,535	244,262	33,587	381,518	47,479	1,587,172	15,921	140,907
$1 under $5,000	325,579	565,502	190,581	261,344	18,427	96,516	34,448	134,449	65,280	164,393
$5,000 under $10,000	470,137	1,009,607	287,439	516,324	44,058	64,249	35,953	114,419	231,216	588,566
$10,000 under $15,000	483,946	1,305,061	328,310	667,027	51,098	105,132	53,485	260,457	357,659	1,046,971
$15,000 under $20,000	576,209	1,971,392	265,084	455,886	82,139	161,708	55,350	180,179	359,061	1,249,977
$20,000 under $25,000	532,576	2,219,961	282,997	492,756	58,921	204,743	44,475	181,451	277,210	979,919
$25,000 under $30,000	486,329	1,875,798	255,267	439,054	65,905	238,255	53,309	86,027	247,607	909,464
$30,000 under $40,000	964,546	4,320,999	520,920	948,352	97,649	308,331	89,436	222,182	379,564	1,535,309
$40,000 under $50,000	945,550	5,102,562	412,361	709,353	70,676	345,810	79,548	262,458	366,275	1,467,405
$50,000 under $75,000	1,503,704	10,882,489	774,573	1,272,869	134,374	924,283	136,683	542,835	442,119	2,631,524
$75,000 under $100,000	780,066	9,185,575	366,486	684,981	63,910	414,283	59,805	306,800	149,679	1,186,123
$100,000 under $200,000	809,778	19,109,287	321,388	653,311	90,055	948,798	84,661	230,275	88,657	1,059,147
$200,000 under $500,000	339,241	22,639,114	117,716	261,267	44,335	848,879	53,237	319,373	21,084	517,244
$500,000 under $1,000,000	79,091	14,627,283	23,111	56,844	10,819	375,003	14,200	121,922	4,147	152,625
$1,000,000 and over	46,720	51,836,914	9,793	25,732	7,124	625,485	9,631	158,603	2,404	185,628
Taxable returns, total	**7,797,629**	**144,333,541**	**3,755,460**	**6,686,969**	**746,560**	**5,240,222**	**722,468**	**2,486,060**	**2,707,989**	**12,897,173**
Nontaxable returns, total	**648,818**	**5,844,669**	**510,100**	**1,002,392**	**126,518**	**802,769**	**129,231**	**2,222,541**	**299,894**	**918,027**

Size of adjusted gross income	Pensions and annuities				Total rental and royalty				Partnership and S Corporation	
	Total		In adjusted gross income		Net income		Net loss		Net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total	**17,819,876**	**198,772,361**	**16,985,119**	**149,429,780**	**4,851,126**	**29,757,654**	**5,119,630**	**27,496,949**	**2,991,135**	**104,046,977**
No adjusted gross income	63,124	517,147	57,615	370,148	75,690	616,929	135,628	1,973,706	41,523	539,410
$1 under $5,000	587,180	1,842,187	561,318	1,346,965	205,120	355,121	136,072	614,233	101,240	197,152
$5,000 under $10,000	2,046,284	9,516,017	2,011,766	8,705,634	436,551	1,075,292	232,011	958,635	137,465	431,290
$10,000 under $15,000	2,540,604	16,707,757	2,489,565	15,285,480	448,679	1,404,792	314,941	1,172,663	161,782	918,857
$15,000 under $20,000	1,969,297	17,099,580	1,937,193	15,506,260	462,542	1,352,883	332,264	1,417,694	158,733	957,921
$20,000 under $25,000	1,576,457	15,350,248	1,519,752	13,335,084	339,209	1,291,412	323,802	1,495,863	120,492	732,248
$25,000 under $30,000	1,319,917	14,162,967	1,264,344	11,892,517	306,195	1,067,674	415,784	1,835,255	159,737	1,094,158
$30,000 under $40,000	2,205,658	23,537,475	2,106,371	20,241,903	603,677	2,048,739	671,077	2,966,222	303,412	2,659,731
$40,000 under $50,000	1,829,243	21,083,823	1,728,940	17,148,747	482,484	2,170,726	599,120	2,760,294	310,811	2,755,673
