

Individual Income Tax Rates and Taxes Shares, 1990

by Sarah E. Nutter

Nearly 89.9 million (79 percent) of the 113.7 million individual income tax returns filed for Tax Year 1990 reported an income tax liability. The liability shown on these "taxable returns" totaled \$447.1 billion, an average of \$4,976 per return. The "average tax rate" for these taxable returns was 13.55 percent, continuing a decline from 13.81 percent and 13.71 percent for 1988 and 1989, respectively, the first 2 years of the two-bracket rate structure (with an effective third-bracket for certain income ranges) introduced under the Tax Reform Act of 1986.

The Tax Reform Act of 1986 (TRA86) introduced many changes in the tax treatment of income, losses, and deductions, which resulted in a broader definition of "adjusted gross income" (AGI) for tax years after 1986 [1]. All other things being equal, this broadened definition of AGI would reduce the average income tax rate, even if economic income and tax rates remained the same. Thus, direct comparisons of the average tax rates for 1987 and subsequent years with those for earlier years can be misleading. To overcome this limitation and to facilitate comparisons of income and income tax rates before and after the redefinition of AGI by TRA86, the AGI statistics have also been recomputed for 1985 and subsequent years using a consistent definition of income. Using this consistent definition of income, the average tax rates were 13.56 percent for 1985; 13.59 percent for 1986; 13.49 for 1987; 13.71 percent for 1988; 13.58 percent for 1989; and 13.41 percent for 1990.

1990 Tax Law Highlights

To put the discussion of individual income tax rates and tax shares into perspective, the following sections briefly describe the Federal individual income tax structure, major individual income tax law changes for 1990, and two Statistics of Income (SOI) concepts of income (the "1979 Income Concept" and the "modified" taxable income concept) used for this article.

Income Tax Structure

Each year, taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 1990 were generally based on the amount of "gross income," filing status, marital status, age, and, to a lesser extent, on dependency, blindness, and the amount of self-employment income [2]. As defined under section 61 of the Internal Revenue Code, gross income included all income (legal or illegal), received in

For 1990, the top 10 percent of tax returns based on size of "adjusted gross income" reported 55.36 percent of the total individual income tax.

the form of money, goods, property, or services, that was not expressly exempt from tax. For example, gross income included amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled

debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as the gross profits from sole proprietorships and farming, income from partnerships and S Corporations, and distributions from estates and trusts [3]. Adjusted gross income (AGI), as defined under Code section 62, was equal to gross income less deductions for certain expenses, such as those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and employee-related deductions, such as for contributions to an Individual Retirement Arrangement (IRA) or for the self-employed health insurance deduction.

Individuals filing income tax returns for 1990 determined their "taxable income," which equaled AGI less the amount for personal exemptions and less either the standard deduction (including the additional amounts for age and blindness) for taxpayers who did not itemize deductions, or total allowable itemized deductions for all other taxpayers. Taxable income was the base on which income tax before credits (not including additional, special taxes and the alternative minimum tax) was computed.

Tax before credits was calculated from taxable income using tax rate schedules that varied with taxpayer filing status (single persons, married persons filing joint returns or qualifying widow(er)s, married persons filing separate returns, and heads of household). For 1990, tax rates for each filing status were 15 and 28 percent. In addition, the rate structure included an effective 33 percent tax rate (i.e., a 5 percent surtax) on taxable income within the ranges shown in Figure A. This higher tax rate was designed to phase out the benefits of having part of the income taxed at the 15 percent rate rather than at the 28 percent tax rate. For taxpayers with taxable income above the ranges shown in Figure A, the 33 percent rate continued until the benefits of the deductions for personal exemptions for taxpayers and their dependents were completely phased-out. At the point where the tax-savings from phasing-out the deductions for personal exemptions were complete, the taxpayer's marginal tax rate returned to 28 percent, and the average tax rate on taxable income plus the phased-out exemption amounts

Sarah E. Nutter is an economist with the Foreign Returns Analysis Section. This article was prepared under the direction of Chris Carson, Chief.

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Figure A

Ranges of Taxable Income to Which the 33 Percent Rate Applied, by Filing Status, Tax Year 1990

[Money amounts are in whole dollars]

Filing status	Taxable income range
Single.....	\$ 47,050 to \$ 97,620
Head of household.....	\$ 67,200 to \$134,930
Married filing jointly.....	\$ 78,400 to \$162,770
Married filing separately.....	\$ 39,200 to \$123,570

for these returns became 28 percent [4].

To calculate their Federal income tax liability, taxpayers used either the (look-up) tax tables or the tax rate schedules. Taxpayers with taxable incomes less than \$50,000 were required to use the tax tables, while those with taxable income of \$50,000 or more were required to use the tax rate schedules. The tax tables were based on income tax "brackets" that were \$50 wide and the midpoint of the bracket was used to calculate the tax with the tax rounded to the nearest dollar. As a result, the tax tables and the tax rate schedules could produce a different amount of tax for the same amount of taxable income. The highest marginal tax rate imbedded in the tax tables was 33 percent for 1990 for taxpayers using the single or married-filing separately status; for taxpayers using the married filing jointly or head of household status, the highest imbedded marginal tax rate was 28 percent. For taxpayers (single or married filing separately) using the tax tables with taxable income that was subject to the 33 percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax tables was \$8.75 [5]. However, the actual difference in tax was generally smaller for most taxpayers. Use of the tax tables could have produced either a higher or a lower amount of tax than that produced by the tax rate schedules.

Major Tax Law Changes for 1990

The legislation enacted under TRA86 continued to alter the tax treatment of certain income and deductions for 1990. The phase-in of limitations on "passive activity losses" (i.e., generally those generated by any trade, business, or rental activity in which the taxpayer did not materially participate) continued, along with the phase-out of the itemized deduction for personal interest (i.e., interest on credit cards, car loans, or personal loans).

The passive loss rules were generally effective for tax years beginning after December 31, 1986. In general, these rules required that the losses from passive activities could not be deducted from other types of income, and that tax credits from passive activities could generally offset only the tax allocable to such activities [6]. However, the restrictions on deducting passive losses were

phased-in for taxpayers who had acquired an interest in a passive activity prior to October 23, 1986. For 1990, these taxpayers could use only 10 percent of such losses to offset "active" (or "non-passive") income, but any disallowed passive losses for 1990 could generally be carried forward to offset future passive income. With the continued phase-out of the personal interest deduction, only 10 percent of personal interest expenses was deductible for 1990.

Other major changes in the tax law for 1990 included a new deduction for self-employed health insurance; an exclusion of interest income from Series EE U.S. savings bonds under certain conditions; and a deduction of one-half of the amount of an individual's self-employment tax liability. Taxpayers cashing series EE U.S. savings bonds in 1990 that were issued after 1989 could exclude part or all of the interest from income if the taxpayer paid for "qualified" higher education expenses [7]. In addition, the earned income credit, personal exemption amounts, standard deductions, and the tax bracket boundaries continued to be adjusted for inflation for 1990 [8].

Another change legislated by TRA86, which continued to have an impact for 1990, related to the treatment of investment income of minor children under 14 years of age. To moderate the use of "family income splitting," a mechanism used by higher-income tax bracket parents to reduce overall family taxes by shifting income-producing assets to dependent children in lower-income tax brackets, TRA86 included provisions that effectively taxed the unearned (investment-type) income over \$1,000 of children under age 14 at the parent's highest marginal tax rate if the parent's rate was higher than the child's rate [9]. The two methods of reporting and paying tax on this income were: (1) filing Form 8814, *Parent's Election to Report Child's Interest and Dividends*, as part of the parent's individual income tax return, or (2) filing Form 8615, *Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000*, as part of the child's own individual income tax return [10]. Generally, these two methods of reporting the child's investment income would have resulted in the same amount of tax since, in either case, the income was subject to tax at the parent's highest marginal tax rate. However, because the child's deductions could not be reported on the parent's return when the child's income was included in the parent's AGI, using Form 8814 could have resulted in a higher overall family tax [11].

A parent could elect to file Form 8814 under the following conditions: (1) the child was under age 14 on January 1, 1991, (2) the child had income only from interest and dividends (including Alaska Permanent Fund dividends), (3) the dividend and interest income was

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more than \$500 and less than \$5,000, (4) no estimated tax payments had been made for 1990 under the child's name and social security number, and (5) no Federal income tax had been withheld from the child's income under the "backup withholding" rules [12].

SOI Income Concepts

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI vary from year to year, the "1979 Income Concept" was developed to provide a more uniform measure of income across tax years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in the 1979 Income Concept. The 1979 Income Concept includes the same income and deduction items in each year's income calculation and uses only items available on Federal individual income tax returns. As noted in Figure B, the 1979 Income Concept for 1990 includes many income and deductions that are also components of AGI. However, unlike AGI, the 1979 Income Concept also includes nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns, as well as disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [13].

Each year, a relatively small number of returns for prior years are filed during the same period in which returns for the current year are being selected for *Statistics of Income—Individual Income Tax Return* statistics. These returns are included in the statistics as proxies for current tax year returns that will be filed during a later year. Because the tax on these returns is based on a previous year's tax law, which reflects different tax rates and income concepts, the taxable income reported on these prior-year returns was "modified" for the statistics in this article by substituting the taxable income necessary to generate the amount of tax reported on the return, using the current year's tax law. For returns other than prior-year returns, "modified taxable income" is generally the same as taxable income [14].

Income Tax Rates

Discussions of income tax rates generally, either explicitly or implicitly, center on measuring two distinct tax rates: average tax rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. For purposes of the statistics, the average tax rate is defined as "total income tax" divided by "adjusted gross income" reported on returns showing an income tax liability. Measures of marginal tax rates, on the other hand, focus on determin-

Figure B

Components of the 1979 Income Concept for 1990

Income or Loss:

- Salaries and wages¹
- Interest¹
- Dividends¹
- Alimony received¹
- Capital gains (before exclusion) reported on Schedule D minus allowable capital losses¹
- Capital gains and losses not reported on Schedule D (before exclusion)¹
- Other gains and losses (Form 4797)¹
- Business net income or loss¹
- Farm net income or loss¹
- Rent net income or loss¹
- Royalty net income or loss¹
- Partnership net income or loss¹
- Subchapter S Corporation net income or loss¹
- Farm rental net income or loss¹
- Estate or trust net income or loss¹
- Unemployment compensation¹
- Depreciation in excess of straight-line depreciation²
- Total pension income³
- Other net income or loss⁴

Deductions:

- Disallowed passive losses (Form 6251)
- Moving expenses⁵
- Alimony paid¹
- Unreimbursed business expenses⁵

¹Included in Adjusted Gross Income for Tax Year 1990.

²Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

³Includes taxable and tax-exempt pension and retirement distributions.

⁴Includes an adjustment to add back amounts reported for the "foreign earned income exclusion."

⁵Reported on Schedule A for those taxpayers who reported itemized deductions.

ing the tax rate imposed on the last (or next) dollar of income earned by a taxpayer. For purposes of the statistics in this article, the marginal tax rate is defined as the rate at which the last dollar of taxable income is taxed [15]. The following sections describe the measurement of the average and marginal tax rates in more detail and discuss the statistics based on these rates for 1990.

Average Tax Rates

The average tax rate, for this article, is defined as total income tax divided by the adjusted gross income reported on returns showing an amount for total income tax (i.e., "taxable returns"). Statistics on income (based on each year's definition of AGI, as well as on the common 1979 Income Concept) and taxes reported for 1985 through 1990 are presented in Figure C. These tax years can be partitioned into three distinct sub-periods: (1) Tax Years 1985 and 1986 (the last 2 years under the Economic Recovery Tax Act of 1981 or ERTA81, which indexed the tax bracket boundaries, personal exemptions, and standard

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deductions for inflation); (2) Tax Year 1987 (the first year under TRA86, which included a 1-year transitional five-bracket tax rate structure and a partial phase-in of new provisions that broadened the definition of AGI); and (3) Tax Years 1988 through 1990 (the first 3 years under the effective three-rate tax bracket structure, i.e., two-rate tax bracket structure coupled with the 5 percent surtax, and the continuing phase-in of the provisions of TRA86).

As shown in Figure C, about 113.7 million individual returns were filed for Tax Year 1990, an increase of 1.4 percent from 1989. As for Tax Years 1988 and 1989, less than 80.0 percent of the returns were "taxable returns," down from 81.1 percent for Tax Year 1987 (81.5 percent for Tax Years 1985 and 1986). For 1990, taxpayers reported a total income tax of \$447 billion, an increase of \$14 billion or 3.2 percent from 1989.

Figure C

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Year 1990

[Money amounts are in billions of dollars, except where indicated]

Tax year	Taxable returns				
	Total number of returns	Number of returns	As a percentage of total returns ¹	Adjusted gross income (less deficit)	Total income tax
	(1)	(2)	(3)	(4)	(5)
Using each tax year's adjusted gross income concept ²					
1985.....	101,660,287	82,846,420	81.49	2,259	326
1986.....	103,045,170	83,967,413	81.49	2,440	367
1987.....	106,996,270	86,723,796	81.05	2,701	369
1988.....	109,708,280	87,135,332	79.42	2,990	413
1989.....	112,135,673	89,178,355	79.53	3,158	433
1990.....	113,717,138	89,862,434	79.02	3,299	447
Using 1979 Income Concept					
1985.....	101,660,287	82,846,420	81.49	2,403	326
1986.....	103,045,170	83,967,413	81.49	2,703	367
1987.....	106,996,270	86,723,796	81.05	2,736	369
1988.....	109,708,280	87,135,332	79.42	3,011	413
1989.....	112,135,673	89,178,355	79.53	3,188	433
1990.....	113,717,138	89,862,434	79.02	3,335	447

Tax year	Taxable returns				
	Average tax rate (percent) ³	Average per return ⁴			
		Current dollars		Constant dollars ⁵	
		Adjusted gross income (whole dollars)	Total income tax (whole dollars)	Adjusted gross income (whole dollars)	Total income tax (whole dollars)
(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income concept					
1985.....	14.42	27,268	3,931	25,342	3,653
1986.....	15.05	29,062	4,374	26,516	3,991
1987.....	13.67	31,142	4,257	27,414	3,747
1988.....	13.81	34,313	4,738	29,005	4,005
1989.....	13.71	35,415	4,855	28,560	3,915
1990.....	13.55	36,711	4,976	28,088	3,807
Using 1979 Income Concept					
1985.....	13.56	29,003	3,931	26,954	3,653
1986.....	13.59	32,194	4,374	29,374	3,991
1987.....	13.49	31,551	4,257	27,774	3,747
1988.....	13.71	34,556	4,738	29,210	4,005
1989.....	13.58	35,752	4,855	28,832	3,915
1990.....	13.41	37,108	4,976	28,392	3,807

¹ Number of taxable returns (column 2) divided by total number of returns (column 1).

² These statistics are based on adjusted gross income (AGI) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income—Individual Income Tax Returns, for 1985-1990.

³ Average tax rate is "total income tax" (column 5) as a percentage of adjusted gross income (AGI) (column 4).

⁴ The average adjusted gross income, average total income tax and average tax rate were calculated from unrounded data.

⁵ Constant dollars are based on the Consumer Price Index (CPI-U, 1982-1984=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, and published in the Consumer Price Index Detailed Report, July 1993.

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Total adjusted gross income reported on taxable returns increased to \$3,299 billion (\$3,335 billion using the common 1979 Income Concept), an increase of approximately 4.5 percent (4.6 percent) from 1989. In current dollars, the average income and taxes also increased from 1989 to 1990; average AGI increased from \$35,415 (\$35,752 under the common 1979 Income Concept) to \$36,711 (\$37,108 under the common 1979 Income Concept), while average taxes increased from \$4,855 to \$4,976. After adjusting for inflation, however, both average AGI and taxes continued to fall from the peak levels reported for Tax Year 1988 of \$29,005 (\$29,210 under the common 1979 Income Concept) and \$4,005, respectively. For 1990, the average AGI in constant dollars was \$28,088 (\$28,392 under the common 1979 Income Concept) and the average total income tax was \$3,807. The average total income tax in both current and constant dollars for Tax Years 1980 (the year prior to the enactment of ERTA81) through 1990 for taxable returns is shown in Figure D.

