Individual Income Tax Returns, 1994: Early Tax Estimates

by Maureen Keenan and Jeffrey B. Curry

Early estimates for Tax Year 1994, based on individual income tax returns filed through April 1995, reveal that both "adjusted gross income" (AGI) and "taxable income" grew at a faster rate between 1993 and 1994 than between 1992 and 1993. AGI increased by 4.0 percent (compared to 2.3 percent for 1993), from $3,327.8 billion for 1993 to $3,461.5 billion for 1994. Taxable income increased 4.8 percent (2.2 percent for 1993), from $2,150.2 billion for 1993 to $2,252.8 billion for 1994. As a result of these increases, total income tax grew by approximately 5 percent for the second year in a row, reaching $449.9 billion for 1994.

Of the sources of income, the most noticeable increase for 1994 was in taxable social security benefits which rose by 48.9 percent. This was due to a tax law change which increased the maximum percentage of total benefits subject to the income tax from 50 percent to 85 percent. Salaries and wages, the largest component of income, increased by 3.8 percent to $2,735.6 billion. In contrast, declines occurred in taxable unemployment compensation and in taxable interest. Taxable unemployment compensation decreased by 31 percent, coinciding with a decline in the 1994 unemployment level. Taxable interest also declined (by 11.5 percent) to $106.9 billion, despite the fact that interest rates climbed in 1994 (while remaining relatively low compared to other recent years).

Other than sources of income, the most significant change for 1994 was a 36.3 percent increase in earned income credit (EIC), which rose from $14.6 billion for 1993 to $19.9 billion for 1994, while the number of claimants grew from 14.3 million to 17.7 million (an increase of more than 24 percent). These increases were largely due to changes in the tax law that expanded the credit to include certain low-income taxpayers with no dependent children and increased the eligibility requirements for families with two or more dependent children.

For 1994, the Internal Revenue Service (IRS) verified the social security numbers (SSN's) reported on income tax returns for dependents, mainly to reduce fraudulent EIC (and other) refund claims. Partly as a result, there was a decline in the number of electronically-filed returns, and the total number of dependent exemptions fell. Also, the number of returns claiming the EIC would have actually fallen about 1.5 percent if the credit had not been expanded for 1994 to include certain taxpayers with no dependent children. This number might have fallen even more if the maximum earned income and AGI to qualify for the EIC were not made higher for taxpayers with two or more dependent children versus those with one.

Tax law changes enabled the "earned income credit" to increase 36 percent to $19.9 billion. The number of claimants grew 24 percent to 17.7 million.

Data for this article were derived from the "Early Tax Estimates," or ETE, subset of returns included in the full sample used for *Statistics of Income--Individual Income Tax Returns* for 1994. The ETE sample is designed to provide reliable estimates as soon as possible following the close of the regular tax return filing season. Each return in the ETE sample represents approximately one out of 5,000 returns in the population. In contrast to the estimated 106,000 individual tax returns in the full Individual Statistics of Income (SOI) sample, the size of the 1994 ETE subsample of returns filed through the end of April 1995 was 21,051 returns. While 1994 represents the third time this sample was used for a published report on early tax data, the taxpayers included in the ETE subsample have been part of the Statistics of Income sample each year since Tax Year 1979, provided that they filed a return for the given year.

In order to provide some insight into how the ETE subset of returns filed through April relates to the full-year SOI sample, Figure A compares estimates of key income and other items from both samples for Tax Year 1993. For many items, such as salaries and wages and total earned income credit, the ETE sample of returns provides reliable estimates. For other items, however, the ETE sample provides less reliable estimates. These items include partnership, S Corporation, and sole proprietorship (farm and non-farm) net income or loss; capital gains and losses; and the alternative minimum tax. These items are often reported in sizable but varying amounts on returns filed after April. The returns on which they appear are mainly those for which filing extensions have been taken, and many are for high-income taxpayers. As a result, early tax estimates for these items (and for high-income returns in general) should be used with caution.

A second problem with the estimates from high-income returns is that they are subject to relatively high sampling variability. Since the ETE subset of returns is a simple random sample not stratified to favor high-income taxpayers, there may be an insufficient number of returns filed through April to present an accurate picture of this part of the individual income tax return population. The discussion that follows, therefore, focuses only on those tax return items and those taxpayer characteristics for which the ETE sample is believed to offer the most reliable

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Figure A

Comparison of Selected Early Tax Estimates (ETE) Data and Final SOI Data, Tax Year 1993
[Money amounts are in millions of dollars]

Item	1993 ETE [1]	1993 final SOI data [2]	Percentage increase from ETE to final SOI data
	(1)	(2)	(3)
Adjusted gross income (less deficit)	3,327,848	3,723,340	11.9
Salaries and wages	2,635,278	2,892,120	9.7
Taxable interest	120,822	131,141	8.5
Dividends	76,728	79,729	3.9
Business income:			
Net income	111,891	176,343	57.6
Net loss	11,494	20,638	79.6
Capital gain:			
Net gain	84,831	149,662	76.4
Net loss	6,636	8,086	21.9
Capital gain distributions reported on Form 1040	2,577	2,595	0.7
Taxable individual retirement arrangement (IRA) distributions	33,255	27,081	-18.6
Taxable pensions and annuities	175,519	194,014	10.5
Rent and royalty:			
Net income	25,346	36,002	42.0
Net loss	17,706	26,044	47.1
Partnership and S Corporation:			
Net income	88,892	133,438	50.1
Net loss	22,426	40,570	80.9
Farm:			
Net income	8,018	9,474	18.2
Net loss	8,284	13,141	58.6
Unemployment compensation	25,052	27,586	10.1
Social security benefits in adjusted gross income	21,933	24,650	12.4
Other income:			
Net income	23,287	22,391	-3.8
Net loss	17,595	57,430	226.4
Total statutory adjustments	30,458	36,624	20.2
Payments to self-employed (Keogh) retirement plans	7,902	8,160	3.3
Total itemized deductions	417,973	490,404	17.3
Total tax credits [3]	6,131	5,858	-4.5
Total earned income credit [4]	14,600	15,537	6.4
Total income tax [5]	428,299	502,788	17.4
Alternative minimum tax	962	2,053	113.4

[1] Data are based on a simple random sample of returns filed through April.
[2] Data are based on a stratified random sample of returns filed through December and are published in Statistics of Income--1993, Individual Income Tax Returns (in preparation).
[3] Includes earned income credit used to reduce total income tax to zero.
[4] Includes earned income credit used to reduce total income tax to zero plus the amount used to offset any additional taxes and the refundable portion.
[5] Total income tax was the sum of income tax after credits and alternative minimum tax, less earned income credit (if the result was negative, total income tax was zero).

estimates. The comparisons of data for Tax Years 1993 and 1994 presented in this article are based on early estimates.

Selected Sources of Income and Statutory Adjustments

"Adjusted gross income" (AGI) grew 4.0 percent for 1994, increasing from $3,327.8 billion for 1993 to $3,461.5 billion, while the total number of returns filed increased by only 0.5 percent (Figure B). Salaries and wages, the principal income source, rose 3.8 percent from $2,635.3 billion for 1993 to $2,735.6 billion for 1994. The rate of growth for both AGI and salaries and wages outpaced the 2.6 percent annual rate of inflation for 1994 [1].

The principal components of AGI and "statutory adjustments" to AGI are shown in Tables 2 and 3, respectively. In addition to the increase in salaries and wages, several other sources of income showed major changes from 1993 to 1994 (Figure B). Although the Federal Reserve Board raised interest rates six times in 1994, interest rates still remained relatively low and taxable interest declined 11.5 percent. Tax Year 1994

Figure B

Comparison of Total and Selected Sources of Income and Statutory Adjustments, Tax Years 1993 and 1994

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

Item	1993 ETE [1]		1994 ETE [1]		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Adjusted gross income (less deficit)	**106,769**	**3,327,848**	**107,291**	**3,461,494**	**4.0**
Total income (less deficit) [2]	106,769	3,358,306	107,291	3,492,887	4.0
Salaries and wages	91,650	2,635,278	92,540	2,735,560	3.8
Taxable interest	59,916	120,822	59,861	106,890	-11.5
Capital gain distributions reported on Form 1040	3,468	2,577	3,641	2,962	14.9
Taxable Individual Retirement Arrangement (IRA) distributions	([3])	33,255	([3])	31,680	-4.7
Taxable pensions and annuities	([3])	175,519	([3])	183,833	4.7
Social security benefits in adjusted gross income	5,173	21,933	5,247	32,657	48.9
Unemployment compensation	8,808	25,052	7,642	17,282	-31.0
Less: total statutory adjustments	14,483	30,458	14,850	31,396	3.1
Individual Retirement Arrangement (IRA) payments	4,097	7,987	3,969	7,745	-3.0
Deduction for self-employment tax	10,126	8,388	10,111	9,037	7.7
Moving expenses	N/A	N/A	669	1,085	N/A

[1] Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.
[2] Includes amounts not shown below.
[3] Not tabulated.
N/A - Not applicable.
NOTE: All data are for returns filed through April.

was the fourth consecutive year for which taxable interest decreased. Some of this decline may be associated with the transfer of funds from interest bearing accounts to money markets and mutual funds, where some of the income was reported as capital gain distributions. For 1994, capital gain distributions reported on Form 1040 increased by 14.9 percent [2]. Unemployment compensation dropped 31 percent to $17.3 billion, and the number of returns reporting unemployment compensation as a source of income also decreased, falling 13.2 percent. The decline in unemployment compensation was related to the national unemployment rate, which fell to 6.1 percent in 1994 from 6.8 percent in 1993 [3].

Taxable social security benefits increased 48.9 percent, mainly due to a change in the tax law which raised the maximum amount of social security benefits which could be included in AGI from 50 to 85 percent (see the 1994 Tax Law Changes for additional information). Taxable pensions and annuities increased as well, rising 4.7 percent to $183.8 billion.

Statutory adjustments to income, which serve to reduce AGI, grew 3.1 percent for 1994. The deduction for one-half of self-employment tax, the largest of all statutory adjustments, increased 7.7 percent to $9.0 billion. Some of this increase was a result of a change in the tax law which removed the ceiling on the amount of earnings subject to the hospital insurance tax for Medicare. For 1993, only $135,000 of a taxpayer's earnings were subject to the Medicare tax. Of the other statutory adjustments, payments to an Individual Retirement Arrangement (IRA) were down by 3.0 percent to $7.7 billion. In addition, $1.1 billion was claimed by taxpayers as a statutory adjustment for 1994 moving expenses. Moving expenses incurred prior to 1994 were taken as an itemized deduction (see below).