$50,000 under $75,000	2,192,679	32,797,351	2,000,610	21,813,592	652,924	3,582,458	999,989	5,670,598	490,069	6,456,384
$75,000 under $100,000	780,199	14,336,733	713,098	10,330,255	327,380	2,706,594	413,841	2,598,608	297,699	5,937,082
$100,000 under $200,000	513,193	15,998,402	444,766	8,305,437	310,772	4,347,718	380,793	2,375,986	402,223	15,344,305
$200,000 under $500,000	147,906	8,858,424	113,210	2,645,061	144,298	3,979,176	123,920	920,892	219,414	20,463,332
$500,000 under $1,000,000	32,129	3,835,418	24,080	1,216,571	34,388	1,697,615	27,989	417,511	53,810	12,527,461
$1,000,000 and over	16,006	3,128,834	12,489	1,286,126	21,215	2,060,525	12,400	318,790	32,724	33,031,976
Taxable returns, total	**15,723,338**	**188,559,025**	**14,955,707**	**140,842,834**	**4,207,209**	**27,606,433**	**4,533,562**	**22,964,251**	**2,744,134**	**102,651,619**
Nontaxable returns, total	**2,096,539**	**10,213,336**	**2,029,412**	**8,586,946**	**643,916**	**2,151,221**	**586,068**	**4,532,698**	**247,001**	**1,395,358**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Partnership and S Corporation—Continued		Estate and trust				Farm			
	Net loss		Net income		Net loss		Net income		Net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
All returns, total	**2,655,372**	**31,060,227**	**460,576**	**4,400,362**	**78,744**	**453,070**	**1,029,050**	**11,625,384**	**1,331,965**	**11,479,787**
No adjusted gross income	119,924	9,982,581	8,984	70,241	2,311	108,852	32,235	432,222	93,710	2,573,964
$1 under $5,000	72,875	403,005	27,098	80,838	*5,565	*12,370	85,491	176,368	81,443	601,627
$5,000 under $10,000	93,371	649,224	41,619	126,819	*5,990	*11,455	115,317	408,991	96,445	606,377
$10,000 under $15,000	79,345	317,617	44,381	124,397	*7,090	*31,709	111,648	651,964	126,620	570,929
$15,000 under $20,000	146,572	631,507	24,901	99,919	*4,784	*5,455	104,189	621,083	123,238	830,780
$20,000 under $25,000	127,667	774,538	25,150	93,327	*5,214	*7,555	92,630	791,369	121,398	706,578
$25,000 under $30,000	129,270	597,349	29,095	112,971	*1,471	*3,114	90,921	786,668	115,691	659,181
$30,000 under $40,000	272,348	1,148,061	47,173	207,473	*4,454	*26,095	129,226	1,516,539	178,600	1,022,548
$40,000 under $50,000	243,751	1,081,871	26,019	50,048	*9,816	*10,663	104,519	1,575,814	135,149	812,171
$50,000 under $75,000	472,689	1,949,814	60,723	264,688	*9,055	*96,988	97,676	1,778,356	137,405	790,546
$75,000 under $100,000	282,559	1,493,640	45,343	344,841	*2,524	*9,745	27,351	853,553	48,522	433,321
$100,000 under $200,000	378,659	3,332,813	43,268	609,152	10,123	46,707	25,423	1,209,626	46,142	761,411
$200,000 under $500,000	178,336	3,642,982	25,075	583,603	6,676	26,741	9,287	427,279	19,947	510,080
$500,000 under $1,000,000	38,731	1,966,859	7,233	464,735	2,406	28,705	1,836	197,986	4,688	248,851
$1,000,000 and over	19,277	3,088,366	4,516	1,167,308	1,263	26,916	1,302	197,566	2,968	351,423
Taxable returns, total	**2,346,000**	**18,993,051**	**423,381**	**4,226,654**	**68,319**	**315,429**	**782,582**	**10,096,152**	**1,017,375**	**7,346,522**
Nontaxable returns, total	**309,372**	**12,067,175**	**37,195**	**173,708**	**10,425**	**137,641**	**246,468**	**1,529,233**	**314,590**	**4,133,265**

Size of adjusted gross income	Unemployment compensation in adjusted gross income		Social security benefits				Statutory adjustments			