Because TRA86 reduced statutory tax rates and broadened the definition of AGI (i.e., by eliminating or limiting the preferential treatment of various tax items, such as restricting the use of passive losses to offset non-passive income and eliminating the beneficial tax treatment of net long-term capital gains), multi-year comparisons of

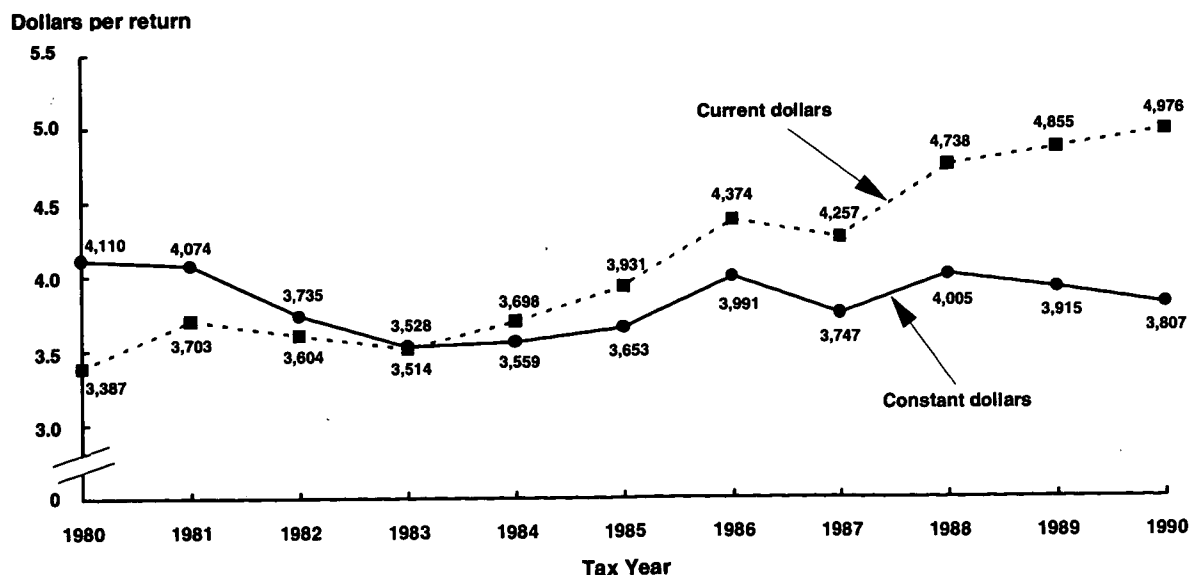
average tax rates based on current-year definitions of AGI become less meaningful. All else being equal, the redefinition of AGI under TRA86, which increased AGI, would result in a decrease in the average tax rate. A comparison of the unadjusted average tax rates based on each year's "current" definition of AGI, presented in Figure C, does show the expected drop in the average tax rate for 1987; the average tax rates fell from 15.05 percent for 1986 (the last year prior to TRA86) to 13.67 percent for 1987 (the first transitional year following the enactment of TRA86). However, when the common 1979 Income Concept, which standardizes AGI across tax years, is used to calculate the average tax rates, the magnitude of the decrease is much smaller; the average tax rate falls from 13.59 percent for 1986 to 13.49 percent for 1987. Using either measure of income (AGI or the 1979 Income Concept), the average tax rates declined steadily from 1988 through 1990. Average tax rates based on AGI fell from 13.81 percent for 1988 to 13.55 percent for 1990, while average tax rates based on the 1979 Income Concept dropped from 13.71 percent to 13.41 percent over the same period.

Marginal Tax Rates

Under the U.S. progressive tax rate structure, different portions of taxable income are taxed at different rates. A simple example of this is illustrated in Figure E, for a

Figure D

Taxable Returns: Average Total Income Tax, Tax Years 1980-1990¹



¹Taxable returns are returns that show a tax liability based either on income tax before credits or alternative minimum tax.

NOTE: Constant dollars are based on the Consumer Price Index (CPI-U, 1982-1984=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, and published in the Consumer Price Index Detailed Report, July 1993.

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single person using the standard deduction with an AGI of \$100,000 derived from salaries and wages. In this instance, the first \$19,450 of taxable income is taxed at the 15 per-cent rate, the next \$27,600 at the 28 percent rate, and the final \$47,650 at the 33 percent rate. As noted above, for purposes of the statistics in this article, the marginal tax rate is defined as the tax rate that applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax). In this example, the marginal tax rate is 33 percent.

Figure E

Income Tax Calculation for a Single Taxpayer With One Exemption who used the Standard Deduction, Tax Year 1990

[Money amounts are in whole dollars]

Item	Amount
Adjusted gross income.....	100,000.00
Less: Exemption amount.....	2,050.00
Standard deduction amount.....	3,250.00
Equals: Taxable income.....	94,700.00
Tax based on 1990 tax rates for single taxpayers:	
First \$19,450 taxed at 15 percent.....	2,917.50
Next \$27,600 taxed at 28 percent.....	7,728.00
Next \$47,650 taxed at 33 percent.....	15,724.50
Total tax from tax rate schedule.....	26,370.00

Applying this general definition of marginal tax rates to individual tax returns, however, is more complicated because the Federal individual income tax structure includes a diverse set of income types (e.g., salaries and wages and investment income of dependents under age 14), deductions (e.g., the home mortgage interest deductions and medical expense deductions), exclusions (e.g., the foreign earned income exclusion and exclusion for municipal bond interest), credits (e.g., general business credit and foreign tax credit), and taxes (e.g., "regular" tax and alternative minimum tax). Determining marginal tax rates becomes more difficult in this setting because not all income and deduction items are subject to the same tax treatment under Federal income tax law. For example, the investment income in excess of \$1,000 of a dependent under the age of 14 is treated differently from the salary and wage income of this same dependent; the first is generally taxed at the parent's highest marginal tax rate, while the latter is generally taxed at the dependent's own tax rate.

Calculating marginal tax rates for a particular indi-

vidual income tax return generally depends on the type and amount of income and the assumptions made about the order in which the income is taxed, i.e., how the income is "stacked" or ranked. These "stacking" assumptions about which dollar was earned "last" are necessary in order to calculate the tax rate on the income earned from having taken advantage of the marginal or "last" economic opportunity. However, as noted above, this determination is complicated by the presence of items such as the alternative minimum tax and tax credits.

For purposes of the statistics, it was assumed that the income taxed at the highest rate was the "last" income received (with the exception of amounts over the ceiling for the 5 percent surtax). Thus, returns with taxable income less than the amounts subject to the 33 percent tax rate would have a top marginal rate of 15 or 28 percent. Returns that had taxable income within the ranges subject to the 33 percent tax rate were considered to have a 33 percent marginal tax rate (28 percent plus the 5 percent surtax). Returns that showed taxable income in excess of the largest amount to which the 33 percent tax rate was applied were considered to have a 28 percent marginal rate [16]. In addition, because of the special tax treatment of dependents under age 14 with investment income over \$1,000, tax returns with either a Form 8615 (filed for dependents under age 14 with more than \$1,000 in investment income) or Form 8814 (filed by parents choosing to include the investment income of their dependents on their own return if they had no tax liability other than that generated by the dependents' income) attached, are presented separately.

Thus, the classification of returns into marginal rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, amount of personal exemptions, and presence of a Form 8615 or Form 8814. Returns were classified into one of the following six mutually exclusive marginal tax rate categories: (1) 15 percent rate; (2) 28 percent rate (below the 33 percent rate, i.e., below the 5 percent surtax); (3) 33 percent rate; (4) 28 percent rate (above the 33 percent rate, i.e., above the 5 percent surtax); (5) Form 8615 (with income taxed at any rate); and (6) Form 8814 (15 percent rate with no tax liability other than that generated by the dependent's income).

The marginal rate classifications described above were used for the statistics presented in Figures F and G, as well as in Table 1. The statistics were based on individual income tax returns showing an amount for taxable income and items of income that were subject to the regular income tax, generally those included in AGI. Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local Government obligations, were not included

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Figure F

Number of Taxable Returns, Modified Taxable Income, and Income Tax Generated at each Marginal Rate on Returns with the Indicated Marginal Tax Rate, Tax Year 1990

(Money amounts are in thousands of dollars)

Marginal tax rate classes	Taxable returns		Modified taxable income		Income tax generated at all rates	
	Number	Percentage	Amount	Percentage	Amount	Percentage
	(1)	(2)	(3)	(4)	(5)	(6)
All rates.....	93,078,537	100.0	2,268,362,237	100.0	452,122,734	100.0
15 percent rate.....	65,757,284	70.6	720,133,359	31.7	107,988,969	23.9
28 percent rate (below the 33 percent rate).....	23,161,454	24.9	914,993,913	40.3	173,754,395	38.4
33 percent rate ¹	3,050,051	3.3	288,964,043	12.7	74,032,038	16.4
28 percent rate (above the 33 percent rate) ¹ ..	716,242	0.8	342,790,143	15.1	95,980,470	21.2
Form 8615 ²	383,964	0.4	1,477,735	0.1	366,403	0.1
Form 8814 ³	9,541	(⁴)	3,045	(⁴)	459	(⁴)

¹ For 1990, the tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was taxed at a 33 percent effective rate. The purpose of this temporary rate was to phase out the benefits of the lower 15 percent tax rate and the deduction for personal exemptions for taxpayers and dependents. At the point where these benefits were completely phased out, the marginal rate returned to 28 percent, and the average tax rate on taxable income plus the phased-out personal exemptions was equal to 28 percent.

² Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,000.

³ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$500 and \$5,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income and thus the overall total adjusted gross income for these returns is negative.

⁴ Less than 0.05 percent.

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

in AGI. However, the receipt of some forms of tax-exempt income could have influenced the taxability of other income, such as social security benefits. When this occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI. The alternative minimum tax was not included in the determination of the marginal tax rates for purposes of this article.

The amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits) for the marginal rate categories defined above are presented in Figure F. For 1990, income taxes of \$452.1 billion were generated from approximately 93.1 million individual returns with total modified taxable income of \$2,268.4 billion. Approximately 70.6 percent of these individual returns, classified in the "15 percent" marginal rate category, generated 31.7 percent of the modified taxable income and 23.9 percent of the tax. The returns in the "28 percent (below the 33 percent rate)" category generated 40.3 percent of the modified taxable income and 38.4 percent of the tax. Approximately 4.1 percent of the returns, classified as "33 percent" or "28 percent (above the 33 percent rate)," accounted for 27.8 percent of modified taxable income, but 37.6 percent of the income tax generated.

These percentage shares were fairly consistent across Tax Years 1988 through 1990. As shown in Figure G, the percentages of returns in each marginal tax rate category (excluding the two special categories related to Forms 8615 and 8814) were generally steady over this period. The combined percentage shares of modified taxable income increased slightly in the "15 percent" and "28

percent (below the 33 percent rate)" categories, with an offsetting decrease from 17.3 percent to 15.1 percent in the "28 percent (above the 33 percent rate)" category. The percentage shares of income tax generated reflect this same pattern.

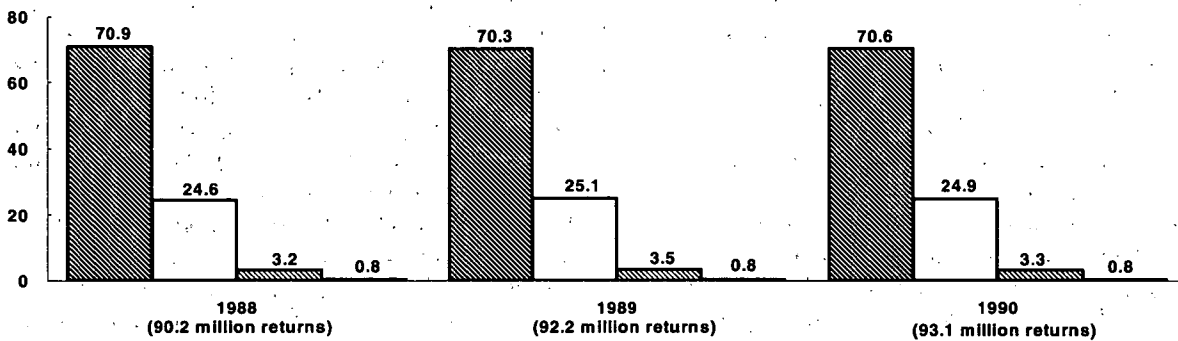
Statistics by marginal rate classification and filing status for returns with modified taxable income are presented in Table 1. For each marginal rate classification, modified taxable income and income tax generated were computed "at all rates" and "at marginal rate." The "at all rates" computations (e.g., Table 1, columns 3 and 5) report the total amount of modified taxable income or tax generated on the returns of taxpayers included in each of the (mutually exclusive) marginal rate classifications. The "at marginal rate" computations (e.g., Table 1, columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal rate shown, for all returns in each of these marginal rate classifications. For example, consider returns with the "joint returns and returns of surviving spouses" filing status in the "33 percent" marginal rate classification. The total modified taxable income and the total tax generated for the 1,966,324 returns in this classification was \$219.2 billion (Table 1, column 12) and \$56.3 billion (Table 1, column 14), respectively. Approximately \$65.0 billion (Table 1, column 13) of the \$219.2 billion total of modified taxable income was subject to tax at the "33 percent" marginal tax rate. This \$65.0 billion of modified taxable income generated \$21.5 billion (Table 1, column 15) of tax. In sum, for these returns, total modified taxable income was \$219.2 billion, of which \$65.0 billion was

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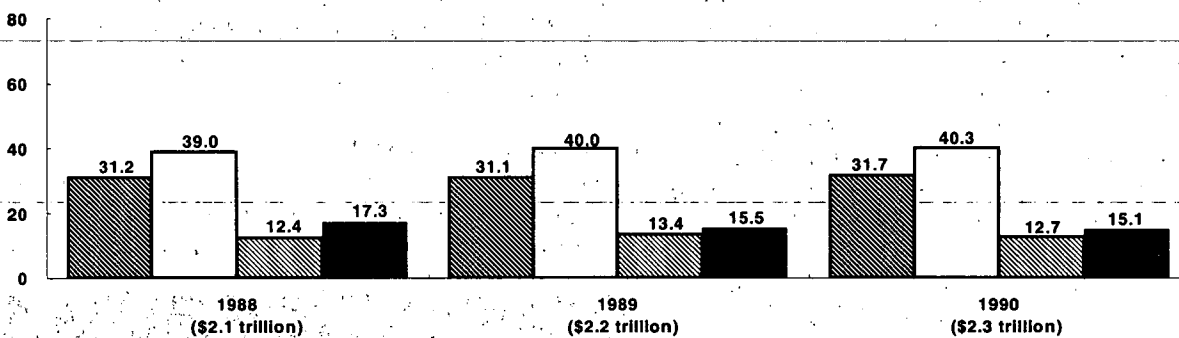
Figure G

Percentages of Returns, Modified Taxable Income, and Income Tax Generated, by Marginal Rate Classification, Tax Years 1988-1990

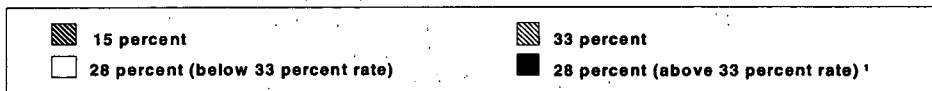
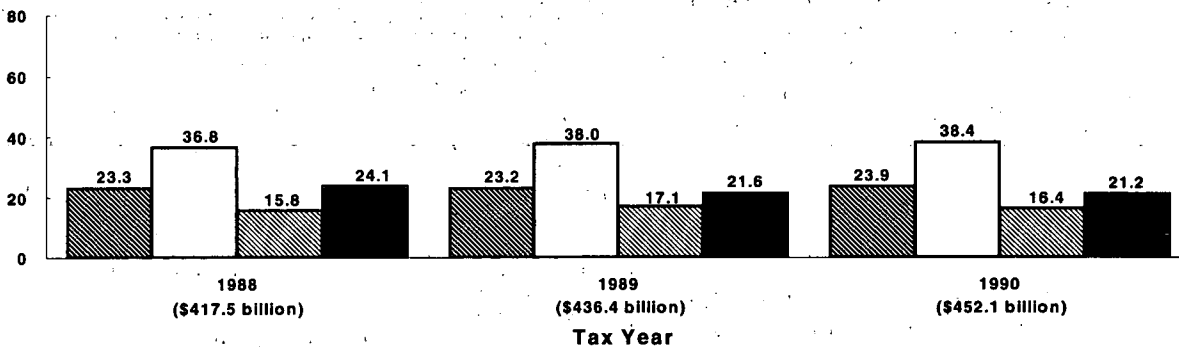
Individual Tax Returns Percentage



Modified Taxable Income Percentage



Income Tax Generated Percentage



†For 1990, the tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was taxed at a 33 percent effective rate. The purpose of this temporary rate was to phase out the benefits of the lower 15 percent tax rate and the deduction for personal exemptions for taxpayers and dependents. At the point where these benefits were completely phased out, the marginal rate returned to 28 percent, and the average tax rate on taxable income plus the phased-out personal exemptions was equal to 28 percent.