Itemized Deductions

The number of taxpayers itemizing deductions and the amount they claimed decreased slightly for 1994 (Figure C). The specific deduction which showed the most dramatic change, moving expenses, decreased by 89.2 percent and was attributed to a change in the tax law. For 1994, current year moving expenses became an adjustment to total income rather than an itemized deduction (see the 1994 Tax Law Changes section of this article). Therefore, the $369 million in moving expenses reported on 1994 returns as an itemized deduction represent moving expenses incurred in a year before 1994. A tax law change may also have accounted for some of the 2.2 percent decrease in deductions for charitable contributions. Beginning with 1994, taxpayers could claim a deduction for a charitable contribution of $250 or more only if they had a written acknowledgment of the contribution from the qualifying recipient organization. Additional data on itemized deductions classified by size of adjusted gross income are presented in Table 4.

Figure C

Returns with Itemized Deductions: Comparison of Adjusted Gross Income and Selected Itemized Deductions, Tax Years 1993 and 1994

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

Item	1993 ETE [1]		1994 ETE [1]		Percentage increase in amount
	Number of returns [2]	Amount	Number of returns [2]	Amount	
	(1)	(2)	(3)	(4)	(5)
Adjusted gross income (less deficit)	**29,211**	**1,907,618**	**29,137**	**1,952,106**	**2.3**
Total itemized deductions [3]	29,211	417,973	29,137	414,585	-0.8
Medical and dental expense	5,028	22,830	4,571	22,184	-2.8
Taxes paid deduction	28,710	145,514	28,766	148,857	2.3
Total interest paid deduction	24,286	168,704	24,609	165,312	-2.0
Home mortgage interest:					
Paid to financial institutions	23,556	157,791	23,766	154,795	-1.9
Paid to individuals	2,043	6,174	1,934	5,489	-11.1
Contributions deduction	26,350	58,392	26,383	57,111	-2.2
Moving expenses [4]	686	3,403	109	369	-89.2

[1] Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

[2] Returns with no adjusted gross income are not included in the deduction counts. For this reason, the sum of returns with total itemized deductions after limitation and returns with total standard deduction is less than the total number of returns for all filers.

[3] Includes amounts not shown separately below.

[4] Represents expenses incurred in years prior to 1994, but reported on 1994 returns (see text for additional information).

NOTE: All data are for returns filed through April.

Personal Exemptions

The total number of personal exemptions declined slightly for 1994, falling by 0.7 percent to 212.3 million from 213.7 million for 1993, even though the number of returns reporting exemptions rose by 0.7 percent (Figure D). Both the number of returns claiming dependent exemptions and the number of dependent exemptions decreased. Final IRS statistics for full tax years show that the number of dependent exemptions increased every year between 1989 and 1993 [4]. If maintained in the final tabulation, the decrease in the number of dependent exemptions for 1994 would reverse a 4-year upward trend. This decrease may be the result of increased efforts by the IRS to verify social security numbers reported for dependents [5].

Taxable Income and Total Income Tax

Taxable income grew by 4.8 percent, from $2,150.2 billion for 1993 to $2,252.8 billion for 1994 (Figure E). This 4.8 percent increase is higher than the 4.0 percent growth in AGI. A portion of this difference may be attributed to the slight decrease in both itemized deductions and dependent exemptions. Also, part of this difference may be due to the fact that income increased at a slightly faster rate than the inflation adjustment of the width of tax brackets, the size of personal exemptions, and standard deduction amounts. Total income tax grew by 5.0 percent, to $449.9 billion for 1994 [6].

A comparison of total income tax as a percentage of AGI, by size of AGI for 1993 and 1994, shows that all

Figure D

Comparison of Total and Selected Personal Exemptions, Tax Years 1993 and 1994

[Number of returns and number of exemptions are in thousands]

Item	1993 ETE [1]		1994 ETE [1]		Percentage increase in exemptions
	Number of returns	Number of exemptions	Number of returns	Number of exemptions	
	(1)	(2)	(3)	(4)	(5)
Total personal exemptions [2]	**97,799**	**213,738**	**98,512**	**212,306**	**-0.7**
Taxpayer exemptions	97,799	141,805	98,512	142,291	0.3
Exemptions for dependents	39,649	71,933	39,133	70,015	-2.7

[1] Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

[2] The number of returns with total personal exemptions does not equal the total number of returns filed because some returns have been filed by a dependent and therefore no exemptions are claimed.

NOTE: All data are for returns filed through April.

Figure E

Adjusted Gross Income, Taxable Income, and Total Income Tax, Tax Years 1993 and 1994
[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 ETE [1]		1994 ETE [1]		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Adjusted gross income (less deficit)	**106,769**	**3,327,848**	**107,291**	**3,461,494**	**4.0**
Taxable income	84,150	2,150,181	85,300	2,252,831	4.8
Income tax before credits	84,091	433,468	85,213	454,999	5.0
Total tax credits [2]	11,980	6,131	13,665	6,127	-0.1
Total income tax [3]	79,957	428,299	80,428	449,908	5.0
Income tax after credits	79,931	427,337	80,418	448,871	5.0
Alternative minimum tax	289	962	294	1,037	7.8

[1] Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.
[2] Includes earned income credit used to offset income tax before credits.
[3] The number of returns with total income tax is less than the sum of returns with income tax after credits and returns with alternative minimum tax because some returns reported both. The amount of total income tax is the sum of income tax after credits and alternative minimum tax less earned income credit (if the result was negative, total income tax was zero).
NOTE: All data are for returns filed through April.

AGI-size classes under $40,000 had the same or lower ratio of tax to AGI as for 1993 (Figure F). The largest reduction between the 2 years occurred in the $20,000 to $25,000 AGI-size class, possibly caused by the expansion of the EIC in this class and the resultant decline in tax as a growing number of taxpayers were able to claim the credit.

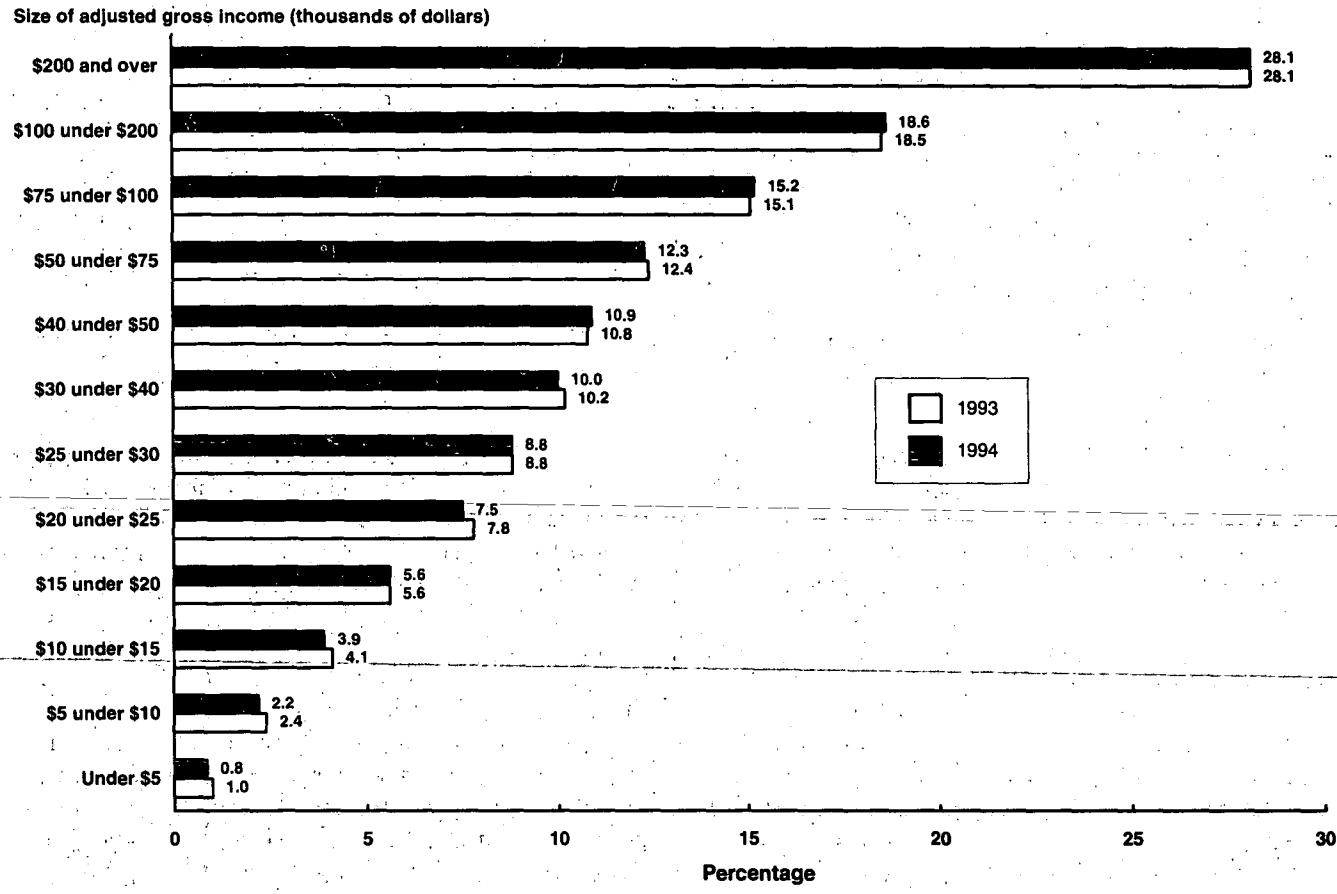
Earned Income Credit and Other Tax Credits

Tax Year 1994 saw major changes in the earned income credit. First, the tax law was changed so that taxpayers who were age 25 through 64 with no dependent children, and with both "earned income" and AGI less than $9,000, could claim an EIC. These taxpayers did not have to file a Schedule EIC. Also, for the first time taxpayers were allowed to file their tax returns on Form 1040EZ and still receive the EIC. Previously, recipients of the EIC were limited to filing their tax returns on Form 1040 or Form 1040A. Second, the computation of the credit for taxpayers with eligible dependents was altered so that it was no longer the sum of a basic credit, a health insurance credit, and an extra credit for a child born in that tax year. For 1994, the EIC consisted of an amount that was based on the taxpayer's total "earned income" or AGI and an EIC rate that varied by the number of eligible dependents. Third, the income ceiling for qualifying for the EIC was increased for taxpayers with two (or more) eligible dependents. For previous years, this limit had been the same regardless of the number of eligible dependents the taxpayer had. Starting with Tax Year 1994, taxpayers with at least two eligible dependents could qualify for the EIC with higher levels of earned income or AGI than could taxpayers with only one eligible dependent. Due to these law changes, the number of returns claiming EIC rose by 24.3 percent, from 14.3 million for 1993 to 17.7 million returns for 1994. The amount of credit claimed increased even more, by 36.3 percent, from $14.6 billion for 1993 to $19.9 billion for 1994.