			Total		In adjusted gross income		Total		Primary IRA payments	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
All returns, total	**7,218,544**	**12,102,695**	**10,507,974**	**92,763,233**	**4,723,734**	**17,576,516**	**9,930,468**	**24,578,569**	**5,323,824**	**7,886,869**
No adjusted gross income	15,478	36,154	78,851	644,818	2,990	13,411	71,901	186,583	14,514	22,750
$1 under $5,000	338,785	355,285	685,652	4,983,564	*4,256	*10,351	208,828	250,463	69,409	102,981
$5,000 under $10,000	1,050,310	1,481,988	1,609,007	13,011,046	20,898	66,773	557,346	617,238	214,765	310,174
$10,000 under $15,000	1,188,009	2,081,388	1,610,633	14,267,248	15,129	56,171	760,085	980,137	383,852	549,175
$15,000 under $20,000	878,219	1,445,715	1,104,675	9,648,576	34,213	35,325	885,314	1,310,717	492,134	747,322
$20,000 under $25,000	732,451	1,350,699	859,410	7,520,901	278,319	298,507	958,920	1,596,114	615,604	928,579
$25,000 under $30,000	601,705	1,144,058	743,332	6,671,815	563,755	900,293	1,003,469	1,741,268	658,398	957,741
$30,000 under $40,000	1,074,195	1,788,400	1,227,751	10,283,888	1,215,512	3,500,745	1,746,180	3,291,418	1,120,255	1,618,461
$40,000 under $50,000	649,141	1,142,739	934,099	8,407,709	934,099	4,040,317	1,339,640	2,344,600	859,253	1,012,433
$50,000 under $75,000	546,505	986,311	890,210	8,844,538	890,210	4,415,061	1,077,318	3,207,492	430,777	752,293
$75,000 under $100,000	99,384	177,106	359,511	3,614,699	359,511	1,807,273	529,729	2,088,726	207,546	385,089
$100,000 under $200,000	36,794	87,635	281,436	3,263,370	281,436	1,631,620	533,724	3,733,748	182,991	357,049
$200,000 under $500,000	6,889	23,072	90,881	1,137,747	90,881	569,019	197,695	2,320,775	58,828	112,382
$500,000 under $1,000,000	466	1,387	20,909	293,759	20,909	146,875	39,897	578,479	10,002	19,446
$1,000,000 and over	212	756	11,615	169,553	11,615	84,774	20,423	330,809	5,496	10,993
Taxable returns, total	**5,792,981**	**9,945,038**	**8,707,387**	**77,431,668**	**4,668,428**	**17,374,253**	**9,163,282**	**23,611,389**	**5,113,025**	**7,594,447**
Nontaxable returns, total	**1,425,563**	**2,157,657**	**1,800,587**	**15,331,565**	**55,305**	**202,263**	**767,185**	**967,180**	**210,799**	**292,421**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Statutory adjustments—Continued						Basic standard deduction		Additional standard deduction	
	Secondary IRA payments		Payments to a Keogh plan		Alimony paid					
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)
All returns, total	**2,409,826**	**3,073,146**	**826,969**	**6,348,332**	**594,644**	**4,374,008**	**79,626,854**	**301,652,139**	**10,650,900**	**9,533,509**
No adjusted gross income	5,562	5,257	584	3,505	8,358	84,467	—	—	—	—
$1 under $5,000	*6,646	*11,210	*2,148	*746	*12,231	*85,213	16,612,038	44,192,589	830,981	696,323
$5,000 under $10,000	32,445	31,663	12,747	9,759	16,652	57,425	14,420,909	52,807,119	2,483,576	2,114,808
$10,000 under $15,000	82,480	111,580	13,948	21,516	28,639	127,946	13,291,005	51,779,152	2,415,597	2,195,190
$15,000 under $20,000	132,361	167,225	20,028	32,666	36,017	157,511	10,270,873	40,907,584	1,572,322	1,425,515
$20,000 under $25,000	152,524	211,634	24,512	66,891	40,156	179,833	7,410,595	30,907,501	976,366	898,868