NOTE: Returns in the "Form 8615" and "Form 8814" categories were included in the calculation of the percentages, but are not shown separately. These two categories accounted for less than 0.05 percent of the returns, 0.07 percent of the "modified" taxable income, and 0.09 percent of the income tax generated. Therefore, detail may not add to totals.

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subject to tax at the top marginal tax rate (for this classification) of 33 percent. About \$21.5 billion of the total \$56.3 billion in tax was generated by the 33 percent tax rate with the remainder generated by the lower (15 and 28 percent) tax rates.

Statistics on the tax generated, in total and at each marginal rate, for returns with modified taxable income are provided in Table 2. Returns are classified in this table by size of AGI rather than by the marginal rate classifications used in Table 1. The tax generated at each marginal tax rate was computed based on the modified taxable income for each individual return. For example, the 12.2 million returns included in the "\$30,000 under \$40,000" AGI-size classification showed total modified taxable income of \$280.6 billion and total tax generated of \$45.8 billion. Of the \$280.6 billion of modified taxable income, nearly \$252.4 billion was taxed at 15 percent, approximately \$28.0 billion was taxed 28 percent, and the remainder was comprised of tax related to Form 8814 or Form 8615. Approximately \$37.9 billion of the total tax generated of \$45.8 billion was generated at the 15 percent rate, \$7.9 billion was generated at the 28 percent rate, and the remainder was generated from income reported on Form 8814 or Form 8615. It should be noted that due to rounding differences, the sum of the tax generated at each rate (the sum of columns 7, 10, 13, 16, 19, and 22) may not equal the tax generated at all rates (column 4).

Statistics on the income and tax generated at each marginal rate (as in Table 2, columns 5 through 22) by filing status, instead of AGI-size, for returns with modified taxable income are presented in Table 3. In this table for example, approximately 8.7 million returns of the 39.6 million returns filed by single persons had some income taxed at the 28 percent tax rate. For these returns, the total modified taxable income subject to this rate was \$92.1 billion and the tax generated at the 28 percent rate was \$25.8 billion.

Components of Total Income Tax

Regular Tax

The marginal tax rate statistics presented in Table 1 include tax amounts for "tax generated" and "income tax after credits." The average tax rate statistics presented in Figures C and D (and in Tables 4 through 7) include an additional measure of tax, "total income tax." Total income tax is simply "income tax after credits" plus the "alternative minimum tax."

The relationship among the different tax measures used in this article, including a reconciliation of the total dollar amounts, is shown in Figure H. As shown in Figure H and also in column 5 of Table 1, the tax generated by applying

the tax rates to modified taxable income (using either the tax rate schedules or tax tables) was approximately \$452.1 billion for 1990. For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers income tax before credits also included taxes from special computations applicable to accumulation distributions of trusts and lump-sum distributions from qualified retirement plans (when the special 5- or 10-year averaging method was used) [17]. (Since "tax generated" only shows the "regular" income tax generated, it differs from "income tax before credits.") Tax generated and tax before credits are before subtraction of the earned income credit. The earned income credit is reported in Figure H to the extent that its application did not reduce regular income tax below zero. The portion of the earned income credit used to reduce other taxes reported on the individual income tax return and the refundable portion of the credit is excluded [18]. Income tax after credits, shown in Figure H and column 7 of Table 1, amounted to \$446.3 billion. "Total income tax" of \$447.1 billion, also reported in Figure C as well as in Tables 4 through 7, is the sum of income tax after credits and the alternative minimum tax [19].

Alternative Minimum Tax

The "alternative minimum tax" or AMT provisions were originally enacted as part of the Revenue Act of 1978 (and have been subsequently modified) to help to ensure that

Figure H

Derivation of 1990 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Tax generated from tax rate schedules or tax table.....	452.1
PLUS: Taxes from special computations, total.....	1.0
Tax on accumulation distributions of trusts	n.a.
Tax on lump-sum distributions from qualified retirement plans.....	n.a.
EQUALS:	
Income tax before credits.....	453.1
LESS: Tax credits, total.....	6.8
Child-care credit.....	2.5
Foreign tax credit.....	1.7
General business credit.....	0.6
Elderly or disabled credit.....	0.1
Earned income credit (limited to the amount needed to reduce total income tax to zero).....	1.6
Credit for prior-year minimum tax.....	0.2
Other credits.....	(¹)
EQUALS:	
Income tax after credits.....	446.3
PLUS: Alternative minimum tax.....	0.8
EQUALS:	
Total income tax.....	447.1

n.a. - Not available.

¹Less than \$0.05 billion.

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

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taxpayers do not use provisions of the tax code, meant primarily to stimulate economic activity, to generate substantial "economic income" without incurring some "minimum" level of tax. Individual taxpayers determined their AMT on Form 6251, *Alternative Minimum Tax for Individuals*. As shown in Figure I, the calculation of the AMT for 1990 began with taxable income. Then, certain items that were otherwise deductible for ordinary income tax purposes were added-back to taxable income to arrive at "alternative minimum taxable income" or AMTI, the tax base used to compute the alternative minimum tax.

The items added-back generally restrict the use of certain accounting methods and disallow or limit certain deductions and exclusions. The "adjustments" (i.e., amounts due to a change, for AMT purposes, in the computation of a deduction for regular taxation) and "tax preferences" (i.e., amounts representing all or a portion of the deductions or exclusions used to compute regular tax that were disallowed for AMT purposes) are shown in Figure I. In addition, the "net operating loss deduction," which also may have "tax preference" and "adjustment" items in its computation, was recomputed to adjust for these items and reported in the AMTI calculation as the "alternative tax net operating loss deduction." Essentially, the net difference between the net operating loss deductions calculated for regular tax purposes and AMT purposes affected the size of AMTI.

For 1990, the AMTI was reduced by an exemption, subject to phase-out at higher income levels, that depended on the filing status of the individual. The AMTI exemption for single filers (and heads of household) was \$30,000; for joint filers, \$40,000; and, for married persons filing separately, \$20,000. The exemption was reduced (but not below zero) by 25 percent of the amount by which AMTI exceeded threshold levels of \$112,500 for single filers (and heads of household), \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was generally completely phased-out for taxpayers whose status was single, married filing jointly, and married filing separately, at \$232,500, \$310,000, and \$155,000 of AMTI, respectively.

After reduction by the exemption, the remaining AMTI was subject to tax at a 21 percent tax rate. This tax, reduced by the alternative minimum tax foreign tax credit, was equal to the "tentative minimum tax." Tentative minimum tax was then reduced by the regular tax before credits (including additional taxes from accumulation distributions of trusts or lump-sum distributions from qualified retirement plans and reduced by the foreign tax credit for regular tax purposes) to determine the alternative minimum tax or AMT. Dependents under the age of 14, with investment income over \$1,000, who filed their

own return were subject to special rules for AMT purposes. Essentially the rules required that these dependents pay the same amount of AMT that their parents would have paid had the parents included the dependent's income on their own return [20].

Statistics, by size of AGI, on the total adjustments, tax preferences, and alternative minimum tax reported by taxpayers showing an AMT liability on their returns are presented in Figure J. For 1990, an estimated 132,096 taxpayers reported an AMT liability of \$830.3 million, based on total "adjustments" of \$8,024.5 million, and "tax preferences" of \$1,432.5 million.

Income and Tax Shares

Historical statistics on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 4 through 7. Distributions of AGI, as defined for each year, and tax by descending and ascending cumulative percentiles of returns are presented in Tables 4 and 5. These tables are useful for making comparisons across cumulative percentile classes within each year, among years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and among years within the post-TRA86 period (i.e., Tax Years 1987 through 1990). Tables 4 and 5 are not as useful for comparisons between pre- and post-TRA86 years because of the redefinition of AGI under TRA86 so Tables 6 and 7, which are based on a consistent definition of income (i.e., using the 1979 Income Concept), are included to facilitate such comparisons.

Because the statistics in Tables 4 and 5 are based on returns with positive amounts of AGI, while the statistics in Tables 6 and 7 are based on all returns filed, the data in the two pairs of tables are not completely comparable. Tables 4 and 6 are based on percentiles of returns cumulated downward from the highest income returns. The data are shown for the top 1, 5, 10, 25, and 50 percent of returns. In contrast, Tables 5 and 7 are based on returns cumulated upwards for the lowest income returns. Data are shown for the bottom 50, 75, 90, 95, and 99 percent of all returns.

As an example of how to use these statistics, consider the data in Table 4 for the top 10 percent of returns based on AGI-size (reported in column 4). For 1990, there were 11,281,226 returns classified in the top 10 percentiles based on AGI. The AGI and total income tax reported on these returns was approximately \$1,338.0 billion and \$247.5 billion, respectively. The amount of AGI needed for inclusion in this 10th percentile group (i.e., the AGI floor) was \$60,287 (\$46,126 in constant dollars) and the average tax rate was 18.50 percent. Returns in this percentile group reported 38.77 percent of the total AGI and 55.36 percent of the total income tax.

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Figure 1

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 1990

Taxable Income

PLUS: Net operating loss deduction

PLUS: Adjustments

- Standard deduction
- Personal exemptions
- The lesser of deductible medical and dental expenses or 2.5 percent of adjusted gross income
- Miscellaneous itemized deductions subject to the 2-percent-of-adjusted gross income limitation
- Refunds of State and local income, real estate, and foreign taxes previously deducted (negative)
- Deductions for personal interest
- Deductions for State and local income, real estate, and foreign taxes
- Other interest adjustments ¹
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax purposes (straight-line or 150-percent declining balance method, depending on the type of property)
- Excess of circulation and research and experimental expenditures paid or incurred after 1986 over allowable amortization had the expenditures been capitalized (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization had costs been expenditures been (the result could be negative)
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result could be negative)
- Adjustment of gain or loss on property disposed of after 1987, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for alternative minimum tax purposes; and on incentive stock options which were exercised after 1987 (the amount that the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S Corporations were limited by "at-risk" and other rules, taking into account alternative minimum tax adjustments and preference items (the result could be negative)
- Adjustment for refigured tax shelter farm losses, taking into account alternative minimum tax adjustments and preference items
- Passive activity loss allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account alternative minimum tax adjustments and preference items
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for alternative minimum tax purposes

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Figure I

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 1990—Continued

PLUS: Tax Preference Items

- Excess of deduction for charitable contributions of appreciated property over the basis of the property
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excess of percentage depletion deduction for mineral reserves over their adjusted basis
- Excess of accelerated depreciation on real property placed in service before 1987 over straight-line depreciation as refigured for alternative minimum tax purposes
- Excess of accelerated depreciation on leased property placed in service before 1987 over straight-line depreciation as refigured for alternative minimum tax purposes
- Excess of rapid amortization on pollution control facilities placed in service before 1987 over allowable depreciation
- Amount by which the excess of intangible drilling costs deducted currently over allowable amortization (if these costs had been capitalized) was more than 65 percent of the taxpayer's "net income" from oil, mineral and geothermal properties, but with exceptions

MINUS: Alternative tax net operating loss deduction

EQUALS: Alternative minimum taxable income

¹ Includes interest attributable to the amount in excess of the remaining balance of a mortgage loan, when that loan had been refinanced for an amount greater than the remaining balance, and when that excess amount was not used for home improvements. Also includes the difference between the deduction for "investment interest expense" for regular tax purposes and the amount refigured for alternative minimum tax purposes.

Figure J

Returns with Alternative Minimum Tax: Selected Data from Alternative Minimum Tax Computation, by Size of Adjusted Gross Income, 1990

[Money amounts are in thousands of dollars]

	Total adjustments		Total tax preferences		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	131,858	8,024,479	28,895	1,432,506	132,096	830,311
No adjusted gross income.....	6,696	250,607	480	18,287	6,699	65,204
\$1 under \$10,000.....	7,879	122,739	261	91	7,879	12,650
\$10,000 under \$20,000.....	6,181	34,025	501	57	6,181	4,537
\$20,000 under \$30,000.....	8,290	204,708	10	13	8,290	24,484
\$30,000 under \$40,000.....	3,822	168,728	601	5,382	3,822	8,738
\$40,000 under \$50,000.....	5,813	142,335	583	13,895	5,813	7,657
\$50,000 under \$75,000.....	19,398	679,342	3,875	119,717	19,398	49,704
\$75,000 under \$100,000.....	14,675	568,404	3,372	47,780	14,675	34,130
\$100,000 under \$200,000.....	31,990	1,644,900	7,715	152,177	31,991	150,400
\$200,000 or more.....	27,114	4,208,692	11,497	1,075,107	27,348	472,807

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

The estimates in Tables 4 through 7 were not derived from an actual ranking of the returns in the *Statistics of Income* sample, but were estimated instead, using a mathematical technique called "osculatory interpolation," applied to tabulations of aggregated data [21]. This technique is used to estimate the distribution of returns and amounts within each AGI-size class or within each size class under the 1979 Income Concept by percentile.

Explanation of Selected Terms

Brief explanations of the major tax concepts discussed in this article are given below. For more extensive definitions, see *Statistics of Income—1990, Individual Income Tax Returns*:

Adjusted Gross Income.—Adjusted gross income (AGI) is equal to "total income" less "statutory adjustments" (primarily business, investment, or employee-related

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deductions, such as contributions to a Keogh self-employed retirement plan or an Individual Retirement Arrangement, and self-employed health insurance deductions). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and the net amounts from business income, rents and royalties, and sales of capital and other assets. See also footnote 3, at the end of this article.

Marginal Tax Rate.—The marginal tax rate for a return is defined as the rate at which the last dollar of taxable income is taxed. For purposes of this article, the marginal tax rate is defined as follows: (1) if a return showed an amount of taxable income below or equal to the maximum amount to which the 33 percent tax rate was applied, then the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed; or (2) if a return had an amount of taxable income in excess of the amount to which the 33 percent tax rate applied, then the return was defined as having a 28 percent marginal tax rate. Returns of dependents with a Form 8615 attached are shown separately when the use of this form resulted in the taxation of the dependent's income as if it were that of the parents. Returns of parents choosing to report the interest and dividend income of their dependents under age 14 on their own (i.e., the parents') return using Form 8814 are also shown separately when the child's income generated the only tax liability on the parent's return. For purposes of this article, the alternative minimum tax and income tax credits, such as the earned income credit, were not considered in determining the marginal tax rates.