As Figure G shows, had the earned income credit not been expanded to include taxpayers with no eligible dependents, the number of returns with the credit would actually have fallen 1.5 percent to 14.0 million returns. This apparent decline may be attributable to the IRS program to verify the social security numbers of all dependents claimed on tax returns as a means of reducing fraudulent claims [7]. At the same time, the amount of credit claimed on returns with at least one eligible dependent rose by 32.0 percent, to $19.3 billion. For EIC returns with one eligible dependent, the amount of EIC increased by 23.1 percent (which is similar to previous years' EIC increases). The number of returns with one eligible dependent, however, declined by 4.1 percent. While the number of returns with EIC and with two or more eligible dependents increased slightly (1.9 percent) from 1993, the EIC on these returns increased by 43.4 percent. The increase in the number of returns with two or more eligible dependents (compared with the decrease in returns with one eligible dependent) might be related to 1994 being the first year that the maximum income qualifying for EIC was higher for taxpayers with two or more eligible dependents than for one. The large increase in EIC reported by taxpayers with two or more eligible dependents was mostly due to the much larger differential in the

Figure F

Total Income Tax as a Percentage of Adjusted Gross Income (AGI), by Size of AGI, Tax Years 1993 and 1994



Notes: Total income tax represents income tax after credits and alternative minimum tax, less total earned income credit (if the result was negative, total income tax was zero). All data are based on returns filed through April.

allowable EIC for returns with one versus two (or more) eligible dependents. For example, for 1993 there was a $77 difference in the maximum amount of credit between these two types of filers. For 1994, this differential was $490.

Total tax credits (which includes the EIC to the extent that it could be used to offset income tax before credits) remained relatively unchanged from 1993, falling 0.1 percent to $6.1 billion for Tax Year 1994 (Figure E) [8].

Filing Patterns and Characteristics of Returns

As of April 28, 1995, when the sampling of tax returns for ETE was completed, 107.3 million taxpayers had filed their individual income tax returns, up 0.5 percent compared to 1993 (Figure H). Even though the number of returns filed as of the end of April increased slightly compared to 1993, based on IRS projections of the total number of returns expected to be filed for the 1994 tax year, only 92.2 percent of returns had been filed as of the end of April. For the preceding 6 years, returns filed through the end of April ranged between 93.0 and 94.2 percent of all returns filed during the entire IRS processing year [9].

Figure I illustrates that the predominant changes in the types of returns filed for 1994 were the decline in the share of returns filed electronically (which reversed a 6-year upward trend), as well as the reduction in the number of Forms 1040PC, *1994 U.S. Individual Income Tax Returns 1040PC Format*. For 1994, about 11.7 million taxpayers filed their tax returns electronically, down from

Figure G

Earned Income Credit (EIC), Tax Years 1993 and 1994
[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 ETE [1]		1994 ETE [1]		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total earned income credit (EIC)	**14,264**	**14,600**	**17,731**	**19,905**	**36.3**
EIC for returns with no children	N/A	N/A	3,683	630	N/A
EIC for returns with one child	8,106	8,174	7,776	10,063	23.1
EIC for returns with two children	6,158	6,425	6,272	9,212	43.4
Refundable earned income credit (EIC)	**11,515**	**11,368**	**13,799**	**15,787**	**38.9**
EIC for returns with no children	N/A	N/A	2,403	448	N/A
EIC for returns with one child	6,413	6,094	6,216	7,812	28.2
EIC for returns with two children	5,102	5,273	5,180	7,527	42.7

[1] Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.
N/A: Not applicable.
NOTE: All data are for returns filed through April.

the 13.4 million for 1993. This 12.7 percent decline in the number of electronically-filed returns was partially a result of the IRS's revenue-protection strategy. In order to ensure that only taxpayers entitled to refunds received them (and also to check for fraudulent EIC claims), the IRS checked names and matched the social security numbers (SSN's) against Social Security Administration records for all taxpayers and their dependents during the Tax Year 1994 filing season. An electronically-filed return with missing or mismatched SSN's was rejected and did not enter the system unless or until it was corrected and refiled [10]. In addition, the IRS eliminated the direct-deposit indicator for Tax Year 1994. Previously, if a taxpayer was filing electronically and requested that their refund be deposited directly to their bank, the IRS would indicate whether or not the direct-deposit would be honored. Banks used the direct-deposit indicator in determining whether to grant refund anticipation loans to taxpayers requesting them. Without the direct-deposit indicator, taxpayers filed fewer returns electronically because banks were less willing to grant refund anticipation loans.

Filing of the Form 1040PC, which is an IRS-approved computer printout of only those items for which the taxpayer is providing information, declined 34.9 percent to 2.6 million [11]. This sharp decline in the number of Forms 1040PC filed can partially be accounted for by a change in IRS requirements which increased the size of the legend, a literal description of line items, that accompanies the Form 1040PC. As a result of this requirement, the number of pages associated with the Form 1040PC format increased and caused certain tax preparation firms to decrease their level of participation in the Form 1040PC program, opting instead to utilize alternative filing

Figure H

Number of Returns Filed, Tax Years 1988 to 1994
[Number of returns is in thousands]

Returns filed	Returns filed for Tax Year:						
	1988	1989	1990	1991	1992	1993	1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Returns filed through April of the filing year	102,228	104,314	106,465	107,140	106,262	106,769	107,291
Returns filed through December of the filing year	109,708	112,136	113,470	113,795	113,754	114,602	116,320 [1]
Returns filed through April as a percentage of returns filed through December	93.2	93.0	93.8	94.2	93.4	93.2	92.2 [2]

[1] Projected total by IRS Compliance Research of Forms 1040, 1040A, 1040EZ, and electronically-filed returns.
[2] Estimated on the basis of projections for Tax Year 1994.
NOTE: All data are for returns filed through April.

Figure I

Returns Filed through April by Tax Form Used, Tax Years 1987 to 1994
[Number of returns is in thousands]

Form used	Tax Year							
	1987	1988	1989	1990	1991	1992	1993	1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns	**98,569**	**102,228**	**104,314**	**106,465**	**107,140**	**106,262**	**106,769**	**107,291**
Long form, 1040 [1]	62,948	63,647	63,533	60,190	58,650	54,287	53,856	55,998
Short forms, total [1]	35,048	37,381	36,514	37,625	36,290	35,567	35,417	36,923
1040A [1]	17,104	18,284	17,677	20,860	19,430	19,652	18,218	19,502
1040EZ [1]	17,944	19,097	18,837	16,785	16,860	15,915	17,199	17,421
Electronically-filed returns (1040 ELF)	573	1,200	4,267	8,705	10,795	12,459	13,441	11,729
Form 1040PC	N/A	N/A	N/A	N/A	1,405	3,951	4,055	2,641
	Percentage of returns							
All returns	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Long form, 1040 [1]	63.9	62.3	60.9	56.5	54.7	51.1	50.4	52.2
Short forms, total [1]	35.6	36.6	35.0	35.3	33.9	33.5	33.2	34.4
1040A [1]	17.4	17.9	16.9	19.6	18.1	18.5	17.1	18.2
1040EZ [1]	18.2	18.7	18.1	15.8	15.7	15.0	16.1	16.2
Electronically-filed returns (1040 ELF)	0.6	1.2	4.1	8.2	10.1	11.7	12.6	10.9
Form 1040PC	N/A	N/A	N/A	N/A	1.3	3.7	3.8	2.5

[1] Excludes electronically-filed returns and computer-generated returns (Form 1040 PC), shown separately.
N/A-- Not applicable.
NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

methods for their clients. In March, at the request of some tax preparation firms, the IRS modified the legend requirement and decided to allow a smaller legend.

Summary

For Tax Year 1994, both AGI and taxable income grew at a faster rate, 4.0 and 4.8, respectively, than for 1993. These increases resulted in total income tax growing by 5.0 percent to $449.9 billion. The most noticeable increase in income for 1994 was in taxable social security benefits which rose by 48.9 percent, due to a tax law change. Lower unemployment levels led to a decline in taxable unemployment compensation (31.0 percent). Taxable interest income also declined (11.5 percent), even though interest rates climbed in 1994 (although they remained relatively low compared to other recent years).

Other than sources of income, a major change for 1994 concerned the earned income credit (EIC). The EIC claimed by taxpayers rose 36.3 percent from $14.6 billion to $19.9 billion. Changes in the tax law, including the expansion of the EIC to cover certain low-income taxpayers with no dependent children and increasing eligibility requirements for taxpayers with two or more qualifying children, may have been responsible for the increase in returns claiming the EIC, as well as the sharp increase in the credit itself.

Increased efforts by the IRS to verify social security numbers of dependents had several ramifications. First, there was a 12.7 percent decline in the number of electronically-filed returns which can partially be accounted for by the IRS verification program. Second, the total number of exemptions for dependents fell, dropping to 70.0 million from 71.9 million. Finally, the number of returns claiming the EIC would have actually fallen by 1.5 percent if the credit had not been expanded for 1994 to include certain taxpayers with no dependent children, and may have fallen even more if the maximum earned income and AGI to qualify for the EIC were not made higher for two dependent children families than for one.

1994 Tax Law Changes

Standard deductions, personal exemptions, tax rate bracket boundaries, and the earned income credit are all indexed, as required by Federal tax law, so that they are not eroded by inflation. Without indexing, annual increases in inflation would diminish the real value of these items.

The following is a list of Federal tax law changes and IRS administrative changes that had a major impact on the 1994 Early Tax Estimates presented in this article:

Social Security Benefits.-- Up to 85 percent of a taxpayer's social security or equivalent "tier 1 railroad retirement benefits" could be included in AGI for 1994. This would occur if the taxpayer received other income besides their benefits and their "modified income," as derived from the social security worksheet, exceeded $44,000 and their filing status was married filing jointly ($34,000 for all other returns, except for married filing

separately taxpayers who lived together at any time in 1994; their income limit was $0) [12]. If a taxpayer's "modified income" fell between $32,000 and $44,000 ($0 for MFS filers who lived together in 1994, $25,000 to $34,000 for all other non-joint filers), up to 50 percent of their social security benefits could be included in AGI. Prior to 1994, 50 percent of social security benefits was the maximum amount that could be included in AGI.