$25,000 under $30,000	240,588	336,872	34,523	76,242	51,295	226,625	5,342,114	23,120,500	601,290	557,290
$30,000 under $40,000	547,085	671,249	66,756	190,360	83,894	406,082	6,763,637	30,913,112	728,436	650,869
$40,000 under $50,000	525,062	529,312	76,393	233,829	60,952	268,514	3,162,424	15,343,592	517,848	482,608
$50,000 under $75,000	296,991	410,397	180,408	836,321	98,082	678,912	1,959,436	9,739,709	385,082	375,630
$75,000 under $100,000	172,482	253,074	112,841	716,923	73,317	553,641	256,802	1,280,448	85,011	81,944
$100,000 under $200,000	153,180	235,549	184,988	2,209,299	51,286	660,352	118,096	571,214	47,579	47,880
$200,000 under $500,000	50,393	80,330	77,344	1,514,382	24,009	514,158	16,107	76,738	5,814	5,528
$500,000 under $1,000,000	7,819	11,315	14,096	309,100	6,084	202,061	2,105	9,719	784	841
$1,000,000 and over	4,205	6,482	5,654	126,792	3,672	171,270	713	3,160	213	214
Taxable returns, total	**2,327,449**	**2,984,951**	**809,797**	**6,324,771**	**561,267**	**4,129,194**	**58,966,583**	**224,375,089**	**8,453,974**	**7,521,563**
Nontaxable returns, total	**82,377**	**88,196**	**17,172**	**23,560**	**33,377**	**244,814**	**20,660,271**	**77,277,051**	**2,196,926**	**2,011,946**

Size of adjusted gross income	Itemized deductions									
	Total		Medical and dental expense deduction		Taxes paid deduction		Interest paid deduction		Contributions deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)
All returns, total	**31,930,074**	**424,686,913**	**5,074,083**	**20,498,643**	**31,383,714**	**131,409,531**	**29,391,090**	**188,411,379**	**29,162,820**	**55,328,974**
No adjusted gross income	—	—	—	—	—	—	—	—	—	—
$1 under $5,000	148,297	1,359,165	94,540	560,694	125,043	168,681	107,525	524,439	93,309	39,726
$5,000 under $10,000	611,991	5,202,828	392,981	2,255,225	513,007	644,981	412,958	1,690,771	432,008	359,524
$10,000 under $15,000	1,057,579	8,777,202	604,390	2,865,332	959,878	1,294,264	794,763	2,962,922	816,598	902,267
$15,000 under $20,000	1,490,337	11,888,671	664,808	2,547,091	1,422,950	2,079,201	1,260,548	5,006,559	1,267,050	1,383,488
$20,000 under $25,000	1,951,087	15,827,850	650,308	2,186,977	1,891,383	3,192,760	1,728,469	7,074,104	1,678,485	1,978,537
$25,000 under $30,000	2,307,042	19,286,474	548,818	1,716,723	2,251,680	4,446,997	2,134,916	9,210,997	2,023,207	2,243,169
$30,000 under $40,000	5,372,458	48,920,334	856,798	2,441,121	5,324,659	12,467,907	5,049,093	24,676,507	4,826,934	5,714,321
$40,000 under $50,000	5,415,034	56,206,164	578,854	2,052,826	5,377,252	15,847,253	5,134,525	27,726,464	5,010,984	6,602,174
$50,000 under $75,000	8,018,981	100,972,341	514,934	2,426,648	7,979,744	31,466,775	7,680,220	48,161,066	7,655,998	12,301,222
$75,000 under $100,000	2,787,851	47,850,083	110,190	710,525	2,778,227	15,871,679	2,592,807	22,120,364	2,686,553	5,664,125
$100,000 under $200,000	1,979,394	50,558,407	48,105	485,366	1,973,411	17,800,285	1,799,522	21,864,059	1,906,884	6,734,795
$200,000 under $500,000	609,603	28,769,050	8,200	197,898	606,931	11,923,018	539,302	10,706,567	589,286	4,250,805
$500,000 under $1,000,000	119,147	10,839,248	958	38,853	118,656	5,161,354	103,823	3,092,672	115,581	2,123,684
$1,000,000 and over	61,272	18,229,095	201	13,362	60,893	9,044,375	52,617	3,593,889	59,945	5,031,135