Modified Taxable Income.—Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for *Statistics of Income*. These returns act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and income concepts). For purposes of the statistics, taxable income on these returns is adjusted to equal an amount necessary to generate the tax actually shown on the return using current-year rates ("modified taxable income" in the statistics).

Taxable Income.—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for non-itemizers or total itemized deductions.

Taxable Returns.—A return is classified as "taxable" based on the presence of "total income tax" (the sum of income tax after credits and the alternative minimum tax). The following additional taxes were not taken into account for this purpose: tax from recomputing prior-year

investment or low-income housing credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes (for excess benefits from a qualified pension plan), "golden parachute" payments (made to key employees as compensation under certain circumstances), self-employment or Railroad Retirement Tax Act (RRTA) taxes, and uncollected employee social security tax on tips.

Tax Generated.—The tax generated was the tax calculated from either the tax rate schedules or the look-up tax tables on modified taxable income. It does not include the alternative minimum tax or the effect of tax credits. For most returns (those without the special taxes on lump-sum distributions from qualified retirement plans or on accumulation distributions of trusts), tax generated equaled "income tax before credits."

Total Income Tax.—Total income tax was the sum of income tax after credits and the alternative minimum tax.

Data Sources and Limitations

The statistics for Tax Year 1990 are based on a stratified probability sample of 104,505 individual income tax returns (Forms 1040, 1040A, and 1040EZ) selected from a population of 114,484,108 returns filed with the Internal Revenue Service in 1991. Returns in the sample were stratified based on the larger of "total income" or "total loss" amounts (adjusted gross income before subtraction of statutory adjustments), the size of business plus farm receipts, and the presence or absence of the following tax forms: Form 2555, *Foreign Earned Income*; Form 1116, *Computation of Foreign Tax Credit - Individual, Fiduciary, or Nonresident Alien Individual*; Schedule C, *Profit (or Loss) from Business or Profession*; Schedule F, *Farm Income and Expenses*; and Form 4835, *Farm Rental Income and Expenses*. Depending on the sampling class, returns were selected at rates ranging from 0.02 percent (for the more numerous, smaller-sized, homogeneous returns) to 100 percent (for the relatively few returns with large income amounts or unusual characteristics).

Because the statistics are 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. (For information about the samples used for tax years other than 1990, referred to in the statistics, for example, in Tables 4 through 7, see the *Statistics of Income* reports for these years.) Coefficients of variation (CV's) are used to measure the magnitude of the potential sampling error. Approximate CV's for 1990 frequency estimates are presented in Figure K. The CV's shown are intended only as a general indication of the reliability of the data. The reliability of estimates based on samples, and the use of CV's for evaluating the precision

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of estimates based on samples, are discussed in the methodological appendix at the back of this issue of the *Bulletin*.

Figure K

Coefficients of Variation for Frequency Estimates, 1990

Estimated number of returns	Estimated coefficient of variation
27,402,400.....	0.01
6,850,600.....	0.02
1,096,096.....	0.05
274,024.....	0.10
68,506.....	0.20
30,447.....	0.30
22,369.....	0.35
10,961.....	0.50

Notes and References

- [1] For further information on the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986* (H.R. 3838, 99th Congress, Public Law 99-514), May 4, 1987.
- [2] Taxpayers fall into one of five filing statuses: single, married filing jointly, married filing separately, head of household, and qualifying widow or widower. Being age 65 or older or being legally blind affects both the filing requirements and the amount of the standard deduction. For more information on the general filing requirements for 1990, see *Statistics of Income—1990, Individual Income Tax Returns* or U.S. Department of the Treasury, Internal Revenue Service, *Your Federal Income Tax—Publication 17 (1990)*.
- [3] The definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, concept of “total income,” which is a component of the adjusted gross income (AGI) calculation on the Form 1040. Total income, used in the definition of AGI in the *Explanation of Selected Terms*, includes net amounts rather than gross amounts from items such as business income and rents and royalties, for example.
- [4] Beginning with Tax Year 1991, the 33 percent rate was eliminated by the Revenue Reconciliation Act of 1990 in favor of a new 31 percent tax bracket, a phase-out of personal exemption amounts for taxpayers with income above certain thresholds, and a reduction in the total itemized deductions allowed

taxpayers with adjusted gross income above certain thresholds.

- [5] For example, assume a taxpayer filing as “married filing separately” who reported \$39,250 of taxable income. Using the tax rate schedules the amount of tax would have been \$8,883.25 but using the tax tables the amount of tax would have been \$8,892; a difference of \$8.75.
- [6] Income from rental real estate activity was generally classified as passive source income. However, the Tax Reform Act of 1986 made an exception to the general passive loss rules for rental real estate activities. For taxpayers with modified adjusted gross income of \$100,000 or less, up to \$25,000 in rental real estate losses was allowed to offset non-passive income. (For married taxpayers filing separately and living *apart* for the entire year, the income limit was reduced to \$50,000 and the losses allowed reduced to \$12,500. Married taxpayers filing separately and living *together* for any part of the year were not eligible for this exception.) For taxpayers with income in excess of \$100,000, the \$25,000 exception was reduced by 50 percent of the income in excess of \$100,000; this effectively eliminated the \$25,000 exception for taxpayers with incomes of \$150,000 or more. All rental real estate losses in excess of the exception amount were subject to the same limitation on deductibility as other passive losses.
- [7] To qualify for this interest exclusion the following conditions must have been met: (1) the bonds must have been issued in the name of the taxpayer (or, if married, in the names of the taxpayer and spouse), and the taxpayer must have been age 24 or older before the bonds were issued, (2) the taxpayer must have paid “qualified” higher education expenses during 1990 for himself (or herself), a spouse, or a dependent, and (3) the taxpayer’s filing status must have been single, married filing jointly, head of household, or qualifying widow(er) with dependent child.
- [8] For 1990, the maximum earned income credit allowed increased to \$953 for qualified individuals whose “earned income” and AGI were less than \$20,264. The maximum earned income credit for 1989 was \$910 for qualified individuals with less than \$19,340 in AGI and earned income. The individual personal exemption increased from \$2,000 for 1989 to \$2,050 for 1990. The standard

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deduction increased from \$3,100 to \$3,250 for single taxpayers, from \$5,200 to \$5,450 for married persons filing joint returns, from \$2,600 to \$2,725 for married persons filing separately, and from \$4,550 to \$4,750 for heads of households.

- [9] For 1990, dependent children under age 14 were required to file an income tax return if their "gross income" included "unearned income" and exceeded \$500. In contrast, dependent children with only "earned income" (e.g., from salaries and wages) were required to file only if their gross income was more than \$3,250.
- [10] Rules governing which parent could make the election to include the child's income via Form 8814 are illustrated in U.S. Department of the Treasury, Internal Revenue Service, *Your Federal Income Tax—Publication 17 (1990)*.
- [11] For example, if the parent elected to use Form 8814 to report the child's income, deductions which could have been taken on the child's return (if a return had been filed for the child) that were not deductible on the parent's return included: a) the additional \$800 standard deduction if the child were blind; b) the deduction for the penalty on early withdrawal of the child's savings; and c) the child's itemized deductions. In addition, because the parent's AGI increased by the amount of the child's income, certain items on the parent's return that also could have been affected included: a) the deduction for contributions to an Individual Retirement Arrangement (IRA); b) itemized deductions for medical expenses, casualty and theft losses, and certain miscellaneous expenses; and c) the credit for child and dependent care expenses. Conversely, the AGI-limits on the deductions for charitable contributions could have increased resulting in a tax savings to the parent.
- [12] The Alaska Permanent Fund was created to return some of the royalties generated by the Alaska pipeline to Alaskan residents. Alaska Permanent Fund dividends are the distributions from this fund to these residents. "Backup withholding" is a withholding tax system in which the payer of interest, dividend or bond redemption income, or of income from the sale of securities, withholds tax at a 20 percent rate if the payer has not been provided with a correct taxpayer identification number or the payee has not certified to the payer that the payee is not subject to such withholding. Backup withhold
- ing also may occur if the Internal Revenue Service requests that the payer begin such withholding because the payee has persistently failed to properly report and pay taxes on interest or dividends.
- [13] For more details on the income computation under the 1979 Income Concept for 1990 and earlier years, see *Statistics of Income—Individual Income Tax Returns*, for the year concerned.
- [14] Due to the phase-out of personal exemptions for those high-income taxpayers with taxable incomes in excess of the upper limits shown in Figure A, "modified taxable income" for these taxpayers included taxable income plus some or all of the exemption amount.
- [15] For additional discussion of the measurement of average and marginal tax rates, see, for example, Bakija, Jon, and Steuerle, Eugene, "Individual Income Taxation Since 1948," *National Tax Journal*, Volume 44, Number 4, 1991; Fullerton, Don, "The Use of Effective Tax Rates in Tax Policy," *National Tax Journal*, Volume 39, Number 3, 1986; Spooner, Gillian M., "Effective Tax Rates From Financial Statements," *National Tax Journal*, Volume 39, Number 3, 1986; Bradford, David, and Stuart, Charles, "Issues in the Measurement and Interpretation of Effective Tax Rates," *National Tax Journal*, Volume 39, Number 3, 1986; and, Fullerton, Don, "Which Effective Tax Rate?" *National Tax Journal*, Volume 37, Number 1, 1984.
- [16] This treatment is consistent with the analytical uses of marginal rates in testing hypotheses about the behavior of economic agents when faced with particular marginal rates. To the extent that the taxpayer can correctly predict that income will be large enough to exceed the top 33 percent bracket, the decision to undertake an economic opportunity is affected by the 28 percent rate rather than the 33 percent rate.
- [17] The income amounts on which these special computations were based were not reflected in current-year taxable income.
- [18] The total earned income credit for 1990 was \$7.5 billion. This included the amount used to reduce the regular income tax to zero (\$1.6 billion), the amount used to reduce other taxes (including the alternative minimum tax, self-employment social security tax, tax from recapture of certain prior-year tax credits,

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social security tax on certain tip income, and tax applicable to an Individual Retirement Arrangement) reported on individual income tax returns to zero (\$0.7 billion), and the excess which was refundable (\$5.3 billion).

- [19] Total income tax does not include certain other taxes reported on individual income tax returns, such as self-employment (social security) tax, social security tax on certain tip income, tax from recapture of prior-year investment or low-income housing credits, and tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA). These taxes were included in the statistics for "total tax liability." For Tax Year 1990, total tax liability was equal to \$468.6 billion and was reported on 92.1 million returns. These taxes were reported in

Statistics of Income—1990, Individual Income Tax Returns.

- [20] For 1990, dependents filing their own returns were limited to an exemption of \$1,000 plus their "earned income." The dependent's AMT could be reduced if the parent had regular tax greater than the child's own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent's own tentative minimum tax.
- [21] For an explanation of the osculatory interpolation technique, see Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," *1977 Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.

Individual Income Tax Rates and Tax Shares, 1990

Table 1.— Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed

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

Marginal tax rate classes	All returns								
	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percentage of—
			At all rates	At marginal rate	At all rates	At marginal rate	Total	Adjusted gross income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All tax rates.....	93,078,537	3,342,902,181	2,268,362,237	1,428,270,346	452,122,734	310,457,490	446,276,704	13.3	19.7
15 percent (Form 8814) ¹	9,541	-153,652	3,045	3,045	459	459	188	(²)	6.2
15 percent.....	65,757,284	1,341,313,212	720,133,359	720,102,033	107,988,969	108,015,305	104,595,837	7.8	14.5
28 percent.....	23,161,454	1,240,207,758	914,993,913	280,806,601	173,754,395	78,625,848	172,888,965	13.9	18.9
33 percent ³	3,050,051	365,960,931	288,964,043	83,366,853	74,032,038	27,511,061	73,452,650	20.1	25.4
28 percent ³	716,242	393,921,368	342,790,143	342,784,204	95,980,470	95,979,577	94,984,459	24.1	27.7
Form 8615 ⁴	383,964	1,652,566	1,477,735	1,207,610	366,403	325,240	354,604	21.5	24.0
	Joint returns and returns of surviving spouses								
	Classified by the highest marginal rate at which tax was computed								
Marginal tax rate classes	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percentage of—
			At all rates	At marginal rate	At all rates	At marginal rate	Total	Adjusted gross income	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All tax rates.....	42,634,059	2,286,481,609	1,563,615,549	963,481,706	319,437,774	217,683,806	316,136,584	13.8	20.2
15 percent (Form 8814) ¹	9,535	-129,850	3,039	3,039	458	458	188	(²)	6.2
15 percent.....	26,409,680	799,853,206	425,733,482	425,709,639	63,847,563	63,856,446	62,401,012	7.8	14.7
28 percent.....	13,741,145	892,894,025	645,804,512	199,876,080	122,854,873	55,965,303	122,138,560	13.7	18.9
33 percent ³	1,966,324	280,648,711	219,207,190	65,031,493	56,332,790	21,460,393	55,871,610	19.9	25.5
28 percent ³	507,376	313,215,517	272,867,325	272,861,455	76,402,090	76,401,207	75,725,215	24.2	27.8
Form 8615 ⁴	--	--	--	--	--	--	--	--	--
	Returns of married persons filing separately								
	Classified by the highest marginal rate at which tax was computed								
Marginal tax rate classes	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percentage of—
			At all rates	At marginal rate	At all rates	At marginal rate	Total	Adjusted gross income	
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
All tax rates.....	1,844,519	52,531,545	37,785,567	24,365,043	8,068,956	5,732,270	7,901,628	15.0	20.9
15 percent (Form 8814) ¹	**	**	**	**	**	**	**	**	**
15 percent.....	*1,158,719	*16,309,614	*9,093,561	*9,093,311	*1,363,460	*1,363,997	*1,332,445	*8.2	*14.7
28 percent.....	564,775	18,430,933	13,734,147	4,570,676	2,654,193	1,279,789	2,649,702	14.4	19.3
33 percent ³	108,589	7,622,306	6,100,540	1,843,761	1,571,258	608,441	1,550,104	20.3	25.4
28 percent ³	12,435	10,168,691	8,857,318	8,857,296	2,480,046	2,480,043	2,369,377	23.3	26.8
Form 8615 ⁴	--	--	--	--	--	--	--	--	--

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 1990

Table 1.-- Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed--Continued

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

Marginal tax rate classes	Returns of heads of household									
	Classified by the highest marginal rate at which tax was computed									
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percentage of-	
			At all rates	At marginal rate	At all rates	At marginal rate	Total	Adjusted gross income	Modified taxable income	
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)		
All tax rates.....	8,970,262	218,641,815	122,131,319	90,793,619	20,997,783	15,959,940	18,896,908	8.6	15.5	
15 percent (Form 8814) ¹ ..	--	--	--	--	--	--	--	--	--	
15 percent.....	7,854,088	154,574,722	73,506,637	73,499,404	11,022,242	11,024,911	9,051,809	5.9	12.3	
28 percent.....	1,038,161	49,445,981	36,506,380	9,458,895	6,705,630	2,648,491	6,621,356	13.4	18.1	
33 percent ³	63,730	7,813,814	6,135,970	1,852,991	1,594,859	611,487	1,576,743	20.2	25.7	
28 percent ³	14,283	6,807,297	5,982,332	5,982,328	1,675,052	1,675,052	1,647,000	24.2	27.5	
Form 8615 ⁴	--	--	--	--	--	--	--	--	--	
Marginal tax rate classes	Returns of single persons									
	Classified by the highest marginal rate at which tax was computed									
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percentage of-	
			At all rates	At marginal rate	At all rates	At marginal rate	Total	Adjusted gross income	Modified taxable income	
(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)		
All tax rates.....	39,629,697	785,247,213	544,829,803	349,629,978	103,618,221	71,081,474	103,341,583	13.2	19.0	
15 percent (Form 8814) ¹ ..	--	--	--	--	--	--	--	--	--	
15 percent.....	*30,334,803	*370,551,866	*211,799,685	*211,799,685	*31,755,706	*31,769,953	*31,810,571	*8.6	*15.0	
28 percent.....	-7,817,374	279,436,818	218,948,873	-66,900,950	41,539,699	18,732,266	41,479,347	14.8	18.9	
33 percent ³	911,408	69,876,100	57,520,343	14,638,607	14,533,131	4,830,740	14,454,193	20.7	25.1	
28 percent ³	182,148	63,729,863	55,083,167	55,083,126	15,423,281	15,423,275	15,242,868	23.9	27.7	
Form 8615 ⁴	383,964	1,652,566	1,477,735	1,207,610	366,403	325,240	354,604	21.5	24.0	

** Data are combined with data in an adjacent rate class to avoid disclosure of information for specific taxpayers.

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$500 and \$5,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income and thus the overall total adjusted gross income for these returns is negative.