Earned Income Credit.-- Significant changes were made to the earned income credit for Tax Year 1994. Individuals and couples who worked; had less than $9,000 in both "earned income" and adjusted gross income; did not have a qualifying child; and were age 25 through 64 were eligible for the earned income credit for 1994. These individuals did not need to fill out the Schedule EIC and could file their tax return on Form 1040EZ (or on Form 1040 or Form 1040A), to claim the credit. As for previous years, the maximum earned income credit increased, as did the amount of earned income and AGI an individual could earn and still claim the credit. For one qualifying child the maximum credit was $2,038, up from the maximum basic credit of $1,434 for Tax Year 1993 [13]. For two or more qualifying children, the maximum credit increased to $2,528 from the maximum basic credit of $1,511 for Tax Year 1993. To be eligible for the credit, a taxpayer's "earned income" and AGI had to be less than $23,755 with one qualifying child or less than $25,296 with two or more qualifying children. In addition, the health insurance credit (worth a maximum of $465) and the extra credit for a child born during the year (worth a maximum of $388) were rescinded.

Self-Employment Tax.-- For Tax Year 1994, the maximum amount of net earnings subject to the social security tax portion of the self-employment tax was $60,600, up from $57,600 the previous year [14]. In addition, *all* net earnings of at least $433 ($108 for church employees) were subject to the Medicare tax portion of self-employment tax. For Tax Year 1993, only net earnings up to $135,000 were subject to the Medicare tax.

Moving Expenses.-- For 1994, taxpayers were permitted to deduct current year qualified moving expenses as a statutory adjustment to their total income in computing AGI. Moving expenses incurred prior to 1994 could only be claimed as an itemized deduction. By removing the current-year moving expenses from itemized deductions and treating them as an adjustment to income, taxpayers who used the standard deduction were able to deduct moving expenses. In addition, in order to deduct moving expenses, a taxpayer's new job must have been at least 50 miles (previously 35) further from his or her former home than the previous job. Also, the following no longer qualified as moving expenses: meals while moving from the old residence to the new residence; travel expenses, meals, and lodging for househunting trips; meals and lodging while occupying temporary quarters in the area of the taxpayer's new job; and qualified residence sale, purchase, and lease expenses.

Standard Deductions.--For Tax Year 1994, the basic standard deduction, and additional standard deduction for age (65 and over) and blindness increased for each filing status. Standard deductions rose to $3,800; $5,600; $6,350; and $3,175 for a single person, head of household, married persons filing jointly or as a qualifying widow(er), and married persons filing separately, respectively. For comparison, Tax Year 1993 standard deductions were $3,700; $5,450; $6,200; and $3,100, respectively. Additional standard deductions for the aged and blind rose to $950 for single and head of household filers, and to $750 for married persons filing jointly, married persons filing separately, and qualified widow(er)s, up from $900 and $700 respectively for 1993. The basic standard deduction claimed by dependent filers did not change for 1994, remaining at $600.

Itemized Deductions.--As for previous years, itemized deductions were limited for some taxpayers based on their AGI. For Tax Year 1994, the threshold for the limitation increased to $111,800 of AGI from $108,450 for all filers except married persons filing separately, for whom it increased from $54,225 to $55,900. The limitation did not apply to deductions for medical and dental expenses, "investment interest" expenses, casualty or theft losses, and gambling losses. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: a) 80 percent of the "non-limited" deductions, or b) 3 percent of the amount in excess of the AGI threshold.

Charitable Contributions.--Beginning with 1994, a charitable contribution of $250 or more could only be deducted if the taxpayer had a written acknowledgment of the contribution from the qualified recipient organization.

Personal Exemptions.--Like standard and itemized deductions, the amount for personal exemptions also increased for Tax Year 1994. For each qualified exemption, a filer could deduct $2,450, up from $2,350 for Tax Year 1993.

Tax brackets.--Tax rates remained the same as 1993 at 15, 28, 31, 36, and 39.6 percents while the tax bracket boundaries increased because of inflation indexing (Figure J).

Figure J

Marginal Tax Rates, by Filing Status, for Tax Years 1993 and 1994

Marginal tax rate	Filing status: Single		Married filing jointly or qualifying widow(er)	
	1993	1994	1993	1994
	Taxable income range	Taxable income range	Taxable income range	Taxable income range
	(1)	(2)	(3)	(4)
15 percent	Under $22,101	Under $22,751	Under $36,901	Under $38,001
28 percent	$22,101 to $53,500	$22,751 to $55,100	$36,901 to $89,150	$38,001 to $91,850
31 percent	$53,501 to $115,000	$55,101 to $115,000	$89,151 to $140,000	$91,851 to $140,000
36 percent	$115,001 to $250,000	$115,001 to $250,000	$140,001 to $250,000	$140,001 to $250,000
39.6 percent	$250,001 or more	$250,001 or more	$250,001 or more	$250,001 or more

Marginal tax rate	Filing status--Continued: Married filing separately		Head of household	
	1993	1994	1993	1994
	Taxable income range	Taxable income range	Taxable income range	Taxable income range
	(5)	(6)	(7)	(8)
15 percent	Under $18,451	Under $19,001	Under $29,601	Under $30,501
28 percent	$18,451 to $44,575	$19,001 to $45,925	$29,601 to $76,400	$30,501 to $78,700
31 percent	$44,576 to $70,000	$45,926 to $70,000	$76,401 to $127,500	$78,701 to $127,500
36 percent	$70,001 to $125,000	$70,001 to $125,000	$127,501 to $250,000	$127,501 to $250,000
39.6 percent	$125,001 or more	$125,001 or more	$250,001 or more	$250,001 or more

Data Sources and Limitations

The statistics presented in this article were derived from a sample of all individual tax returns received in the ten IRS service center mailrooms from January 1, 1995, through April 28, 1995. The sample was selected based on the primary social security number (SSN) (i.e., the SSN of the "primary" or first listed taxpayer in the case of joint returns) ending in one of two pre-defined orders of the last four digits. Two numbers between 0000 and 9999 were chosen, and all return SSN's ending in one of these two numbers were sampled. Electronically-filed returns with a primary SSN ending in one of these two four-digit combinations were also included in the sample. The same SSN endings have been used every year since 1979. This method of sampling provides the same results as a random sample. The returns studied for the ETE statistics are a subset of the returns included in the sample used for *Statistics of Income -- 1994, Individual Income Tax Returns.*

Since two SSN endings out of a possible 10,000 were selected, each return represented one out of 5,000 returns in the population. The size of the entire ETE sample from January 1 through the end of April was 21,051 returns. Weights were adjusted for returns identified as missing from the sample.

Because the data presented in this article are estimates based on a sample, they are subject to sampling (as well as non-sampling) error. Non-sampling error may be higher for ETE data than for other SOI data because approximately 20 to 25 percent of the returns included had not yet been subjected to any of the regular IRS return processing steps, which would have corrected many taxpayer reporting errors. Such returns show a tax due at time of filing and are typically processed after April 15th, to permit refund returns to be given priority. Sample returns with tax due were identified when they were received at the IRS centers and forwarded for SOI processing prior to regular IRS processing. During SOI processing these returns were tested for internal consistency, and the more obvious taxpayer omissions and math errors were corrected.

If statistical data are to be used properly, the magnitude of the sampling error must be known. Coefficients of variation (CV's), computed from the sample, are used to measure the magnitude of the sampling error. Estimated CV's for the number of returns and money amounts for selected income items are presented in Figure K. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin.*

Figure K

Coefficient of Variation for Selected Items, Tax Year 1994

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

Item	Number of returns	Coefficient of variation	Income amount	Coefficient of variation
	(1)	(2)	(3)	(4)
Adjusted gross income less deficit	107,291	0.05	3,461,494	1.46
Salaries and wages	92,540	0.27	2,735,560	1.06
Taxable interest	59,861	0.55	106,890	7.75
Partnership and S Corporation:				
Net income	2,695	4.28	101,781	17.06
Net loss	1,570	5.67	12,752	17.66
Unemployment compensation	7,642	2.46	17,282	3.45
Social security benefits in adjusted gross income	5,247	3.00	32,657	4.01
Moving expenses adjustment	669	8.70	1,085	14.07
Deduction for self employment tax	10,111	2.03	9,037	4.02
Total statutory adjustments	14,850	1.63	31,396	7.30
Contributions deduction	26,383	1.08	57,111	4.14
Total itemized deductions	29,137	0.99	414,585	1.71
Taxable income	85,300	0.34	2,252,831	2.05
Earned income credit	17,731	1.43	19,905	1.79
Total income tax	80,428	0.38	449,908	3.47

Notes and References

[1] *Economic Report of the President*, 1995, p. 341. The consumer price index (CPI-U) represents annual averages of monthly figures and reflects buying patterns of all urban consumers:

1994 CPI-U = 148.2;
1993 CPI-U = 144.5;
1992 CPI-U = 140.3.

[2] Early tax estimates for capital gain distributions reported on Schedule D have not been tabulated. Final SOI data show that capital gain distributions reported on Schedule D increased 68.1 percent between 1992 and 1993, from $5.6 billion for 1992 to $9.4 billion for 1993.

[3] *Economic Report of the President*, 1995, p. 320.

[4] Internal Revenue Service, *Statistics of Income -- Individual Income Tax Returns*, for 1989 through 1992, Publication 1304.

[5] Internal Revenue Service, Communications Division Press Release, "NEWS, For Release: 6/8/95," release number IR-95-45.

[6] Total income tax is the sum of income tax after credits (from which the earned income credit was subtracted) and the alternative minimum tax.

[7] It is possible, however, that the IRS program which verified social security numbers of all dependents claimed on tax returns merely delayed some tax returns. Thus, the overall impact on the number of EIC claims for 1994 must await the tabulation of all 1994 returns.

[8] For SOI tabulations, the earned income credit is divided into three parts: an amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); an amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and a refundable portion.

[9] Taxpayers could file, without incurring any penalty, after April 17, 1995, if:

(a) they lived outside the United States and Puerto Rico and their main place of business or military post of duty was outside the United States and Puerto Rico (these taxpayers were permitted an automatic extension to August 15, 1995);

(b) they filed a Form 4868 for an automatic extension of the filing deadline, paying the estimated tax balance due with this form (these taxpayers were permitted an automatic extension to August 15, 1995); or

(c) they filed a Form 2688 for an additional extension of time to file (these taxpayers were granted an extension of 2 or more additional months, provided that there was a good reason why the previous 4-month extension was inadequate).