Taxable returns, total	**30,450,048**	**402,033,999**	**4,147,678**	**12,839,928**	**30,100,986**	**128,824,048**	**28,262,710**	**179,523,915**	**28,082,651**	**53,876,638**
Nontaxable returns, total	**1,480,026**	**22,652,915**	**926,405**	**7,658,715**	**1,282,728**	**2,585,483**	**1,128,380**	**8,887,464**	**1,080,169**	**1,452,336**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Itemized deductions—Continued						Exemptions		Taxable income	
	Moving expenses		Net limited miscellaneous deductions		Other miscellaneous deductions					
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount
	(81)	(82)	(83)	(84)	(85)	(86)	(87)	(88)	(89)	(90)
All returns, total	**898,825**	**3,939,617**	**7,432,546**	**21,438,391**	**696,767**	**1,951,090**	**224,208,434**	**448,100,195**	**92,581,269**	**2,198,730,116**
No adjusted gross income	—	—	—	—	—	—	1,400,374	2,788,088	—	—
$1 under $5,000	—	—	52,124	32,322	3,068	3,462	12,934,955	25,832,328	5,071,946	3,414,288
$5,000 under $10,000	7,463	19,351	121,256	182,209	11,732	15,077	22,274,063	44,494,059	9,853,223	23,992,070
$10,000 under $15,000	25,564	78,931	205,668	484,068	28,988	62,538	25,564,532	51,092,630	12,752,407	68,775,694
$15,000 under $20,000	23,376	66,239	328,785	610,392	35,074	40,785	22,318,734	44,601,155	11,485,631	107,334,612
$20,000 under $25,000	59,123	131,118	534,350	1,123,064	44,262	72,215	19,813,381	39,597,733	9,255,027	122,822,787
$25,000 under $30,000	57,843	192,088	557,104	1,229,736	53,256	119,384	17,388,102	34,755,032	7,599,715	132,712,747
$30,000 under $40,000	137,479	406,929	1,390,820	2,824,103	93,718	154,357	31,020,096	62,007,274	12,100,409	279,440,690
$40,000 under $50,000	122,815	393,680	1,237,220	2,872,524	141,806	258,065	24,268,359	48,512,699	8,554,182	262,904,579
$50,000 under $75,000	217,348	937,821	1,847,562	5,075,998	180,427	374,340	29,739,583	59,461,095	9,964,618	427,835,858
$75,000 under $100,000	129,804	841,391	627,493	2,503,627	45,318	79,685	8,931,463	17,857,494	3,041,704	192,722,378
$100,000 under $200,000	95,849	675,024	405,923	2,556,482	41,690	315,499	6,193,834	12,380,890	2,094,566	214,377,898
$200,000 under $500,000	18,879	165,564	106,804	1,191,858	13,613	288,303	1,852,357	3,703,015	624,845	150,636,899
$500,000 under $1,000,000	2,600	23,583	12,077	300,034	2,147	83,653	342,624	684,911	121,088	70,842,571
$1,000,000 and over	682	7,896	5,360	451,972	1,667	83,726	165,979	331,793	61,909	140,917,045
Taxable returns, total	**870,906**	**3,810,509**	**7,111,291**	**20,590,554**	**658,244**	**1,672,141**	**180,038,208**	**359,878,835**	**89,375,115**	**2,191,483,448**
Nontaxable returns, total	**27,919**	**129,108**	**321,255**	**847,837**	**38,523**	**278,949**	**44,170,227**	**88,221,360**	**3,206,155**	**7,246,668**

Size of adjusted gross income	Income tax before credits		Total tax credits		Income tax after credits		Alternative minimum tax		Total income tax [2]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(91)	(92)	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)
All returns, total	**92,512,397**	**444,695,422**	**12,066,181**	**5,919,096**	**89,410,490**	**438,776,326**	**107,176**	**650,736**	**89,422,362**	**439,427,062**
No adjusted gross income	132	12,830	*97	*86	123	12,744	4,093	37,613	4,196	50,358