² Percentage not computed.

³ For 1990, the tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was subject to an additional 5 percent tax, creating an effective "temporary" 33 percent marginal rate. The purpose of this temporary rate was to phase out the benefits of the lower 15 percent tax rate and the deduction for personal exemptions for taxpayers and dependents. At the point where these benefits were completely phased out, the marginal rate returned to 28 percent, and the average tax rate on taxable income plus the phased-out personal exemptions was equal to 28 percent.

⁴ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,000.

NOTES: Detail may not add to totals because of rounding. Data in Table 1 reflect revisions to data in Table 3.4, Statistics of Income, 1990 -- Individual Income Tax Returns.

Individual Income Tax Rates and Tax Shares, 1990

Table 2.—Returns With Modified Taxable Income: Tax Generated by Rate, 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 with modified taxable income	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate		
					15 percent (from Form 8814) ¹		
					Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Total.....	93,078,537	2,263,661,033	2,268,362,234	452,122,734	164,960	88,325	13,471
Under \$2,000.....	1,881,067	654,765	657,109	105,051	1,051	387	58
\$2,000 under \$4,000.....	2,006,411	1,192,548	1,216,792	202,928	-	-	-
\$4,000 under \$6,000.....	2,580,870	3,310,922	3,323,288	514,382	-	-	-
\$6,000 under \$8,000.....	3,876,653	7,473,863	7,489,341	1,129,545	*2,704	*189	*30
\$8,000 under \$10,000.....	3,930,011	13,089,817	13,102,489	1,965,294	*2,345	*1,173	*176
\$10,000 under \$12,000.....	4,551,920	19,376,342	19,386,845	2,914,128	-	-	-
\$12,000 under \$14,000.....	4,991,561	27,542,706	27,577,592	4,139,510	-	-	-
\$14,000 under \$16,000.....	4,695,758	33,454,977	33,465,767	5,017,634	*2,345	*1,156	*174
\$16,000 under \$18,000.....	4,537,620	39,167,223	39,213,273	5,885,865	*2,704	*2,450	*368
\$18,000 under \$20,000.....	4,392,922	46,283,928	46,305,636	6,952,396	-	-	-
\$20,000 under \$25,000.....	9,457,897	123,842,029	123,932,637	18,620,394	*8,608	*6,269	*941
\$25,000 under \$30,000.....	7,765,369	133,528,020	133,593,405	20,819,243	*76	*36	*5
\$30,000 under \$40,000.....	12,235,837	280,504,593	280,625,387	45,761,420	23,908	12,711	1,907
\$40,000 under \$50,000.....	8,817,271	270,449,536	270,553,507	45,209,089	16,181	7,195	1,123
\$50,000 under \$75,000.....	10,926,426	466,517,729	466,701,456	87,809,121	36,299	18,080	2,713
\$75,000 under \$100,000.....	3,272,134	205,237,566	205,293,763	44,607,035	23,931	12,965	1,944
\$100,000 under \$200,000.....	2,325,498	230,497,142	230,807,168	58,175,866	30,273	16,454	2,627
\$200,000 under \$500,000.....	642,857	152,657,211	155,075,010	43,483,307	11,566	7,452	1,132
\$500,000 under \$1,000,000.....	129,977	74,316,528	75,117,603	21,031,963	1,905	1,097	165
\$1,000,000 or more.....	60,479	134,653,588	134,924,166	37,778,562	1,063	711	108

Size of adjusted gross income	Tax generated at specified rate--Continued					
	15 percent			28 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(8)	(9)	(10)	(11)	(12)	(13)	
Total.....	92,345,532	1,439,483,894	215,922,584	26,211,505	401,431,348	112,400,777
Under \$2,000.....	1,880,519	591,653	88,748	-	-	-
\$2,000 under \$4,000.....	2,003,706	1,029,379	154,407	-	-	-
\$4,000 under \$6,000.....	2,580,870	3,132,982	469,947	-	-	-
\$6,000 under \$8,000.....	3,873,949	7,416,249	1,112,437	-	-	-
\$8,000 under \$10,000.....	3,927,665	13,087,446	1,963,117	-	-	-
\$10,000 under \$12,000.....	4,551,920	19,334,259	2,900,139	-	-	-
\$12,000 under \$14,000.....	4,991,561	27,481,601	4,122,240	-	-	-
\$14,000 under \$16,000.....	4,695,758	33,464,611	5,019,692	-	-	-
\$16,000 under \$18,000.....	4,534,916	39,165,252	5,874,788	*5,408	*2,366	*663
\$18,000 under \$20,000.....	4,392,922	46,246,647	6,936,997	*9,413	*12,672	*3,548
\$20,000 under \$25,000.....	9,454,698	123,658,770	18,548,815	269,901	267,599	74,928
\$25,000 under \$30,000.....	7,765,369	127,572,170	19,135,825	2,404,247	6,021,199	1,685,936
\$30,000 under \$40,000.....	12,233,370	252,388,348	37,858,252	3,752,838	28,047,198	7,853,215
\$40,000 under \$50,000.....	8,817,268	234,975,906	35,246,386	4,278,034	35,412,364	9,915,462
\$50,000 under \$75,000.....	10,926,351	331,335,436	49,700,315	9,826,927	131,094,110	36,706,351
\$75,000 under \$100,000.....	3,272,134	101,710,189	15,256,528	3,235,456	96,590,343	27,045,296
\$100,000 under \$200,000.....	2,228,879	70,023,502	10,503,525	2,217,304	94,323,583	26,410,603
\$200,000 under \$500,000.....	212,998	6,852,608	1,027,891	211,474	9,640,048	2,699,213
\$500,000 under \$1,000,000.....	542	13,304	1,996	398	15,548	4,353
\$1,000,000 or more.....	137	3,583	537	105	4,319	1,209

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 1990

Table 2.— Returns With Modified Taxable Income: Tax Generated by Rate, 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	Tax generated at specified rate—Continued								
	33 percent ²			28 percent ²			Form 8615 ³		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	
Total.....	3,050,051	83,366,853	27,511,061	716,242	342,784,204	95,979,577	383,964	1,207,610	325,240
Under \$2,000.....	--	--	--	--	--	--	170,380	65,069	16,716
\$2,000 under \$4,000.....	--	--	--	--	--	--	113,455	187,412	49,260
\$4,000 under \$6,000.....	--	--	--	--	--	--	54,170	190,306	45,560
\$6,000 under \$8,000.....	--	--	--	--	--	--	*14,600	*72,902	*18,840
\$8,000 under \$10,000.....	--	--	--	--	--	--	*2,704	*13,870	*3,883
\$10,000 under \$12,000.....	--	--	--	--	--	--	*5,408	*52,586	*16,163
\$12,000 under \$14,000.....	--	--	--	--	--	--	*8,113	*95,991	*19,557
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	*2,704	*43,205	*12,182
\$18,000 under \$20,000.....	--	--	--	--	--	--	*2,704	*46,318	*13,881
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--
\$30,000 under \$40,000.....	--	--	--	--	--	--	*5,420	*177,131	*52,061
\$40,000 under \$50,000.....	30,005	55,365	18,271	--	--	--	*2,467	*102,678	*29,898
\$50,000 under \$75,000.....	588,220	4,168,732	1,375,682	--	--	--	*1,320	*85,098	*24,406
\$75,000 under \$100,000.....	461,561	6,940,248	2,290,282	--	--	--	*506	*40,018	*12,934
\$100,000 under \$200,000.....	1,760,166	53,097,383	17,522,136	96,619	13,346,246	3,736,949	--	--	--
\$200,000 under \$500,000.....	209,700	19,081,746	6,296,976	429,855	119,493,156	33,458,084	--	--	--
\$500,000 under \$1,000,000....	321	18,126	5,982	129,432	75,069,528	21,019,468	--	--	--
\$1,000,000 or more.....	78	5,252	1,733	60,336	134,875,274	37,765,077	*13	*35,027	*9,897

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

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$500 and \$5,000) on the parents' income tax return.

² For 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to an additional 5 percent tax, creating an effective "temporary" 33 percent marginal tax rate. The purpose behind this was to phase out the benefit of the 15 percent rate and the benefit of the deduction for personal exemptions for taxpayers and dependents. After these benefits were phased out, the marginal rate reverted to 28 percent; the average tax rate on taxable income plus the phased-out exemptions amounts was equal to 28 percent.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,000.

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

Individual Income Tax Rates and Tax Shares, 1990

Table 3.— Returns with Modified Taxable Income: Taxable Income and Tax, by Each Rate at Which Tax was Computed and Marital Status

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

Tax rates	All returns			Joint returns and returns of surviving spouses			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates	93,078,537	2,268,362,234	452,152,710	42,634,059	1,563,615,546	319,449,936	39,629,697	544,829,803	103,631,579
15 percent (Form 8814) ¹	164,960	88,325	13,471	148,128	76,967	11,767	*113	*43	*6
15 percent.....	92,345,532	1,439,483,894	215,922,584	42,117,148	935,416,984	140,312,548	39,440,326	381,844,612	57,276,692
28 percent.....	26,211,505	401,431,348	112,400,777	15,707,468	290,228,647	81,264,021	8,728,782	92,055,804	25,775,625
33 percent ²	3,050,051	83,366,853	27,511,061	1,966,324	65,031,493	21,460,393	911,408	14,638,607	4,830,740
28 percent ²	716,242	342,784,204	95,979,577	507,376	272,861,455	76,401,207	182,148	55,083,126	15,423,275
Form 8615 ³	383,964	1,207,610	325,240	--	--	--	383,964	1,207,610	325,240

Tax rates	Returns of heads of households			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates	8,970,262	122,131,319	21,001,518	1,844,519	37,785,567	8,069,678
15 percent (Form 8814) ¹	16,094	10,962	1,644	625	353	53
15 percent.....	8,955,979	102,203,657	15,330,549	1,832,079	20,018,641	3,002,796
28 percent.....	1,101,891	12,081,380	3,382,786	673,364	7,065,517	1,978,345
33 percent ²	63,730	1,852,991	611,487	108,589	1,843,761	608,441
28 percent ²	14,283	5,982,328	1,675,052	12,435	8,857,296	2,480,043
Form 8615 ³	--	--	--	--	--	--

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

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$500 and \$5,000) on the parents' income tax return.

² For 1990, the tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was subject to an additional 5 percent tax, creating an effective "temporary" 33 percent marginal rate. The purpose of this temporary rate was to phase out the benefits of the lower 15 percent tax rate and the deduction for personal exemptions for taxpayers and dependents. At the point where these benefits were completely phased out, the marginal rate returned to 28 percent, and the average tax rate on taxable income plus the phased-out personal exemptions was equal to 28 percent.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,000.

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

Individual Income Tax Rates and Tax Shares, 1990

Table 4.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1980-1990

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1980.....	93,238,823	932,388	4,661,941	9,323,882	23,309,706	46,619,411
1981.....	94,586,878	945,869	4,729,344	9,458,688	23,646,719	47,293,439
1982.....	94,426,498	944,265	4,721,325	9,442,650	23,606,624	47,213,249
1983.....	95,330,713	953,307	4,766,536	9,533,071	23,832,678	47,665,356
1984.....	98,435,000	984,350	4,921,750	9,843,500	24,608,750	49,217,500
1985.....	100,625,484	1,006,255	5,031,274	10,062,548	25,156,371	50,312,742
1986.....	102,087,623	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987.....	106,154,761	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988.....	108,872,859	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989.....	111,312,721	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990.....	112,812,262	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
Adjusted gross income floor on percentiles (current dollars):						
1980.....	N/A	80,580	43,792	35,070	23,606	12,936
1981.....	N/A	85,428	47,845	38,283	25,655	14,000
1982.....	N/A	89,388	49,284	39,676	27,027	14,539
1983.....	N/A	93,512	51,553	41,222	27,827	15,044
1984.....	N/A	100,889	55,423	43,956	29,360	15,998
1985.....	N/A	108,134	58,883	46,322	30,928	16,688
1986.....	N/A	118,818	62,377	48,656	32,242	17,302
1987.....	N/A	139,289	68,414	52,921	33,983	17,768
1988.....	N/A	157,136	72,735	55,437	35,398	18,367
1989.....	N/A	163,869	76,933	58,263	36,839	18,993
1990.....	N/A	167,421	79,064	60,287	38,080	19,767
Adjusted gross income floor on percentiles (constant dollars): ²						
1980.....	N/A	97,791	53,146	42,561	28,648	15,699
1981.....	N/A	93,980	52,635	42,116	28,223	15,402
1982.....	N/A	92,630	51,072	41,115	28,007	15,066
1983.....	N/A	93,888	51,760	41,388	27,939	15,104
1984.....	N/A	97,102	53,343	42,306	28,258	15,397
1985.....	N/A	100,496	54,724	43,050	28,743	15,509
1986.....	N/A	108,411	56,913	44,394	29,418	15,786
1987.....	N/A	122,614	60,224	46,585	29,915	15,641
1988.....	N/A	132,828	61,484	46,861	29,922	15,526
1989.....	N/A	132,152	62,043	46,986	29,709	15,317
1990.....	N/A	128,096	60,493	46,126	29,135	15,124
Adjusted gross income (millions of dollars): ³						
1980.....	1,626,555	137,668	341,790	522,685	922,300	1,338,978
1981.....	1,791,116	148,722	372,171	572,719	1,015,006	1,473,267
1982.....	1,875,872	167,109	398,189	605,159	1,065,241	1,543,634
1983.....	1,969,600	182,895	428,162	645,661	1,127,019	1,625,287
1984.....	2,173,228	209,899	482,266	722,552	1,250,911	1,794,303
1985.....	2,343,989	235,095	531,372	791,481	1,358,860	1,939,351
1986.....	2,524,124	285,197	608,467	886,510	1,490,173	2,103,569
1987.....	2,813,728	346,635	722,221	1,038,221	1,709,389	2,373,869
1988.....	3,124,156	473,527	890,702	1,232,536	1,950,860	2,657,865
1989.....	3,298,858	468,079	918,421	1,286,539	2,054,478	2,805,235
1990.....	3,451,237	483,252	953,337	1,338,032	2,144,177	2,932,537

Footnotes at end of Table 5.