[10] Internal Revenue Service, Communications Division Press Release, "NEWS, For Release: 3/17/95," release number IR-95-23. It should be noted that even though 1994 refunds were held up for returns which were not filed electronically and for which the IRS detected missing or mismatched SSN's, the returns were posted to the IRS Individual Master File and were reflected in ETE statistics as refund returns. However, a rejected electronically-filed return was not counted until it was refiled as an electronic return and actually accepted by IRS or was refiled as a paper return.

[11] Form 1040PC returns are computer-generated returns which present only line numbers and data entries. Only those lines of the tax form for which the taxpayer has an entry appear on the Form 1040PC, resulting in a return containing fewer pages than if the same return had been prepared using the standard IRS tax forms and schedules.

[12] Modified income, as derived from the social security worksheet, differs from AGI in that: it includes tax exempt interest, excludable interest from Form 8815 and one-half of total social security benefits; the foreign earned income exclusion is added back into modified income; and the foreign housing deduction is not included as an adjustment.

[13] The basic credit of the EIC was the amount that was based on the taxpayer's total "earned income" or AGI.

[14] A taxpayer is required to pay self-employment tax only if they had net earnings as a self-employed person of at least $433 ($108 for church employees).

Table 1.--All Returns: Number by Marital Status, by Type of Return and Size of Adjusted Gross Income
[All figures are estimates based on samples--number of returns is in thousands]

Size of adjusted gross income	All returns				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(1)	(2)	(3)	(4)	(5)
All returns, total	**107,291**	**47,067**	**43,857**	**2,334**	**14,034**
No adjusted gross income [1]	1,269	733	267	243	*26
$1 under $5,000	13,723	11,356	820	132	1,414
$5,000 under $10,000	13,510	8,835	1,804	285	2,585
$10,000 under $15,000	12,587	6,378	2,997	259	2,953
$15,000 under $20,000	10,678	5,044	3,300	281	2,053
$20,000 under $25,000	8,995	3,891	3,164	287	1,654
$25,000 under $30,000	7,498	3,198	3,053	247	1,000
$30,000 under $40,000	10,944	3,537	5,987	258	1,162
$40,000 under $50,000	8,170	1,883	5,580	160	547
$50,000 under $75,000	11,883	1,548	9,730	114	490
$75,000 under $100,000	4,217	330	3,789	*31	67
$100,000 under $200,000	2,877	218	2,566	*26	67
$200,000 or more	940	115	799	*10	*16

Size of adjusted gross income	Form 1040 returns [2]				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(6)	(7)	(8)	(9)	(10)
All returns, total	**55,998**	**18,781**	**31,607**	**1,286**	**4,324**
No adjusted gross income [1]	653	339	242	*47	*26
$1 under $5,000	4,256	3,375	491	*47	344
$5,000 under $10,000	4,424	2,890	952	125	457
$10,000 under $15,000	4,653	2,311	1,620	89	633
$15,000 under $20,000	4,450	1,863	1,943	120	525
$20,000 under $25,000	3,910	1,471	1,789	166	484
$25,000 under $30,000	3,779	1,408	1,777	176	418
$30,000 under $40,000	6,453	1,832	3,821	209	592
$40,000 under $50,000	5,807	1,293	4,048	140	325
$50,000 under $75,000	10,070	1,371	8,222	104	372
$75,000 under $100,000	3,843	301	3,449	*26	67
$100,000 under $200,000	2,779	213	2,473	*26	67
$200,000 or more	920	115	779	*10	*16

Size of adjusted gross income	Form 1040A returns [2]				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(11)	(12)	(13)	(14)	(15)
All returns, total	**19,502**	**6,759**	**6,548**	**757**	**5,438**
No adjusted gross income [1]	190	110	*10	70	–
$1 under $5,000	2,614	1,594	225	85	710
$5,000 under $10,000	3,305	1,498	575	131	1,100
$10,000 under $15,000	3,217	1,112	818	136	1,151
$15,000 under $20,000	2,526	730	783	147	866
$20,000 under $25,000	2,304	651	830	101	722
$25,000 under $30,000	1,702	423	811	*61	407
$30,000 under $40,000	1,988	499	1,157	*15	317
$40,000 under $50,000	1,059	126	817	*5	111
$50,000 under $75,000	596	*15	521	*5	*55

Footnotes at end of table.

Table 1.--All Returns: Number by Marital Status, by Type of Return and Size of Adjusted Gross Income --Continued

[All figures are estimates based on samples--number of returns is in thousands]

Size of adjusted gross income	Form 1040EZ returns [2]				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(16)	(17)	(18)	(19)	(20)
All returns, total	**17,421**	**16,489**	**932**	**N/A**	**N/A**
No adjusted gross income [1]	*46	*41	*5	N/A	N/A
$1 under $5,000	5,791	5,750	*41	N/A	N/A
$5,000 under $10,000	3,373	3,306	67	N/A	N/A
$10,000 under $15,000	2,283	2,218	66	N/A	N/A
$15,000 under $20,000	1,879	1,802	77	N/A	N/A
$20,000 under $25,000	1,452	1,345	107	N/A	N/A
$25,000 under $30,000	1,127	982	144	N/A	N/A
$30,000 under $40,000	1,023	790	234	N/A	N/A
$40,000 under $50,000	365	225	140	N/A	N/A
$50,000 under $75,000	81	*30	50	N/A	N/A

Size of adjusted gross income	Electronically-filed returns				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(21)	(22)	(23)	(24)	(25)
All returns, total	**11,729**	**3,962**	**3,558**	**233**	**3,976**
No adjusted gross income [1]	365	238	--	126	--
$1 under $5,000	864	470	53	--	340
$5,000 under $10,000	2,138	962	175	*19	982
$10,000 under $15,000	2,163	603	418	*24	1,118
$15,000 under $20,000	1,507	495	369	*10	632
$20,000 under $25,000	1,106	325	359	*15	408
$25,000 under $30,000	681	292	258	--	131
$30,000 under $40,000	1,145	310	597	*24	214
$40,000 under $50,000	680	155	413	*10	102
$50,000 under $75,000	813	96	663	*5	*49
$75,000 under $100,000	209	*10	199	--	--
$100,000 under $200,000	53	*5	*49	--	--
$200,000 or more	*5	--	*5	--	--

Size of adjusted gross income	Form 1040PC returns				
	Total	Single	Married filing jointly	Married filing separately	Head of household
	(26)	(27)	(28)	(29)	(30)
All returns, total	**2,641**	**1,075**	**1,213**	**58**	**295**
No adjusted gross income [1]	*15	*5	*10	--	--
$1 under $5,000	198	168	*10	--	*20
$5,000 under $10,000	269	179	*35	*10	*46
$10,000 under $15,000	270	134	76	*10	51
$15,000 under $20,000	317	153	128	*5	*30
$20,000 under $25,000	222	99	78	*5	*40
$25,000 under $30,000	209	93	63	*10	*44
$30,000 under $40,000	335	106	179	*10	*40
$40,000 under $50,000	259	84	161	*5	*10
$50,000 under $75,000	323	*35	274	--	*14
$75,000 under $100,000	165	*19	141	*5	--
$100,000 under $200,000	*44	--	*44	--	--
$200,000 or more	*15	--	*15	--	--

[1] Includes returns with adjusted gross deficit.

[2] Excludes electronically-filed returns and computer-generated returns (Form 1040 PC), shown separately.

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

N/A - Not applicable since Form 1040EZ could only be filed by either single persons or married couples filing a joint return.

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 2.--All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Total income or loss [1]	Sources of income: Salaries and wages		Taxable interest		Tax-exempt interest [2]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	**107,291**	**3,492,887**	**92,540**	**2,735,560**	**59,861**	**106,890**	**4,300**	**42,080**
No adjusted gross income [3]	1,269	-10,534	185	3,081	401	1,001	*20	*56
$1 under $5,000	13,723	35,611	11,322	30,464	4,719	2,246	114	107
$5,000 under $10,000	13,510	102,413	10,795	75,688	4,877	6,128	199	1,081
$10,000 under $15,000	12,587	158,388	10,210	118,815	5,118	8,398	268	1,350
$15,000 under $20,000	10,678	186,887	8,876	142,111	4,946	8,004	244	1,448
$20,000 under $25,000	8,995	203,271	7,961	165,019	4,471	5,813	202	1,744
$25,000 under $30,000	7,498	207,218	6,862	174,770	4,217	4,676	218	506
$30,000 under $40,000	10,944	383,731	10,137	323,849	7,101	7,727	362	2,614
$40,000 under $50,000	8,170	368,185	7,624	315,357	6,179	7,448	424	2,871
$50,000 under $75,000	11,883	724,129	11,188	616,538	10,143	13,868	820	6,062
$75,000 under $100,000	4,217	363,736	3,931	297,285	3,964	7,742	444	2,672
$100,000 under $200,000	2,877	382,350	2,642	277,174	2,799	11,439	552	6,850
$200,000 or more	940	387,502	809	195,409	924	22,400	433	14,719

Size of adjusted gross income	Sources of income--Continued: Dividends		State income tax returns		Alimony received		Business or profession net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total	**22,095**	**70,148**	**16,270**	**9,118**	**388**	**3,310**	**9,813**	**124,150**
No adjusted gross income [3]	164	206	*36	*29	--	--	99	1,198
$1 under $5,000	1,432	1,072	92	30	*5	*16	836	1,940
$5,000 under $10,000	1,426	2,084	236	138	*31	*115	1,109	6,044
$10,000 under $15,000	1,629	3,441	313	123	72	503	919	6,329
$15,000 under $20,000	1,531	3,337	549	209	*36	*137	820	6,273
$20,000 under $25,000	1,355	2,521	636	223	*42	*264	692	5,692
$25,000 under $30,000	1,277	2,377	900	325	52	345	684	6,801
$30,000 under $40,000	2,280	4,825	2,067	785	57	192	1,134	10,250
$40,000 under $50,000	2,199	5,408	2,476	1,011	52	1,032	780	7,813
$50,000 under $75,000	4,060	8,112	5,057	2,368	*36	*626	1,398	20,357
$75,000 under $100,000	2,122	7,255	2,016	1,205	*5	*80	655	13,596
$100,000 under $200,000	1,858	9,877	1,397	1,419	--	--	500	22,103
$200,000 or more	762	19,633	495	1,253	--	--	188	15,750

Size of adjusted gross income	Sources of income --Continued: Business or profession net loss		Sales of capital assets reported on Schedule D: Net gain [4]		Net loss in AGI		Capital gain distributions reported on Form 1040 [4]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	**3,093**	**12,768**	**7,832**	**100,116**	**4,669**	**8,247**	**3,641**	**2,962**
No adjusted gross income [3]	210	1,793	61	1,130	139	304	*10	*3
$1 under $5,000	148	555	301	256	284	463	400	185
$5,000 under $10,000	163	624	455	955	305	606	237	108
$10,000 under $15,000	173	691	527	1,274	375	655	197	108
$15,000 under $20,000	231	922	498	1,737	262	411	252	233
$20,000 under $25,000	210	485	424	1,710	217	420	257	213
$25,000 under $30,000	282	764	440	2,087	279	491	212	143
$30,000 under $40,000	347	1,120	781	2,873	520	845	387	160
$40,000 under $50,000	400	2,068	705	4,027	417	672	290	323
$50,000 under $75,000	552	1,611	1,425	8,413	753	1,358	765	722
$75,000 under $100,000	212	804	814	7,508	466	758	352	329
$100,000 under $200,000	131	1,026	898	15,009	439	773	246	368
$200,000 or more	*36	*304	502	53,137	213	490	*37	*66

Footnotes at end of table.