$1 under $5,000	4,993,720	554,837	11,757	1,202	4,989,687	553,634	*7,666	*709	4,989,687	554,346
$5,000 under $10,000	9,859,092	3,667,152	629,093	98,887	9,317,141	3,568,266	*711	*397	9,317,852	3,568,663
$10,000 under $15,000	12,756,330	10,358,630	2,765,392	1,016,223	10,685,774	9,342,408	*1,043	*1,575	10,686,732	9,343,983
$15,000 under $20,000	11,484,098	16,164,943	2,884,304	833,593	11,087,461	15,331,350	*1,355	*11,115	11,087,628	15,342,465
$20,000 under $25,000	9,255,027	18,601,306	751,445	340,004	9,214,845	18,261,302	*14	*526	9,214,849	18,261,828
$25,000 under $30,000	7,599,715	21,103,299	622,583	263,850	7,579,653	20,839,449	*1,708	*11,474	7,579,740	20,850,923
$30,000 under $40,000	12,100,409	46,292,679	1,225,450	548,856	12,083,599	45,743,823	3,608	7,554	12,083,726	45,751,377
$40,000 under $50,000	8,555,140	44,352,260	952,171	408,984	8,547,088	43,943,277	4,525	21,691	8,548,943	43,964,967
$50,000 under $75,000	9,964,618	82,432,908	1,341,541	620,245	9,963,190	81,812,662	17,477	43,669	9,964,712	81,856,332
$75,000 under $100,000	3,041,704	42,860,780	428,565	339,081	3,040,616	42,521,699	15,131	38,009	3,041,292	42,559,708
$100,000 under $200,000	2,094,566	55,385,477	293,589	426,627	2,093,673	54,958,851	29,195	133,165	2,095,121	55,092,016
$200,000 under $500,000	624,849	43,155,280	110,831	421,394	624,716	42,733,886	14,112	127,537	624,867	42,861,424
$500,000 under $1,000,000	121,088	20,133,545	29,718	223,959	121,044	19,909,586	4,176	86,419	121,108	19,996,004
$1,000,000 and over	61,909	39,619,495	19,645	376,107	61,879	39,243,389	2,361	129,283	61,907	39,372,672
Taxable returns, total	**89,413,449**	**443,593,772**	**8,967,233**	**4,817,447**	**89,410,490**	**438,776,326**	**107,176**	**650,736**	**89,422,362**	**439,427,062**
Nontaxable returns, total	**3,098,947**	**1,101,649**	**3,098,947**	**1,101,649**	—	—	—	—	—	—

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Total tax liability[3]	
	Number of returns	Amount
	(101)	(102)
All returns, total	**91,237,909**	**457,791,938**
No adjusted gross income	110,088	173,113
$1 under $5,000	5,653,733	823,529
$5,000 under $10,000	9,777,331	4,215,099
$10,000 under $15,000	11,032,363	10,343,883
$15,000 under $20,000	11,230,463	16,604,481
$20,000 under $25,000	9,252,912	19,533,399
$25,000 under $30,000	7,603,833	22,070,705
$30,000 under $40,000	12,105,961	48,114,386
$40,000 under $50,000	8,554,287	46,169,104
$50,000 under $75,000	9,971,026	85,322,591
$75,000 under $100,000	3,041,906	44,198,975
$100,000 under $200,000	2,095,828	57,053,636
$200,000 under $500,000	625,108	43,545,275
$500,000 under $1,000,000	121,152	20,119,236
$1,000,000 and over	61,918	39,504,528
Taxable returns, total	**89,422,362**	**456,509,468**
Nontaxable returns, total	**1,815,547**	**1,282,470**

[1] Not included in adjusted gross income.
[2] Total income tax represents income tax after credits (including the earned income credit), plus alternative minimum tax.
[3] Total tax liability represents income tax after credits (including the earned income credit), plus alternative minimum tax, plus any other additional taxes, e.g., self-employment tax and penalty tax on individual retirement arrangements (IRA's).
* Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total due to rounding.