Individual Income Tax Rates and Tax Shares, 1990

Table 4.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1980-1990--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Total income tax (millions of dollars):⁴						
1980.....	250,240	48,270	92,773	123,799	182,966	232,662
1981.....	283,993	50,820	100,423	136,928	205,665	262,913
1982.....	277,470	53,528	100,958	135,394	201,466	257,160
1983.....	274,056	56,806	103,350	137,256	200,897	254,561
1984.....	301,504	65,707	116,512	154,142	222,515	279,574
1985.....	325,525	72,581	127,880	168,907	241,887	302,401
1986.....	366,979	94,491	156,240	200,703	278,976	343,289
1987.....	369,046	91,559	159,642	205,230	283,857	346,655
1988.....	412,761	113,841	188,303	236,411	321,297	389,145
1989.....	432,838	109,259	190,188	241,458	334,258	407,599
1990.....	447,061	112,338	195,088	247,514	344,340	421,075
Average tax rate (percentage):⁵						
1980.....	15.38	35.06	27.14	23.69	19.84	17.38
1981.....	15.86	34.17	26.98	23.91	20.26	17.85
1982.....	14.79	32.03	25.35	22.37	18.91	16.66
1983.....	13.91	31.06	24.14	21.26	17.83	15.66
1984.....	13.87	31.30	24.16	21.33	17.79	15.58
1985.....	13.89	30.87	24.07	21.34	17.80	15.59
1986.....	14.54	33.13	25.68	22.64	18.72	16.32
1987.....	13.12	26.41	22.10	19.77	16.61	14.60
1988.....	13.21	24.04	21.14	19.18	16.47	14.64
1989.....	13.12	23.34	20.71	18.77	16.27	14.53
1990.....	12.95	23.25	20.46	18.50	16.06	14.36
Adjusted gross income share (percentage):						
1980.....	100.00	8.46	21.01	32.13	56.70	82.32
1981.....	100.00	8.30	20.78	31.98	56.67	82.25
1982.....	100.00	8.91	21.23	32.26	56.79	82.29
1983.....	100.00	9.29	21.74	32.78	57.22	82.52
1984.....	100.00	9.66	22.19	33.25	57.56	82.56
1985.....	100.00	10.03	22.67	33.77	57.97	82.74
1986.....	100.00	11.30	24.11	35.12	59.04	83.34
1987.....	100.00	12.32	25.67	36.90	60.75	84.37
1988.....	100.00	15.16	28.51	39.45	62.44	85.07
1989.....	100.00	14.19	27.84	39.00	62.28	85.04
1990.....	100.00	14.00	27.62	38.77	62.13	84.97
Total income tax share (percentage):						
1980.....	100.00	19.29	37.07	49.47	73.12	92.98
1981.....	100.00	17.89	35.36	48.22	72.42	92.58
1982.....	100.00	19.29	36.39	48.80	72.61	92.68
1983.....	100.00	20.73	37.71	50.08	73.31	92.89
1984.....	100.00	21.79	38.64	51.12	73.80	92.73
1985.....	100.00	22.30	39.28	51.89	74.31	92.90
1986.....	100.00	25.75	42.57	54.69	76.02	93.54
1987.....	100.00	24.81	43.26	55.61	76.92	93.93
1988.....	100.00	27.58	45.62	57.28	77.84	94.28
1989.....	100.00	25.24	43.94	55.78	77.22	94.17
1990.....	100.00	25.13	43.64	55.36	77.02	94.19

Footnotes at end of Table 5.

Individual Income Tax Rates and Tax Shares, 1990

Table 5.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1980-1990

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ^{1,6}						
1980.....	93,238,823	46,619,411	69,929,117	83,914,941	88,576,882	92,306,435
1981.....	94,586,878	47,293,439	70,940,158	85,128,190	89,857,534	93,641,009
1982.....	94,426,498	47,213,249	70,819,873	84,983,848	89,705,173	93,482,233
1983.....	95,330,713	47,665,356	71,498,035	85,797,642	90,564,177	94,377,406
1984.....	98,435,000	49,217,500	73,826,250	88,591,500	93,513,250	97,450,650
1985.....	100,625,484	50,312,742	75,469,113	90,562,936	95,594,210	99,619,229
1986.....	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987.....	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988.....	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989.....	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990.....	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
Adjusted gross income (millions of dollars): ¹						
1980.....	1,626,555	287,576	704,255	1,103,869	1,284,765	1,488,886
1981.....	1,791,116	317,848	776,110	1,218,397	1,418,945	1,642,393
1982.....	1,875,872	332,238	810,630	1,270,713	1,477,682	1,708,762
1983.....	1,969,600	344,313	842,581	1,323,939	1,541,438	1,786,705
1984.....	2,173,228	378,925	922,317	1,450,676	1,690,962	1,963,329
1985.....	2,343,989	404,637	985,129	1,552,508	1,812,617	2,108,894
1986.....	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987.....	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988.....	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989.....	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990.....	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
Total income tax (millions of dollars): ⁴						
1980.....	250,240	17,578	67,274	126,441	157,467	201,971
1981.....	283,993	21,080	78,329	147,065	183,570	233,173
1982.....	277,470	20,310	76,005	142,076	176,512	223,942
1983.....	274,056	19,495	73,159	136,799	170,706	217,250
1984.....	301,504	21,930	78,990	147,362	184,992	235,797
1985.....	325,525	23,124	83,638	156,618	197,645	252,944
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,816	209,404	277,488
1988.....	412,761	23,616	91,464	176,350	224,459	298,920
1989.....	432,838	25,239	98,580	191,380	242,650	323,579
1990.....	447,061	25,986	102,721	199,547	251,973	334,723
Average tax rate (percentage): ⁵						
1980.....	15.38	6.11	9.55	11.45	12.26	13.57
1981.....	15.86	6.63	10.09	12.07	12.94	14.20
1982.....	14.79	6.11	9.38	11.18	11.95	13.11
1983.....	13.91	5.66	8.68	10.33	11.07	12.16
1984.....	13.87	5.79	8.56	10.16	10.94	12.01
1985.....	13.89	5.71	8.49	10.09	10.90	11.99
1986.....	14.54	5.63	8.51	10.15	11.00	12.17
1987.....	13.12	5.09	7.71	9.23	10.01	11.25
1988.....	13.21	5.06	7.80	9.32	10.05	11.28
1989.....	13.12	5.11	7.92	9.51	10.19	11.43
1990.....	12.95	5.01	7.86	9.44	10.09	11.28

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 1990

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1980-1990--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income share (percentage):						
1980.....	100.00	17.68	43.30	67.87	78.99	91.54
1981.....	100.00	17.75	43.33	68.02	79.22	91.70
1982.....	100.00	17.71	43.21	67.74	78.77	91.09
1983.....	100.00	17.48	42.78	67.22	78.26	90.71
1984.....	100.00	17.44	42.44	66.75	77.81	90.34
1985.....	100.00	17.26	42.03	66.23	77.33	89.97
1986.....	100.00	16.66	40.96	64.88	75.89	88.70
1987.....	100.00	15.63	39.25	63.10	74.33	87.68
1988.....	100.00	14.93	37.56	60.55	71.49	84.84
1989.....	100.00	14.96	37.72	61.00	72.16	85.81
1990.....	100.00	15.03	37.87	61.23	72.38	86.00
Total income tax share (percentage):						
1980.....	100.00	7.02	26.88	50.53	62.93	80.71
1981.....	100.00	7.42	27.58	51.78	64.64	82.11
1982.....	100.00	7.32	27.39	51.20	63.61	80.71
1983.....	100.00	7.11	26.69	49.92	62.29	79.27
1984.....	100.00	7.27	26.20	48.88	61.36	78.21
1985.....	100.00	7.10	25.69	48.11	60.72	77.70
1986.....	100.00	6.46	23.98	45.31	57.43	74.25
1987.....	100.00	6.07	23.08	44.39	56.74	75.19
1988.....	100.00	5.72	22.16	42.72	54.38	72.42
1989.....	100.00	5.83	22.78	44.22	56.06	74.76
1990.....	100.00	5.81	22.98	44.64	56.36	74.87

N/A-- not applicable.

¹ The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 4 and 5. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 1990, there were 5,329 returns with no adjusted gross income that reported alternative minimum tax totaling \$41.0 million.

² Constant dollar estimates were based on the Consumer Price Index (CPI-U 1982-84=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics in CPI Detailed Report, July 1993.

³ See footnote 1.

⁴ Total income tax is the sum of income tax after credits and alternative minimum tax reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

⁵ The average tax rate was computed by dividing total income tax (see footnote 4) by (positive) adjusted gross income.

⁶ The numbers of returns by ascending cumulative percentiles for Tax Years 1980-1989 in columns 2-6 represent corrections to the numbers shown in the similar table (Table 6) on page 73 of the Spring 1993 Statistics of Income Bulletin. (The numbers in Table 5, page 71, of the Spring 1993 Bulletin table were inadvertently shown as being the same as those by descending cumulative percentiles.) The corrections do not apply to the dollar amounts or to the percentages presented either in this issue of the Bulletin or in the Spring 1993 issue.

Individual Income Tax Rates and Tax Shares, 1990

Table 6.--All Returns: Number of Returns, Shares of Income Based on the 1979 Income Concept, and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the 1979 Income Concept, Tax Years 1985-1990

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1985.....	101,660,287	1,016,610	5,083,050	10,166,100	25,415,250	50,830,500
1986.....	103,045,170	1,030,450	5,152,250	10,304,500	25,761,250	51,522,500
1987.....	106,996,270	1,069,940	5,349,700	10,699,400	26,748,500	53,497,000
1988.....	109,708,280	1,097,090	5,485,450	10,970,900	27,427,250	54,854,500
1989.....	112,135,673	1,121,330	5,606,650	11,213,300	28,033,250	56,066,500
1990.....	113,717,138	1,137,170	5,685,850	11,371,700	28,429,250	56,858,500
Income floor on percentiles (current whole dollars):						
1985.....	N/A	124,962	63,126	48,664	31,753	16,951
1986.....	N/A	147,970	68,058	51,848	33,304	17,651
1987.....	N/A	144,820	68,990	52,926	33,994	17,760
1988.....	N/A	160,947	73,105	55,425	35,237	18,362
1989.....	N/A	169,460	77,318	58,211	36,652	18,959
1990.....	N/A	173,600	80,192	60,390	37,862	19,715
Income floor on percentiles (constant whole dollars): ²						
1985.....	N/A	116,136	58,667	45,227	29,510	15,754
1986.....	N/A	135,009	62,097	47,307	30,387	16,105
1987.....	N/A	127,482	60,731	46,590	29,924	15,634
1988.....	N/A	136,050	61,796	46,851	29,786	15,522
1989.....	N/A	136,661	62,353	46,944	29,558	15,290
1990.....	N/A	132,823	61,356	46,205	28,969	15,084
Income (millions of dollars):						
1985.....	2,487,383	309,327	638,986	917,620	1,512,627	2,113,168
1986.....	2,753,687	429,393	800,547	1,103,026	1,741,211	2,377,981
1987.....	2,813,525	364,909	752,112	1,071,761	1,748,543	2,418,826
1988.....	3,106,552	485,818	914,122	1,259,567	1,980,128	2,691,199
1989.....	3,286,325	488,655	950,515	1,322,394	2,092,555	2,846,169
1990.....	3,442,562	506,283	991,435	1,382,138	2,191,609	2,983,751
Total income tax (millions of dollars): ³						
1985.....	325,710	71,841	128,546	168,452	242,082	301,937
1986.....	367,287	93,581	156,695	200,026	278,686	342,511
1987.....	369,203	90,452	159,684	205,420	283,813	346,406
1988.....	412,870	113,095	187,454	236,702	321,338	388,843
1989.....	432,940	108,372	188,883	242,297	333,678	407,418
1990.....	447,127	111,368	193,122	248,433	344,075	421,046
Average tax rate (percentage): ⁴						
1985.....	13.09	23.22	20.12	18.36	16.00	14.29
1986.....	13.34	21.79	19.57	18.13	16.01	14.40
1987.....	13.12	24.79	21.23	19.17	16.23	14.32
1988.....	13.29	23.28	20.51	18.79	16.23	14.45
1989.....	13.17	22.18	19.87	18.32	15.95	14.31
1990.....	12.99	22.00	19.48	17.97	15.70	14.11
Income share (percentage):						
1985.....	100.00	12.44	25.69	36.89	60.81	84.96
1986.....	100.00	15.59	29.07	40.06	63.23	86.36
1987.....	100.00	12.97	26.73	38.09	62.15	85.97
1988.....	100.00	15.64	29.43	40.55	63.74	86.63
1989.....	100.00	14.87	28.92	40.24	63.67	86.61
1990.....	100.00	14.71	28.80	40.15	63.66	86.67
Total income tax share (percentage):						
1985.....	100.00	22.06	39.47	51.72	74.32	92.70
1986.....	100.00	25.48	42.66	54.46	75.88	93.25
1987.....	100.00	24.50	43.25	55.64	76.87	93.83
1988.....	100.00	27.39	45.40	57.33	77.83	94.18
1989.....	100.00	25.03	43.63	55.97	77.07	94.11
1990.....	100.00	24.91	43.19	55.56	76.95	94.17

Footnotes at end of Table 7.

Individual Income Tax Rates and Tax Shares, 1990

Table 7.--All Returns: Number of Returns, Shares of Income Based on the 1979 Income Concept, and Total Income Tax, Income Floor on Percentiles, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Using the 1979 Income Concept, Tax Years 1985-1990

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1985.....	101,660,287	50,830,500	76,245,750	91,494,900	96,577,950	100,644,390
1986.....	103,045,170	51,522,500	77,283,750	92,740,500	97,892,750	102,014,550
1987.....	106,996,270	53,497,000	80,245,500	96,294,600	101,644,300	105,924,060
1988.....	109,708,280	54,854,500	82,281,750	98,738,100	104,223,550	108,611,910
1989.....	112,135,673	56,066,500	84,099,750	100,919,700	106,526,350	111,011,670
1990.....	113,717,138	56,858,500	85,287,750	102,345,300	108,031,150	112,579,830
Income (millions of dollars):						
1985.....	2,487,383	374,215	974,756	1,569,763	1,848,397	2,178,056
1986.....	2,753,687	375,706	1,012,476	1,650,661	1,953,140	2,324,294
1987.....	2,813,525	394,699	1,064,982	1,741,764	2,061,413	2,448,616
1988.....	3,106,552	415,353	1,126,424	1,846,985	2,192,430	2,620,734
1989.....	3,286,325	440,156	1,193,770	1,963,931	2,335,810	2,797,670
1990.....	3,442,562	458,811	1,250,953	2,060,424	2,451,127	2,936,279
Total income tax (millions of dollars): ³						
1985.....	325,710	23,774	83,629	157,259	197,165	253,870
1986.....	367,287	24,776	88,601	167,261	210,592	273,706
1987.....	369,203	22,797	85,390	163,783	209,519	278,751
1988.....	412,870	24,027	91,532	176,168	225,416	299,775
1989.....	432,940	25,520	99,260	190,641	244,055	324,566
1990.....	447,127	26,081	103,052	198,694	254,005	335,759
Average tax rate (percentage): ⁴						
1985.....	13.09	6.35	8.58	10.02	10.67	11.66
1986.....	13.34	6.59	8.75	10.13	10.78	11.78
1987.....	13.12	5.78	8.02	9.40	10.16	11.38
1988.....	13.29	5.78	8.13	9.54	10.28	11.44
1989.....	13.17	5.80	8.31	9.71	10.45	11.60
1990.....	12.99	5.68	8.24	9.64	10.36	11.43
Income share (percentage):						
1985.....	100.00	15.04	39.19	63.11	74.31	87.56
1986.....	100.00	13.64	36.77	59.94	70.93	84.41
1987.....	100.00	14.03	37.85	61.91	73.27	87.03
1988.....	100.00	13.37	36.26	59.45	70.57	84.36
1989.....	100.00	13.39	36.33	59.76	71.08	85.13
1990.....	100.00	13.33	36.34	59.85	71.20	85.29
Total income tax share (percentage):						
1985.....	100.00	7.30	25.68	48.28	60.53	77.94
1986.....	100.00	6.75	24.12	45.54	57.34	74.52
1987.....	100.00	6.17	23.13	44.36	56.75	75.50
1988.....	100.00	5.82	22.17	42.67	54.60	72.61
1989.....	100.00	5.89	22.93	44.03	56.37	74.97
1990.....	100.00	5.83	23.05	44.44	56.81	75.09

N/A--Not applicable.

¹ The number of returns in columns 2 through 6, Tables 6 and 7, were processed in thousands and, therefore, reflect differences due to rounding.

² See footnote 2 at the end of Table 5.

³ Total income tax is the sum of income tax after credits and the alternative minimum tax.

⁴ Average tax rate was computed by dividing total income tax (see footnote 3) by income, using the 1979 income concept (see text and Figure B).