Table 2.--All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income--Continued

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Sources of income --Continued							
	Sales of property other than capital assets				Schedule E income or loss [5]			
	Net gain		Net loss		Total net income		Total net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, total	**610**	**3,240**	**634**	**4,903**	**6,343**	**129,054**	**4,950**	**30,599**
No adjusted gross income [3]	*10	*51	*41	*1,618	61	184	191	3,667
$1 under $5,000	*5	*6	*20	*133	259	555	153	723
$5,000 under $10,000	*26	*12	*36	*156	445	1,362	240	1,243
$10,000 under $15,000	*36	*76	52	182	509	1,874	319	1,222
$15,000 under $20,000	72	213	*46	*526	483	1,931	272	1,530
$20,000 under $25,000	*41	*191	*46	*52	454	1,629	237	761
$25,000 under $30,000	*36	*173	*46	*135	287	1,111	298	1,373
$30,000 under $40,000	*37	*68	57	166	720	4,380	618	1,937
$40,000 under $50,000	74	521	52	770	477	4,125	555	2,897
$50,000 under $75,000	73	318	83	237	926	8,059	1,069	5,003
$75,000 under $100,000	69	623	66	214	507	6,990	410	1,719
$100,000 under $200,000	95	805	*36	*127	782	24,939	417	3,473
$200,000 or more	*36	*184	53	589	434	71,916	171	5,050

Size of adjusted gross income	Sources of income --Continued							
	Schedule E income or loss [5]--Continued							
	Rent and royalty				Partnership and S corporation			
	Net income		Net loss in AGI		Net income		Net loss in AGI	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total	**3,964**	**26,175**	**3,981**	**19,458**	**2,695**	**101,781**	**1,570**	**12,752**
No adjusted gross income [3]	61	265	124	1,630	*5	*28	82	2,146
$1 under $5,000	134	262	128	464	99	293	*31	*257
$5,000 under $10,000	295	963	199	700	87	314	51	576
$10,000 under $15,000	374	1,157	241	1,137	114	528	93	143
$15,000 under $20,000	289	802	241	1,228	167	793	*46	*338
$20,000 under $25,000	319	1,004	191	736	136	457	*36	*43
$25,000 under $30,000	193	450	257	1,090	110	504	57	296
$30,000 under $40,000	444	1,361	479	1,643	240	2,630	170	322
$40,000 under $50,000	326	982	448	2,508	187	3,048	160	431
$50,000 under $75,000	627	3,976	861	4,542	409	4,122	322	840
$75,000 under $100,000	329	3,080	343	1,559	226	4,042	130	528
$100,000 under $200,000	365	4,512	369	1,869	558	20,431	210	1,844
$200,000 or more	209	7,360	99	352	357	64,590	181	4,989

Size of adjusted gross income	Sources of income --Continued							
	Returns with Individual Retirement Arrangement (IRA) distributions			Returns with pensions and annuities			Farm net income	
	Number of returns	Total amount	Amount in AGI	Number of returns	Total amount	Amount in AGI	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total	**4,917**	**45,218**	**31,680**	**17,374**	**285,863**	**183,833**	**530**	**4,673**
No adjusted gross income [3]	*15	*49	*49	77	860	475	*5	*137
$1 under $5,000	138	481	343	540	2,725	1,137	*31	*59
$5,000 under $10,000	368	1,241	1,043	1,926	12,308	9,434	*47	*143
$10,000 under $15,000	539	2,012	1,662	2,385	19,693	16,811	52	327
$15,000 under $20,000	682	4,413	2,860	2,112	22,435	20,736	88	558
$20,000 under $25,000	454	3,426	2,135	1,643	21,901	17,137	*47	*182
$25,000 under $30,000	383	3,228	1,345	1,240	14,854	13,375	62	376
$30,000 under $40,000	605	4,438	3,112	1,876	26,859	21,882	68	628
$40,000 under $50,000	410	3,634	2,747	1,498	45,538	18,620	*31	*415
$50,000 under $75,000	698	6,909	4,608	2,261	48,755	33,054	*47	*1,302
$75,000 under $100,000	333	4,804	3,075	876	24,024	15,147	*16	*62
$100,000 under $200,000	225	6,768	5,134	721	28,209	11,975	*26	*388
$200,000 or more	68	3,815	3,567	220	17,700	4,051	*10	*96

Footnotes at end of table.

Table 2.–All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income--Continued

[All figures are estimates based on samples–number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Sources of income–Continued				
	Farm net loss		Social security benefits		
	Number of returns	Amount	Number of returns	Total benefits	Benefits in AGI
	(49)	(50)	(51)	(52)	(53)
All returns, total	**1,151**	**10,292**	**9,189**	**102,185**	**32,657**
No adjusted gross income [3]	61	1,211	71	572	6
$1 under $5,000	62	359	525	4,699	--
$5,000 under $10,000	87	375	1,039	10,299	61
$10,000 under $15,000	113	866	1,054	11,935	131
$15,000 under $20,000	93	526	986	11,194	303
$20,000 under $25,000	103	775	756	8,747	542
$25,000 under $30,000	77	1,269	776	8,790	1,235
$30,000 under $40,000	143	985	1,151	12,703	4,183
$40,000 under $50,000	158	1,314	793	7,759	4,997
$50,000 under $75,000	155	990	1,111	12,764	10,418
$75,000 under $100,000	52	864	429	5,830	4,924
$100,000 under $200,000	*26	*150	361	4,727	4,018
$200,000 or more	*21	*608	135	2,166	1,841

Size of adjusted gross income	Sources of income–Continued			
	Unemployment compensation		Other income	
	Number of returns	Amount	Number of returns	Amount
	(54)	(55)	(56)	(57)
All returns, total	**7,642**	**17,282**	**4,512**	**19,812**
No adjusted gross income [3]	*5	*36	*20	*175
$1 under $5,000	392	558	285	365
$5,000 under $10,000	891	1,794	304	663
$10,000 under $15,000	1,107	2,202	284	543
$15,000 under $20,000	923	1,985	282	756
$20,000 under $25,000	806	1,882	258	827
$25,000 under $30,000	627	1,472	334	644
$30,000 under $40,000	1,034	2,764	608	1,384
$40,000 under $50,000	766	1,914	430	821
$50,000 under $75,000	786	1,950	794	3,050
$75,000 under $100,000	222	548	412	1,729
$100,000 under $200,000	68	151	360	3,100
$200,000 or more	*16	*26	141	5,754

Size of adjusted gross income	Sources of income–Continued			
	Other loss		Less: Foreign earned income exclusion	
	Number of returns	Amount	Number of returns	Amount
	(58)	(59)	(60)	(61)
All returns, total	**397**	**11,212**	**129**	**3,575**
No adjusted gross income [3]	155	8,580	*36	*1,122
$1 under $5,000	*46	*411	*26	*978
$5,000 under $10,000	*10	*63	*5	*292
$10,000 under $15,000	*26	*180	*15	*430
$15,000 under $20,000	*31	*280	*21	*302
$20,000 under $25,000	*20	*215	--	--
$25,000 under $30,000	*16	*4	--	--
$30,000 under $40,000	*15	*204	*5	*76
$40,000 under $50,000	*26	*371	*10	*303
$50,000 under $75,000	*20	*364	*10	*71
$75,000 under $100,000	*5	(*)	--	--
$100,000 under $200,000	*16	(*)	--	--
$200,000 or more	*10	*541	--	--

[1] The sum of all sources of income less loss, before reduction by statutory adjustments. Total income minus statutory adjustments equals adjusted gross income.

[2] Not included in total income or adjusted gross income.

[3] Returns with adjusted gross deficit.

[4] Net capital gain (columns 19-20) excludes capital gain distributions (columns 23-24).

[5] Includes estate or trust net income not shown separately.

[6] Less than $500,000.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 3.--All Returns: Total Income, Statutory Adjustments, and Adjusted Gross Income, by Size of Adjusted Gross Income

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Total income or loss [1]	Statutory adjustments: Total [2]		Individual Retirement Arrangement (IRA) payments		Moving expenses		Deduction for self-employment tax	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amunt
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns, total	**107,291**	**3,492,887**	**14,850**	**31,396**	**3,969**	**7,745**	**669**	**1,085**	**10,111**	**9,037**
No adjusted gross income [3]	1,269	-10,534	124	151	*10	*32	*5	*4	104	100
$1 under $5,000	13,723	35,611	925	334	108	164	*10	*5	787	159
$5,000 under $10,000	13,510	102,413	1,403	976	168	258	*15	*10	1,188	482
$10,000 under $15,000	12,587	158,388	1,265	1,225	210	388	56	79	957	502
$15,000 under $20,000	10,678	186,887	1,262	1,487	327	586	*31	*55	893	558
$20,000 under $25,000	8,995	203,271	1,151	1,843	454	817	61	49	682	473
$25,000 under $30,000	7,498	207,218	1,213	1,894	518	860	51	84	685	546
$30,000 under $40,000	10,944	383,731	1,974	3,137	802	1,601	106	127	1,153	908
$40,000 under $50,000	8,170	368,185	1,349	2,484	492	687	66	160	725	643
$50,000 under $75,000	11,883	724,129	1,944	4,491	432	1,012	138	222	1,373	1,682
$75,000 under $100,000	4,217	363,736	993	2,957	197	584	62	180	682	887
$100,000 under $200,000	2,877	382,350	832	4,870	167	497	57	107	604	1,257
$200,000 or more	940	387,502	414	5,546	84	261	*10	*3	278	840

Size of adjusted gross income	Statutory adjustments--Continued: Self-employed health insurance deduction		Keogh retirement and simplified employee pension plan deduction		Penalty on early withdrawal of savings		Alimony paid		Adjusted gross income or deficit
	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)
All returns, total	**809**	**614**	**656**	**6,746**	**522**	**128**	**604**	**5,074**	**3,461,494**
No adjusted gross income [3]	*10	*4	*5	*11	*5	*1	--	--	-10,685
$1 under $5,000	--	--	*5	*1	*47	*5	--	--	35,277
$5,000 under $10,000	*47	*26	*5	*6	*41	*9	*36	*184	101,438
$10,000 under $15,000	*46	*22	--	--	52	*15	*46	*189	157,164
$15,000 under $20,000	68	33	*10	*44	*36	*2	*26	*169	185,400
$20,000 under $25,000	*47	*24	*16	*30	*31	*4	*31	*243	201,428
$25,000 under $30,000	83	62	*20	*49	73	21	*36	*272	205,324
$30,000 under $40,000	104	78	*46	*118	52	23	56	276	380,594
$40,000 under $50,000	*47	*48	52	142	66	4	57	331	365,701
$50,000 under $75,000	95	65	129	623	*46	*3	130	846	719,638
$75,000 under $100,000	95	65	120	*596	*36	*14	57	458	360,780
$100,000 under $200,000	100	101	147	*1,662	*31	*25	88	1,219	377,480
$200,000 or more	68	85	99	3,464	*5	*2	*41	*887	381,956

[1] The sum of all sources of income less loss, before reduction by statutory adjustments. Total income less statutory adjustments equals adjusted gross income.

[2] Includes 130,000 returns with other statutory adjustments, not shown separately. Other statutory adjustments totaled $966 million.

[3] Returns with adjusted gross deficit.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 4.–Returns with Itemized Deductions: Selected Income and Deduction Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples–number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Number of returns with itemized deductions	Adjusted gross income	Itemized deductions				
			Total [1]	Medical and dental expense deduction		Taxes paid deduction	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total	**29,137**	**1,952,106**	**414,585**	**4,571**	**22,184**	**28,766**	**148,857**
$1 under $5,000	118	359	1,189	97	536	97	142
$5,000 under $10,000	473	3,793	4,152	273	1,243	431	820
$10,000 under $15,000	746	9,454	7,671	479	3,159	715	1,315
$15,000 under $20,000	1,238	21,730	12,165	638	3,577	1,181	2,510
$20,000 under $25,000	1,223	27,805	10,556	407	1,166	1,198	2,464
$25,000 under $30,000	1,702	46,685	16,226	536	1,567	1,682	3,955
$30,000 under $40,000	3,652	128,222	36,558	732	2,985	3,586	10,070
$40,000 under $50,000	4,148	186,888	45,592	522	2,365	4,102	13,832
$50,000 under $75,000	8,581	525,616	111,203	633	3,534	8,550	37,751
$75,000 under $100,000	3,691	315,908	60,880	151	1,176	3,670	22,785
$100,000 under $200,000	2,677	351,468	63,380	98	790	2,666	26,743
$200,000 or more	887	334,179	45,014	*5	*86	887	26,470

Size of adjusted gross income	Itemized deductions–Continued							
	Interest paid deduction						Contributions deduction	
	Total [2]		Deductible home mortgage interest					
			Paid to financial institutions		Paid to individuals			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns, total	**24,609**	**165,312**	**23,766**	**154,795**	**1,934**	**5,489**	**26,383**	**57,111**
$1 under $5,000	62	390	62	390	--	--	77	47
$5,000 under $10,000	270	1,565	255	1,504	*31	*32	339	375
$10,000 under $15,000	458	2,001	422	1,912	*10	*36	592	737
$15,000 under $20,000	828	3,892	781	3,604	*46	*182	1,042	1,302
$20,000 under $25,000	966	4,753	920	4,315	88	316	987	1,234
$25,000 under $30,000	1,362	6,993	1,305	6,664	92	162	1,488	1,778
$30,000 under $40,000	3,146	15,948	3,032	15,196	206	533	3,179	4,370
$40,000 under $50,000	3,586	20,360	3,488	19,457	319	711	3,690	5,609
$50,000 under $75,000	7,720	49,287	7,528	47,004	612	1,429	7,978	12,894
$75,000 under $100,000	3,194	24,358	3,120	23,315	213	669	3,557	8,464
$100,000 under $200,000	2,338	23,494	2,243	21,752	239	841	2,609	10,620
$200,000 or more	679	12,272	610	9,682	78	577	846	9,682

Footnotes at end of table.

Table 4.--Returns with Itemized Deductions: Selected Income and Deduction Items, by Size of Adjusted Gross Income--Continued

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Itemized deductions--Continued							
	Casualty or theft loss deduction		Moving expense deduction		Miscellaneous deductions after limitation		Other miscellaneous deductions	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
All returns, total	**154**	**1,619**	**109**	**369**	**6,880**	**24,319**	**561**	**3,693**
$1 under $5,000	*5	*49	–	–	*46	*27	–	–
$5,000 under $10,000	–	–	–	–	149	133	*10	*17
$10,000 under $15,000	*16	*168	–	–	170	281	*10	*11
$15,000 under $20,000	*16	*195	–	–	265	595	*21	*94
$20,000 under $25,000	*10	*32	–	–	344	878	*10	*29
$25,000 under $30,000	*15	*104	*5	*31	461	1,686	*36	*112
$30,000 under $40,000	*31	*357	*10	*21	931	2,633	87	174
$40,000 under $50,000	*5	*89	*5	*2	1,016	3,222	*36	*114
$50,000 under $75,000	*31	*353	*26	*40	2,028	6,609	164	742
$75,000 under $100,000	*20	*219	*26	*98	876	3,453	82	357
$100,000 under $200,000	–	–	*36	*177	450	2,759	68	567
$200,000 or more	*5	*52	–	–	145	2,044	*37	*1,474

[1] For married persons filing separately, itemized deductions could have been limited if adjusted gross income exceeded $55,900; for all other taxpayers, if adjusted gross income exceeded $111,800. Total itemized deductions, but not the detailed deductions, are after these limitations.

[2] Includes deductible points and "investment interest expense" not shown separately.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 5.--All Returns: Selected Deduction, Tax, and Payment Items by Size of Adjusted Gross Income

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Adjusted gross income or deficit	Itemized deductions		Standard deductions [1]		Exemptions	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	**107,291**	**3,461,494**	**29,137**	**414,585**	**76,875**	**371,909**	**97,710**	**513,934**
No adjusted gross income [2]	1,269	-10,685	–	–	–	–	1,192	4,074
$1 under $5,000	13,723	35,277	118	1,189	13,600	44,931	6,775	25,952
$5,000 under $10,000	13,510	101,438	473	4,152	13,043	60,195	11,815	47,116
$10,000 under $15,000	12,587	157,164	746	7,671	11,841	59,319	12,269	54,685
$15,000 under $20,000	10,678	185,400	1,238	12,165	9,440	48,123	10,623	49,213
$20,000 under $25,000	8,995	201,428	1,223	10,556	7,766	40,072	8,974	43,401
$25,000 under $30,000	7,498	205,324	1,702	16,226	5,796	30,058	7,493	38,725
$30,000 under $40,000	10,944	380,594	3,652	36,558	7,292	40,473	10,944	62,721
$40,000 under $50,000	8,170	365,701	4,148	45,592	4,017	23,478	8,165	52,326
$50,000 under $75,000	11,883	719,638	8,581	111,203	3,302	20,226	11,883	83,552
$75,000 under $100,000	4,217	360,780	3,691	60,880	526	3,408	4,217	30,432
$100,000 under $200,000	2,877	377,480	2,677	63,380	200	1,325	2,856	20,169
$200,000 or more	940	381,956	887	45,014	53	301	504	1,569

Size of adjusted gross income	Taxable income		Income tax before credits		Tax credits			
					Total		Child care credit	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total	**85,300**	**2,252,831**	**85,213**	**454,999**	**13,665**	**6,127**	**5,444**	**2,246**
No adjusted gross income [2]	–	–	*5	*1	–	–	–	–
$1 under $5,000	3,625	1,864	3,542	299	74	4	–	–
$5,000 under $10,000	6,862	14,530	6,852	2,268	1,306	103	*5	*2
$10,000 under $15,000	9,603	44,880	9,603	6,741	1,956	609	307	100
$15,000 under $20,000	9,964	78,588	9,964	11,916	2,723	1,592	488	205
$20,000 under $25,000	8,861	107,727	8,861	16,177	2,232	987	543	246
$25,000 under $30,000	7,442	120,591	7,442	18,183	573	199	486	187
$30,000 under $40,000	10,893	241,384	10,893	38,253	918	335	810	320
$40,000 under $50,000	8,155	244,502	8,155	40,034	888	408	758	304
$50,000 under $75,000	11,863	505,029	11,863	88,989	1,544	738	1,284	553
$75,000 under $100,000	4,217	266,060	4,217	54,922	676	303	524	220
$100,000 under $200,000	2,877	292,606	2,877	69,997	472	280	197	91
$200,000 or more	940	335,072	940	107,219	303	569	*42	*17

Footnotes at end of table.