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

Revision to the Statistics of Income--1990, Individual Income Tax Returns

The following corrections are being published in the *Statistics of Income Bulletin* as a convenience to users of *Statistics of Income—Individual Income Tax Returns*, who are also subscribers to the *Bulletin*. *Statistics of Income—1992, Individual Income Tax Returns*, Publication 1304, in which the corrections would normally appear, will be published by the U.S. Government Printing Office at a later date.

On pages 16-18 of *Statistics of Income—1990, Individual Income Tax Returns*:

Table 1.1, which presents summary data on income and tax, classified by cumulative adjusted gross income size classes, is reproduced in full in order to correct the amounts shown in column 16, pages 16-18, for "Total income tax"; the percentages in column 15, page 18, for "Income tax after credits" in that part of the table which presents data cumulated downward from the largest size of adjusted gross income; and the description on page 18 of that same part of the table, which is incorrectly described as presenting data "cumulated from the smallest size of adjusted gross income" instead of "cumulated from the largest size of adjusted gross income." ("Total income tax" is the sum of "income tax after credits," column 14, plus the "alternative minimum tax.")

On page 24 of *Statistics of Income—1990, Individual Income Tax Returns*:

In Table 1.4, which presents data on sources of income, statutory adjustments, and tax items, classified by size of adjusted gross income, the heading above columns 5-6 should read "Taxable interest" instead of "Taxable income."

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income

(All figures are estimates based on samples-money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percentage of total	Adjusted gross income less deficit			Number of returns	Percentage of total	Adjusted gross income less deficit	
			Amount	Percentage of total	Average dollars			Amount	Percentage of total
Size of adjusted gross income	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	113,717,138	100.0	3,405,427,348	100.0	29,946	89,862,434	100.0	3,298,920,383	100.0
No adjusted gross income.....	904,876	0.8	-45,809,664	(¹)	-50,625	7,386	(²)	-2,923,512	(¹)
\$1 under \$1,000.....	2,782,846	2.4	1,712,429	0.1	615	723,656	0.8	558,020	(²)
\$1,000 under \$2,000.....	3,773,788	3.3	5,646,358	0.2	1,496	1,138,581	1.3	1,675,347	0.1
\$2,000 under \$3,000.....	3,604,792	3.2	8,961,810	0.3	2,486	869,062	1.0	2,154,531	0.1
\$3,000 under \$4,000.....	3,177,403	2.8	11,054,183	0.3	3,479	1,120,400	1.2	3,954,492	0.1
\$4,000 under \$5,000.....	3,139,442	2.8	14,122,259	0.4	4,498	1,047,974	1.2	4,697,937	0.1
\$5,000 under \$6,000.....	2,959,504	2.6	16,266,577	0.5	5,496	1,539,765	1.7	8,570,695	0.3
\$6,000 under \$7,000.....	3,044,732	2.7	19,754,245	0.6	6,488	1,928,443	2.1	12,519,214	0.4
\$7,000 under \$8,000.....	3,033,917	2.7	22,708,537	0.7	7,485	1,875,341	2.1	14,039,378	0.4
\$8,000 under \$9,000.....	2,991,621	2.6	25,467,999	0.7	8,513	1,726,327	1.9	14,705,783	0.4
\$9,000 under \$10,000.....	2,923,081	2.6	27,753,657	0.8	9,495	1,809,907	2.0	17,163,656	0.5
\$10,000 under \$11,000.....	2,967,728	2.6	31,150,431	0.9	10,496	1,868,290	2.1	19,632,501	0.6
\$11,000 under \$12,000.....	2,797,239	2.5	32,191,451	0.9	11,508	1,933,972	2.2	22,244,283	0.7
\$12,000 under \$13,000.....	2,775,412	2.4	34,734,189	1.0	12,515	1,951,719	2.2	24,431,635	0.7
\$13,000 under \$14,000.....	2,750,223	2.4	37,101,229	1.1	13,490	2,019,753	2.2	27,261,581	0.8
\$14,000 under \$15,000.....	2,632,148	2.3	38,198,964	1.1	14,512	2,048,413	2.3	29,741,559	0.9
\$15,000 under \$16,000.....	2,383,140	2.1	36,931,232	1.1	15,497	2,029,221	2.3	31,445,131	1.0
\$16,000 under \$17,000.....	2,303,300	2.0	38,010,959	1.1	16,503	2,119,638	2.4	34,987,140	1.1
\$17,000 under \$18,000.....	2,350,784	2.1	41,156,073	1.2	17,508	2,220,442	2.5	38,875,718	1.2
\$18,000 under \$19,000.....	2,305,512	2.0	42,650,437	1.3	18,499	2,187,340	2.4	40,463,521	1.2
\$19,000 under \$20,000.....	2,200,513	1.9	42,889,341	1.3	19,491	2,132,163	2.4	41,556,148	1.3
\$20,000 under \$25,000.....	9,572,317	8.4	214,321,942	6.3	22,390	9,429,905	10.5	211,173,551	6.4
\$25,000 under \$30,000.....	7,838,225	6.9	215,207,577	6.3	27,456	7,750,103	8.6	212,817,670	6.5
\$30,000 under \$40,000.....	12,282,788	10.8	426,384,692	12.5	34,714	12,216,500	13.6	424,130,001	12.9
\$40,000 under \$50,000.....	8,837,067	7.8	394,730,512	11.6	44,668	8,812,426	9.8	393,663,250	11.9
\$50,000 under \$75,000.....	10,944,102	9.6	657,214,261	19.3	60,052	10,924,763	12.2	656,050,396	19.9
\$75,000 under \$100,000.....	3,276,142	2.9	279,524,997	8.2	85,321	3,271,711	3.6	279,162,454	8.5
\$100,000 under \$200,000.....	2,329,582	2.0	305,567,590	9.0	131,170	2,325,498	2.6	305,030,894	9.2
\$200,000 under \$500,000.....	644,027	0.6	188,004,834	5.5	291,921	643,104	0.7	187,739,418	5.7
\$500,000 under \$1,000,000.....	130,252	0.1	87,142,014	2.6	669,026	130,062	0.1	87,011,992	2.6
\$1,000,000 or more.....	60,677	0.1	154,676,032	4.5	2,549,171	60,571	0.1	154,388,000	4.7

Footnotes at end of table.

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	Taxable returns										
	Taxable income			Income tax after credits			Total income tax				Average income tax (dollars)
	Number of returns	Amount	Percentage of total	Number of returns	Amount	Percentage of total	Amount	Percentage of			
								Total	Taxable income	Adjusted gross income less deficit	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Total.....	89,831,443	2,255,609,952	100.0	89,844,225	446,296,392	100.0	447,126,703	100.0	19.8	13.6	4,976
No adjusted gross income.....	-	-	-	714	352	(²)	65,556	(²)	(²)	(²)	8,876
\$1 under \$1,000.....	723,656	147,850	(²)	723,656	22,287	(²)	22,287	(²)	15.1	4.0	31
\$1,000 under \$2,000.....	1,138,581	506,425	(²)	1,138,581	83,408	(²)	83,408	(²)	16.5	5.0	73
\$2,000 under \$3,000.....	869,062	544,460	(²)	869,062	95,448	(²)	95,448	(²)	17.5	4.4	110
\$3,000 under \$4,000.....	1,120,400	645,927	(²)	1,120,400	105,104	(²)	105,531	(²)	16.3	2.7	94
\$4,000 under \$5,000.....	1,046,103	1,539,391	0.1	1,046,103	237,987	0.1	243,072	0.1	15.8	5.2	232
\$5,000 under \$6,000.....	1,534,767	1,771,531	0.1	1,539,765	289,690	0.1	289,690	0.1	16.4	3.4	188
\$6,000 under \$7,000.....	1,925,478	3,028,023	0.1	1,928,182	463,237	0.1	469,183	0.1	15.5	3.7	243
\$7,000 under \$8,000.....	1,869,855	4,384,114	0.2	1,875,264	664,649	0.1	665,350	0.1	15.2	4.7	355
\$8,000 under \$9,000.....	1,726,327	5,607,611	0.2	1,726,327	843,666	0.2	844,157	0.2	15.1	5.7	489
\$9,000 under \$10,000.....	1,809,907	7,138,355	0.3	1,809,907	1,061,420	0.2	1,061,420	0.2	14.9	6.2	586
\$10,000 under \$11,000.....	1,868,290	8,314,274	0.4	1,868,290	1,241,791	0.3	1,241,791	0.3	14.9	6.3	665
\$11,000 under \$12,000.....	1,933,471	9,640,675	0.4	1,933,471	1,466,299	0.3	1,466,335	0.3	15.2	6.6	758
\$12,000 under \$13,000.....	1,951,719	11,463,523	0.5	1,951,719	1,713,856	0.4	1,713,856	0.4	15.0	7.0	878
\$13,000 under \$14,000.....	2,019,753	13,500,362	0.6	2,019,753	1,964,918	0.4	1,968,550	0.4	14.6	7.2	975
\$14,000 under \$15,000.....	2,048,413	15,236,939	0.7	2,048,413	2,149,745	0.5	2,149,745	0.5	14.1	7.2	1,049
\$15,000 under \$16,000.....	2,028,960	16,380,545	0.7	2,028,960	2,288,084	0.5	2,288,657	0.5	14.0	7.3	1,128
\$16,000 under \$17,000.....	2,119,638	18,375,216	0.8	2,119,638	2,552,813	0.6	2,552,863	0.6	13.9	7.3	1,204
\$17,000 under \$18,000.....	2,220,442	20,221,630	0.9	2,220,442	2,854,172	0.6	2,854,172	0.6	14.1	7.3	1,285
\$18,000 under \$19,000.....	2,187,337	22,358,695	1.0	2,187,337	3,212,637	0.7	3,212,679	0.7	14.4	7.9	1,469
\$19,000 under \$20,000.....	2,132,155	23,621,445	1.0	2,132,155	3,455,979	0.8	3,456,184	0.8	14.6	8.3	1,621
\$20,000 under \$25,000.....	9,426,698	123,702,620	5.5	9,429,898	18,379,614	4.1	18,402,064	4.1	14.9	8.7	1,951
\$25,000 under \$30,000.....	7,750,084	133,318,027	5.9	7,750,084	20,555,429	4.6	20,557,463	4.6	15.4	9.7	2,653
\$30,000 under \$40,000.....	12,214,109	280,154,965	12.4	12,213,279	45,294,708	10.1	45,303,446	10.1	16.2	10.7	3,708
\$40,000 under \$50,000.....	8,812,298	270,376,907	12.0	8,811,129	44,844,051	10.0	44,851,708	10.0	16.6	11.4	5,090
\$50,000 under \$75,000.....	10,924,371	466,475,283	20.7	10,923,534	87,191,762	19.5	87,241,466	19.5	18.7	13.3	7,986
\$75,000 under \$100,000.....	3,271,435	205,197,482	9.1	3,271,053	44,341,122	9.9	44,375,252	9.9	21.6	15.9	13,563
\$100,000 under \$200,000.....	2,324,986	230,469,868	10.2	2,324,392	57,673,243	12.9	57,823,643	12.9	25.1	19.0	24,865
\$200,000 under \$500,000.....	642,730	152,635,560	6.8	642,410	43,263,538	9.7	43,437,775	9.7	28.5	23.1	67,544
\$500,000 under \$1,000,000.....	129,949	74,303,872	3.3	129,898	20,826,516	4.7	20,942,219	4.7	28.2	24.1	161,017
\$1,000,000 or more.....	60,469	134,548,375	6.0	60,410	37,158,867	8.3	37,341,734	8.4	27.8	24.2	616,495

Footnotes at end of table.

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percentage of total	Adjusted gross income less deficit			Number of returns	Percentage of total	Adjusted gross income less deficit	
			Amount	Percentage of total	Average dollars			Amount	Percentage of total
Cumulated from smallest size of adjusted gross income	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
No adjusted gross income.....	904,876	0.8	-45,809,664	(¹)	-50,625	7,386	(²)	-2,923,512	(¹)
\$1 under \$1,000.....	2,782,846	2.4	1,712,429	(²)	615	723,656	0.8	556,020	(²)
\$1 under \$2,000.....	6,556,635	5.8	7,358,787	0.2	1,122	1,862,236	2.1	2,231,366	0.1
\$1 under \$3,000.....	10,161,427	8.9	16,320,597	0.5	1,606	2,731,298	3.0	4,385,897	0.1
\$1 under \$4,000.....	13,338,830	11.7	27,374,780	0.8	2,052	3,851,698	4.3	8,340,389	0.3
\$1 under \$5,000.....	16,478,272	14.5	41,497,039	1.2	2,518	4,899,673	5.5	13,038,326	0.4
\$1 under \$6,000.....	19,437,776	17.1	57,763,617	1.7	2,972	6,439,438	7.2	21,609,021	0.7
\$1 under \$7,000.....	22,482,508	19.8	77,517,861	2.2	3,448	8,367,881	9.3	34,128,235	1.0
\$1 under \$8,000.....	25,516,425	22.4	100,226,399	2.9	3,928	10,243,222	11.4	48,167,613	1.5
\$1 under \$9,000.....	28,508,045	25.1	125,694,397	3.6	4,409	11,969,549	13.3	62,873,396	1.9
\$1 under \$10,000.....	31,431,127	27.6	153,448,255	4.4	4,882	13,779,456	15.3	80,037,052	2.4
\$1 under \$11,000.....	34,398,855	30.2	184,598,685	5.3	5,366	15,647,746	17.4	99,669,554	3.0
\$1 under \$12,000.....	37,196,094	32.7	216,790,137	6.3	5,828	17,581,718	19.6	121,913,837	3.7
\$1 under \$13,000.....	39,971,505	35.1	251,524,326	7.3	6,293	19,533,437	21.7	146,345,471	4.4
\$1 under \$14,000.....	42,721,728	37.6	288,625,555	8.4	6,756	21,553,189	24.0	173,607,052	5.3
\$1 under \$15,000.....	45,353,877	39.9	326,824,519	9.5	7,206	23,601,603	26.3	203,348,611	6.2
\$1 under \$16,000.....	47,737,016	42.0	363,755,751	10.5	7,620	25,630,824	28.5	234,793,743	7.1
\$1 under \$17,000.....	50,040,316	44.0	401,766,710	11.6	8,029	27,750,462	30.9	269,780,883	8.2
\$1 under \$18,000.....	52,391,080	46.1	442,922,782	12.8	8,454	29,970,903	33.4	308,656,601	9.3
\$1 under \$19,000.....	54,696,592	48.1	485,573,219	14.1	8,878	32,158,243	35.8	349,120,122	10.6
\$1 under \$20,000.....	56,897,105	50.0	528,462,560	15.3	9,288	34,290,405	38.2	390,676,269	11.8
\$1 under \$25,000.....	66,469,421	58.5	742,784,502	21.5	11,175	43,720,311	48.7	601,849,820	18.2
\$1 under \$30,000.....	74,307,647	65.3	957,992,079	27.8	12,892	51,470,414	57.3	814,667,490	24.7
\$1 under \$40,000.....	86,590,433	76.1	1,384,376,771	40.1	15,988	63,686,913	70.9	1,238,797,491	37.5
\$1 under \$50,000.....	95,427,500	83.9	1,779,107,283	51.5	18,644	72,499,339	80.7	1,632,460,741	49.4
\$1 under \$75,000.....	106,371,602	93.5	2,436,321,545	70.6	22,904	83,424,102	92.8	2,288,511,137	69.3
\$1 under \$100,000.....	109,647,744	96.4	2,715,846,542	78.7	24,769	86,695,813	96.5	2,567,673,591	77.8
\$1 under \$200,000.....	111,977,305	98.5	3,021,414,132	87.5	26,982	89,021,311	99.1	2,872,704,485	87.0
\$1 under \$500,000.....	112,621,332	99.0	3,209,418,966	93.0	28,497	89,664,415	99.8	3,060,443,903	92.7
\$1 under \$1,000,000.....	112,751,585	99.2	3,296,560,980	95.5	29,237	89,794,477	99.9	3,147,455,895	95.3
\$1 or more.....	112,812,262	99.2	3,451,237,012	100.0	30,593	89,855,049	100.0	3,301,843,895	100.0
All returns.....	113,717,138	100.0	3,405,427,348	98.7	29,946	89,862,434	100.0	3,298,920,383	99.9

Footnotes at end of table.

Revision to the Statistics of Income--1990, Individual Income Tax Returns

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	Taxable returns										
	Taxable income			Income tax after credits			Total income tax				Average income tax (dollars)
	Number of returns	Amount	Percentage of total	Number of returns	Amount	Percentage of total	Amount	Percentage of			
								Total	Taxable income	Adjusted gross income less deficit	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Cumulated from smallest size of adjusted gross income											
No adjusted gross income.....				714	352	(²)	65,556	(²)	(²)	(²)	8,876
\$1 under \$1,000.....	723,656	147,850	(²)	723,656	22,287	(²)	22,287	(²)	15.1	4.0	31
\$1 under \$2,000.....	1,862,236	654,275	(²)	1,862,236	105,695	(²)	105,695	(²)	16.2	4.7	57
\$1 under \$3,000.....	2,731,298	1,198,735	0.1	2,731,298	201,143	(²)	201,143	(²)	16.8	4.6	74
\$1 under \$4,000.....	3,851,698	1,844,662	0.1	3,851,698	306,247	0.1	306,674	0.1	16.6	3.7	80
\$1 under \$5,000.....	4,897,801	3,384,053	0.2	4,897,801	544,234	0.1	549,746	0.1	16.2	4.2	112
\$1 under \$6,000.....	6,432,568	5,155,584	0.2	6,437,566	833,923	0.2	839,435	0.2	16.3	3.9	130
\$1 under \$7,000.....	8,358,046	8,183,607	0.4	8,365,748	1,297,161	0.3	1,308,618	0.3	16.0	3.8	156
\$1 under \$8,000.....	10,227,901	12,567,721	0.6	10,241,012	1,961,810	0.4	1,973,969	0.4	15.7	4.1	193
\$1 under \$9,000.....	11,954,228	18,175,333	0.8	11,967,339	2,805,476	0.6	2,818,126	0.6	15.5	4.5	235
\$1 under \$10,000.....	13,764,135	25,313,688	1.1	13,777,245	3,866,895	0.9	3,879,545	0.9	15.3	4.8	282
\$1 under \$11,000.....	15,632,425	33,627,962	1.5	15,645,536	5,108,687	1.1	5,121,336	1.1	15.2	5.1	327
\$1 under \$12,000.....	17,565,896	43,268,637	1.9	17,579,007	6,574,986	1.5	6,587,671	1.5	15.2	5.4	375
\$1 under \$13,000.....	19,517,615	54,732,160	2.4	19,530,726	8,288,842	1.9	8,301,527	1.9	15.2	5.7	425
\$1 under \$14,000.....	21,537,368	68,232,523	3.0	21,550,479	10,253,760	2.3	10,270,077	2.3	15.1	5.9	476
\$1 under \$15,000.....	23,585,781	83,469,462	3.7	23,598,892	12,403,505	2.8	12,419,822	2.8	14.9	6.1	526
\$1 under \$16,000.....	25,614,741	99,850,006	4.4	25,627,852	14,691,589	3.3	14,708,480	3.3	14.7	6.3	574
\$1 under \$17,000.....	27,734,379	118,225,222	5.2	27,747,490	17,244,402	3.9	17,261,343	3.9	14.6	6.4	622
\$1 under \$18,000.....	29,954,821	138,446,853	6.1	29,967,932	20,098,574	4.5	20,115,514	4.5	14.5	6.5	671
\$1 under \$19,000.....	32,142,157	160,805,548	7.1	32,155,268	23,311,211	5.2	23,328,193	5.2	14.5	6.7	725
\$1 under \$20,000.....	34,274,312	184,426,993	8.2	34,287,423	26,767,190	6.0	26,784,377	6.0	14.5	6.9	781
\$1 under \$25,000.....	43,701,011	308,129,613	13.7	43,717,321	45,146,804	10.1	45,186,441	10.1	14.7	7.5	1,034
\$1 under \$30,000.....	51,451,095	441,447,640	19.6	51,467,406	65,702,233	14.7	65,743,903	14.7	14.9	8.1	1,277
\$1 under \$40,000.....	63,665,204	721,602,805	32.0	63,680,685	110,996,941	24.9	111,047,350	24.8	15.4	9.0	1,744
\$1 under \$50,000.....	72,477,502	991,979,512	44.0	72,491,814	155,840,992	34.9	155,899,058	34.9	15.7	9.5	2,150
\$1 under \$75,000.....	83,401,873	1,458,454,795	64.7	83,415,347	243,032,754	54.5	243,140,524	54.4	16.7	10.6	2,915
\$1 under \$100,000.....	86,673,308	1,663,652,277	73.8	86,686,400	287,373,876	64.4	287,515,776	64.3	17.3	11.2	3,316
\$1 under \$200,000.....	88,998,294	1,894,122,145	84.0	89,010,792	345,047,119	77.3	345,339,419	77.2	18.2	12.0	3,879
\$1 under \$500,000.....	89,641,024	2,046,757,705	90.7	89,653,203	388,310,657	87.0	388,777,194	87.0	19.0	12.7	4,336
\$1 under \$1,000,000.....	89,770,974	2,121,061,577	94.0	89,783,101	409,137,173	91.7	409,719,413	91.6	19.3	13.0	4,583
\$1 or more.....	89,831,443	2,255,609,952	100.0	89,843,511	446,296,040	100.0	447,061,147	100.0	19.8	13.5	4,975
All returns.....	89,831,443	2,255,609,952	100.0	89,844,225	446,296,392	100.0	447,126,703	100.0	19.8	13.6	4,976

Footnotes at end of table.

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples-money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percentage of total	Adjusted gross income less deficit			Number of returns	Percentage of total	Adjusted gross income less deficit	
			Amount	Percentage of total	Average dollars			Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Cumulated from largest size of adjusted gross income									
\$1,000,000 or more.....	60,677	0.1	154,676,032	4.5	2,549,171	60,571	0.1	154,388,000	4.7
\$500,000 or more.....	190,930	0.2	241,818,046	7.0	1,266,527	190,634	0.2	241,399,992	7.3
\$200,000 or more.....	834,957	0.7	429,822,880	12.5	514,784	833,738	0.9	429,139,409	13.0
\$100,000 or more.....	3,164,519	2.8	735,390,470	21.3	232,386	3,159,236	3.5	734,170,304	22.2
\$75,000 or more.....	6,440,660	5.7	1,014,915,467	29.4	157,579	6,430,947	7.2	1,013,332,758	30.7
\$50,000 or more.....	17,384,762	15.3	1,672,129,729	48.5	96,184	17,355,709	19.3	1,669,383,154	50.6
\$40,000 or more.....	26,221,829	23.1	2,066,860,241	59.9	78,822	26,168,135	29.1	2,063,046,404	62.5
\$30,000 or more.....	38,504,615	33.9	2,493,244,933	72.2	64,752	38,384,635	42.7	2,487,176,404	75.3
\$25,000 or more.....	46,342,841	40.8	2,708,452,510	78.5	58,444	46,134,738	51.3	2,699,994,074	81.8
\$20,000 or more.....	55,915,157	49.2	2,922,774,452	84.7	52,272	55,564,643	61.8	2,911,167,626	88.2
\$19,000 or more.....	58,115,670	51.1	2,965,663,793	85.9	51,030	57,696,806	64.2	2,952,723,773	89.4
\$18,000 or more.....	60,421,182	53.1	3,008,314,230	87.2	49,789	59,884,145	66.6	2,993,167,294	90.7
\$17,000 or more.....	62,771,946	55.2	3,049,470,303	88.4	48,580	62,104,587	69.1	3,032,063,012	91.8
\$16,000 or more.....	65,075,246	57.2	3,087,481,261	89.5	47,445	64,224,225	71.5	3,067,050,152	92.9
\$15,000 or more.....	67,458,386	59.3	3,124,412,493	90.5	46,316	66,253,446	73.7	3,098,495,283	93.8
\$14,000 or more.....	70,090,534	61.6	3,162,611,457	91.6	45,122	68,301,859	76.0	3,128,236,842	94.7
\$13,000 or more.....	72,840,757	64.1	3,199,712,686	92.7	43,928	70,321,612	78.3	3,155,498,424	95.6
\$12,000 or more.....	75,616,168	66.5	3,234,446,875	93.7	42,775	72,273,331	80.4	3,179,930,058	96.3
\$11,000 or more.....	78,413,408	69.0	3,266,638,327	94.7	41,659	74,207,303	82.6	3,202,174,341	97.0
\$10,000 or more.....	81,381,135	71.6	3,297,788,757	95.6	40,523	76,075,593	84.7	3,221,806,842	97.6
\$9,000 or more.....	84,304,217	74.1	3,325,542,615	96.4	39,447	77,885,500	86.7	3,238,970,499	98.1
\$8,000 or more.....	87,295,838	76.8	3,351,010,613	97.1	38,387	79,611,827	88.6	3,253,676,282	98.5
\$7,000 or more.....	90,329,754	79.4	3,373,719,151	97.8	37,349	81,487,168	90.7	3,267,715,660	99.0
\$6,000 or more.....	93,374,488	82.1	3,393,473,396	98.3	36,343	83,415,611	92.8	3,280,234,874	99.3
\$5,000 or more.....	96,333,990	84.7	3,409,739,973	98.8	35,395	84,955,376	94.5	3,288,805,569	99.6
\$4,000 or more.....	99,473,432	87.5	3,423,862,232	99.2	34,420	86,003,350	95.7	3,293,503,506	99.7
\$3,000 or more.....	102,650,835	90.3	3,434,916,415	99.5	33,462	87,123,750	97.0	3,297,457,998	99.9
\$2,000 or more.....	106,255,627	93.4	3,443,878,225	99.8	32,411	87,992,812	97.9	3,299,612,528	99.9
\$1,000 or more.....	110,029,416	96.8	3,449,524,583	100.0	31,351	89,131,393	99.2	3,301,287,875	100.0
\$1 or more.....	112,812,262	99.2	3,451,237,012	100.0	30,593	89,855,049	100.0	3,301,843,895	100.0
All returns.....	113,717,138	100.0	3,405,427,348	98.7	29,946	89,862,434	100.0	3,298,920,383	99.9

Footnotes at end of table.

Table 1.1-Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	Taxable returns										
	Taxable income			Income tax after credits			Total income tax				
	Number of returns	Amount	Percentage of total	Number of returns	Amount	Percentage of total	Amount	Percentage of			Average income tax (dollars)
								Total	Taxable income	Adjusted gross income less deficit	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Cumulated from largest size of adjusted gross income											
\$1,000,000 or more.....	60,469	134,548,375	6.0	60,410	37,158,867	8.3	37,341,734	8.4	27.8	24.2	616,495
\$500,000 or more.....	190,418	208,852,247	9.3	190,309	57,985,383	13.0	58,283,953	13.0	27.9	24.1	305,737
\$200,000 or more.....	833,149	361,487,807	16.0	832,719	101,248,921	22.7	101,721,728	22.8	28.1	23.7	122,007
\$100,000 or more.....	3,158,134	591,957,674	26.2	3,157,111	158,922,164	35.6	159,545,371	35.7	27.0	21.7	50,501
\$75,000 or more.....	6,429,569	797,155,157	35.3	6,428,164	203,263,286	45.5	203,920,623	45.6	25.6	20.1	31,709
\$50,000 or more.....	17,353,940	1,263,630,440	56.0	17,351,698	290,455,048	65.1	291,162,089	65.1	23.0	17.4	16,776
\$40,000 or more.....	26,166,239	1,534,007,347	68.0	26,162,827	335,299,099	75.1	336,013,797	75.1	21.9	16.3	12,841
\$30,000 or more.....	38,380,348	1,814,162,312	80.4	38,376,106	380,593,807	85.3	381,317,244	85.3	21.0	15.3	9,934
\$25,000 or more.....	46,130,432	1,947,480,339	86.3	46,126,190	401,149,236	89.9	401,874,706	89.9	20.6	14.9	8,711
\$20,000 or more.....	55,557,130	2,071,182,959	91.8	55,556,088	419,528,850	94.0	420,276,770	94.0	20.3	14.4	7,564
\$19,000 or more.....	57,689,285	2,094,804,404	92.9	57,688,243	422,984,829	94.8	423,732,954	94.8	20.2	14.4	7,344
\$18,000 or more.....	59,876,622	2,117,163,099	93.9	59,875,579	426,197,466	95.5	426,945,633	95.5	20.2	14.3	7,130
\$17,000 or more.....	62,097,063	2,137,384,729	94.8	62,096,021	429,051,638	96.1	429,799,804	96.1	20.1	14.2	6,921
\$16,000 or more.....	64,216,701	2,155,759,945	95.6	64,215,659	431,604,451	96.7	432,352,667	96.7	20.1	14.1	6,732
\$15,000 or more.....	66,245,662	2,172,140,490	96.3	66,244,619	433,892,535	97.2	434,641,324	97.2	20.0	14.0	6,560
\$14,000 or more.....	68,294,075	2,187,377,429	97.0	68,293,033	436,042,280	97.7	436,791,070	97.7	20.0	14.0	6,395
\$13,000 or more.....	70,313,828	2,200,877,791	97.6	70,312,785	438,007,198	98.1	438,759,619	98.1	19.9	13.9	6,239
\$12,000 or more.....	72,265,547	2,212,341,315	98.1	72,264,504	439,721,054	98.5	440,473,475	98.5	19.9	13.9	6,095
\$11,000 or more.....	74,199,018	2,221,981,990	98.5	74,197,976	441,187,353	98.9	441,939,810	98.8	19.9	13.8	5,955
\$10,000 or more.....	76,067,308	2,230,296,264	98.9	76,066,266	442,429,144	99.1	443,181,602	99.1	19.9	13.8	5,826
\$9,000 or more.....	77,877,215	2,237,434,619	99.2	77,876,173	443,490,564	99.4	444,243,021	99.4	19.9	13.7	5,704
\$8,000 or more.....	79,603,542	2,243,042,231	99.4	79,602,500	444,334,230	99.6	445,087,178	99.5	19.8	13.7	5,591
\$7,000 or more.....	81,473,397	2,247,426,345	99.6	81,477,763	444,998,879	99.7	445,752,529	99.7	19.8	13.6	5,470
\$6,000 or more.....	83,398,875	2,250,454,368	99.8	83,405,945	445,462,117	99.8	446,221,712	99.8	19.8	13.6	5,349
\$5,000 or more.....	84,933,642	2,252,225,899	99.8	84,945,711	445,751,806	99.9	446,511,401	99.9	19.8	13.6	5,256
\$4,000 or more.....	85,979,744	2,253,765,290	99.9	85,991,813	445,989,793	99.9	446,754,473	99.9	19.8	13.6	5,195
\$3,000 or more.....	87,100,145	2,254,411,217	99.9	87,112,213	446,094,897	100.0	446,860,004	99.9	19.8	13.6	5,129
\$2,000 or more.....	87,969,207	2,254,955,677	100.0	87,981,275	446,190,345	100.0	446,955,452	100.0	19.8	13.5	5,079
\$1,000 or more.....	89,107,787	2,255,462,102	100.0	89,119,856	446,273,753	100.0	447,038,860	100.0	19.8	13.5	5,016
\$1 or more.....	89,831,443	2,255,609,952	100.0	89,843,511	446,296,040	100.0	447,061,147	100.0	19.8	13.5	4,975
All returns.....	89,831,443	2,255,609,952	100.0	89,844,225	446,296,392	100.0	447,126,703	100.0	19.8	13.6	4,976

(1) Percentage not computed.

(2) Less than 0.05 percent.

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