Table 5.--All Returns: Selected Deduction, Tax, and Payment Items by Size of Adjusted Gross Income --Continued

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Tax credits--Continued							
	Credit for the elderly		Foreign tax credit		General business credit		Earned income credit used to offset income tax before credits	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	**229**	**52**	**1,263**	**668**	**188**	**300**	**7,294**	**2,648**
No adjusted gross income [2]	–	–	–	–	–	–	–	–
$1 under $5,000	*5	*1	64	1	–	–	–	–
$5,000 under $10,000	86	14	*36	*1	–	–	1,179	86
$10,000 under $15,000	66	21	52	2	*15	*10	1,596	476
$15,000 under $20,000	56	13	52	4	*15	*16	2,481	1,354
$20,000 under $25,000	*15	*3	*21	*1	*10	*7	1,993	730
$25,000 under $30,000	–	–	*46	*2	*5	*([3])	*45	*1
$30,000 under $40,000	–	–	103	15	*5	*([3])	–	–
$40,000 under $50,000	–	–	99	56	*5	*18	–	–
$50,000 under $75,000	–	–	203	32	*47	*91	–	–
$75,000 under $100,000	–	–	120	39	*21	*23	–	–
$100,000 under $200,000	–	–	249	87	*26	*76	–	–
$200,000 or more	–	–	219	430	*36	*59	–	–

Size of adjusted gross income	Tax credits--Continued		Income tax after credits		Alternative minimum tax		Total income tax [5]	
	All other credits [4]							
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, total	**167**	**214**	**80,418**	**448,871**	**294**	**1,037**	**80,428**	**449,908**
No adjusted gross income [2]	–	–	*5	*1	–	–	*5	*1
$1 under $5,000	*5	*1	3,537	295	*16	*3	3,537	298
$5,000 under $10,000	–	–	6,400	2,165	*10	*17	6,405	2,182
$10,000 under $15,000	–	–	7,754	6,132	–	–	7,754	6,132
$15,000 under $20,000	–	–	7,890	10,324	–	–	7,890	10,324
$20,000 under $25,000	*5	*([3])	8,496	15,190	–	–	8,496	15,190
$25,000 under $30,000	*10	*8	7,427	17,984	*5	*([3])	7,427	17,984
$30,000 under $40,000	–	–	10,882	37,917	*5	*1	10,882	37,918
$40,000 under $50,000	*26	*30	8,140	39,626	*5	*102	8,145	39,727
$50,000 under $75,000	*41	*63	11,852	88,250	*42	*18	11,852	88,269
$75,000 under $100,000	*26	*21	4,217	54,619	*41	*43	4,217	54,662
$100,000 under $200,000	*21	*26	2,877	69,716	103	311	2,877	70,027
$200,000 or more	*32	*64	940	106,651	67	542	940	107,193

Footnotes at end of table.

Table 5.--All Returns: Selected Deduction, Tax, and Payment Items by Size of Adjusted Gross Income --Continued

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Earned income credit		Total tax liability [6]		Income tax withheld	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
All returns, total	**17,731**	**19,905**	**82,179**	**467,857**	**93,481**	**407,628**
No adjusted gross income [2]	*30	*14	94	190	144	217
$1 under $5,000	3,407	1,633	4,201	533	10,073	1,772
$5,000 under $10,000	5,302	6,625	6,788	2,673	10,703	5,767
$10,000 under $15,000	3,756	7,197	7,933	6,682	10,536	10,387
$15,000 under $20,000	3,034	3,540	8,159	11,275	9,447	14,900
$20,000 under $25,000	2,157	895	8,601	16,159	8,405	18,888
$25,000 under $30,000	*45	*1	7,463	19,140	7,124	21,136
$30,000 under $40,000	--	--	10,898	39,856	10,429	42,469
$40,000 under $50,000	--	--	8,145	41,210	7,814	43,380
$50,000 under $75,000	--	--	11,863	92,050	11,385	90,996
$75,000 under $100,000	--	--	4,217	56,547	3,962	50,625
$100,000 under $200,000	--	--	2,877	72,668	2,651	55,089
$200,000 or more	--	--	940	108,873	809	52,002

Size of adjusted gross income	Tax overpaid		Earned income credit (refundable portion)		Tax due at time of filing	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
All returns, total	**80,849**	**101,872**	**13,799**	**15,787**	**23,077**	**55,309**
No adjusted gross income [2]	184	265	*20	*3	63	122
$1 under $5,000	10,576	3,307	3,149	1,531	1,890	320
$5,000 under $10,000	11,111	10,389	4,285	6,017	1,726	629
$10,000 under $15,000	10,390	12,602	3,682	6,184	1,901	885
$15,000 under $20,000	8,716	10,158	2,285	1,924	1,896	1,270
$20,000 under $25,000	7,181	7,114	378	127	1,814	1,351
$25,000 under $30,000	5,729	5,480	--	--	1,754	1,443
$30,000 under $40,000	7,987	9,336	--	--	2,952	2,985
$40,000 under $50,000	6,050	8,534	--	--	2,100	2,531
$50,000 under $75,000	8,187	15,388	--	--	3,686	7,213
$75,000 under $100,000	2,598	7,039	--	--	1,619	4,263
$100,000 under $200,000	1,653	6,538	--	--	1,224	8,362
$200,000 or more	487	5,722	--	--	452	23,936

[1] Includes both the regular standard deduction and any additional standard deduction for age 65 or over or for blindness.

[2] Includes returns with adjusted gross deficit.

[3] Less than $500,000.

[4] Includes the credit for prior year minimum tax, the credit for interest on certain home mortgages, and other credits.

[5] Income tax after credits plus alternative minimum tax.

[6] Total tax liability is the sum of income tax after credits, plus any additional taxes, e.g., self-employment tax, alternative minimum tax, tax on an Individual Retirement Account (IRA), less all but the refundable portion of the earned income credit.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 6.--All Returns: Exemptions by Size of Adjusted Gross Income

[All figures are estimates based on samples–numbers are in thousands]

Size of adjusted gross income	Total number of returns	Total exemptions		Taxpayer exemptions		Exemptions for dependents		
						Total		Exemptions for children at home
		Number of returns	Number of exemptions	Number of returns	Number of exemptions	Number of returns	Number of exemptions	Number of returns
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	**107,291**	**98,512**	**212,306**	**98,512**	**142,291**	**39,133**	**70,015**	**36,645**
No adjusted gross income [1]	1,269	1,192	1,700	1,192	1,459	107	241	97
$1 under $5,000	13,723	7,038	10,859	7,038	7,848	1,847	3,011	1,757
$5,000 under $10,000	13,510	11,899	19,297	11,899	13,682	3,616	5,614	3,306
$10,000 under $15,000	12,587	12,278	22,285	12,278	15,276	4,267	7,009	3,797
$15,000 under $20,000	10,678	10,623	20,069	10,623	13,918	3,542	6,151	3,200
$20,000 under $25,000	8,995	8,974	17,691	8,974	12,122	3,167	5,569	2,850
$25,000 under $30,000	7,498	7,493	15,808	7,493	10,541	2,810	5,267	2,633
$30,000 under $40,000	10,944	10,944	25,600	10,944	16,926	4,785	8,674	4,517
$40,000 under $50,000	8,170	8,165	21,356	8,165	13,740	3,967	7,616	3,774
$50,000 under $75,000	11,883	11,883	34,107	11,883	21,603	6,571	12,504	6,370
$75,000 under $100,000	4,217	4,217	12,435	4,217	8,006	2,440	4,429	2,373
$100,000 under $200,000	2,877	2,877	8,454	2,877	5,443	1,559	3,011	1,523
$200,000 or more	940	929	2,646	929	1,728	454	918	449

Size of adjusted gross income	Exemptions for dependents--Continued						
	Exemptions for children at home --Continued	Exemptions for children away from home		Exemptions for parents		Exemptions for other dependents	
	Number of exemptions	Number of returns	Number of exemptions	Number of returns	Number of exemptions	Number of returns	Number of exemptions
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns, total	**64,595**	**687**	**909**	**1,607**	**1,891**	**1,988**	**2,620**
No adjusted gross income [1]	230	*5	*5	*5	*5	–	–
$1 under $5,000	2,830	*5	*15	*20	*20	115	146
$5,000 under $10,000	5,115	*20	*30	116	126	278	343
$10,000 under $15,000	6,103	75	101	227	267	398	538
$15,000 under $20,000	5,468	*41	*76	186	226	275	380
$20,000 under $25,000	4,929	71	97	252	272	211	271
$25,000 under $30,000	4,727	55	60	126	177	208	303
$30,000 under $40,000	8,056	106	155	213	229	175	235
$40,000 under $50,000	7,149	117	137	128	158	121	172
$50,000 under $75,000	11,957	102	128	209	250	149	170
$75,000 under $100,000	4,238	52	63	77	97	*26	*31
$100,000 under $200,000	2,885	*32	*37	*48	*63	*26	*26
$200,000 or more	908	*5	*5	–	–	*5	*5

[1] Includes returns with adjusted gross deficit.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

Table 7.--Form 1040, Form 1040A, Electronically-Filed, and Form 1040PC Returns: Number With Selected Forms and Schedules, by Form Type

[All figures are estimates based on samples--number of returns is in thousands]

Form or schedule		Total	Form 1040 returns [1]	Form 1040A returns [1]	Electronically-filed returns	Form 1040PC returns
		(1)	(2)	(3)	(4)	(5)
Total returns		**107,291**	**55,998**	**19,502**	**11,729**	**2,641**
Form or Schedule:						
A	Itemized Deductions	29,411	26,496	N/A	1,931	984
B/1040A:1	Interest and Dividend Income	30,161	25,130	3,262	902	867
C	Profit (or loss) from Business	11,317	10,239	N/A	630	448
C-EZ	Profit (or loss) from Business-Short Form	1,912	1,762	N/A	102	*49
D	Capital Gains or Loss	12,914	12,043	N/A	440	431
E	Supplemental Income Schedule	12,056	11,221	N/A	412	423
EIC	Earned Income Credit	16,442	5,442	6,273	4,448	279
F	Farm Income and Expenses	1,697	1,581	N/A	*38	78
R/1040A:3	Credit for the Elderly or Disabled	371	201	131	*19	*20
SE	Social Security Self-Employment Tax	10,344	9,639	N/A	356	349
2106	Employee Business Expenses	3,755	3,225	N/A	381	149
2106EZ	Unreimbursed Employee Business Expenses	763	707	N/A	--	56
2441/ 1040A:2	Credit for Child Care and Dependent Care Expenses	5,864	3,540	1,214	972	138
3800	General Business Credit	104	99	N/A	--	*5
4136	Computation of Credit for Federal Tax on Fuels	430	401	N/A	--	*29
4562	Depreciation and Amortization	9,817	8,998	N/A	479	340
4797	Sales of Business Property	2,078	1,929	N/A	*39	110
4835	Farm Rental Income and Expenses	538	500	N/A	*14	*24
4952	Investment Interest Expense Deduction	945	926	N/A	*10	*10
6251	Alternative Minimum Tax	3,099	2,964	N/A	91	*44
8582	Passive Activity Loss Limitations	2,831	2,750	N/A	*25	55
8606	Nondeductible IRA Contributions	1,108	983	*41	*45	*40
8615	Tax for Children Under Age 14	222	217	*5	--	--
8814	Parent's Election to Report Child's Interest and Dividends	123	114	N/A	*5	*5
8829	Expenses for Business Use of Your Home	1,004	861	N/A	93	*49

[1] Excludes electronically-filed returns and computer-generated returns (Form 1040 PC), shown separately.

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

N/A - Not applicable.

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April. Differences exist between the number of returns with a specific characteristic and the number with a specific schedule in support of the characteristic, e.g., an individual may attach Schedule A for itemized deductions, but use the standard deduction on Form 1040, instead. Therefore, data in this table do not necessarily agree with data in other tables.