

# SOI BULLETIN



Department of the Treasury  
Internal Revenue Service

Volume 11, Number 3

Winter 1991-1992

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# SOI BULLETIN

Department of the Treasury  
Internal Revenue Service

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**Fred T. Goldberg**  
Commissioner

**Michael J. Murphy**  
Deputy Commissioner

**David G. Blattner**  
Chief Operations Officer

**Judy K. Van Alfen**  
Assistant Commissioner  
(Returns Processing)

**Fritz Scheuren**  
Director, Statistics of Income Division

The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Robert Wilson, Beth Kilss and Bettye Jamerson of the Statistics of Income Division were the technical editors. Special assistance on the copy preparation and review of the manuscript was provided by Clementine Brittain, James Hobbs, John Glynn and James Willis. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department.

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## STATISTICS OF INCOME DIVISION PUBLICATIONS AND TAPES

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**Statistical Information Services Desk  
(202) 874-0410  
FAX (202) 874-0922**

The following *Statistics of Income* (SOI) reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)  
Internal Revenue Service  
P. O. Box 2608  
Washington, DC 20013-2608.

### **BUSINESS SOURCE BOOKS:**

- ***Corporation Source Book, 1988, Publication 1053 -- Price \$175.00***

This 481-page document presents detailed income statement, balance sheet, tax and selected items, by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1988 can be purchased for \$1,500.

- ***Partnership Source Book, 1957-1983, Publication 1289 -- Price \$30.00***

This 291-page document shows key partnership data, for 1957 through 1983, by major and minor industries. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

- |                          |                            |                           |
|--------------------------|----------------------------|---------------------------|
| o Number of partnerships | o Depreciation             | o Payroll deductions      |
| o Number of partners     | o Taxes paid deductions    | o Payments to partners    |
| o Business receipts      | o Interest paid deductions | o Net income less deficit |

(A magnetic tape containing the tabular statistics for partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *SOI Bulletin*.

- ***Sole Proprietorship Source Book, 1957-1984, Publication 1323 -- Price \$95.00***

This *Source Book* is a companion to that for partnerships, described above. It is a 251-page document showing key proprietorship data for 1957 through 1984; data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

- |                        |                            |                           |
|------------------------|----------------------------|---------------------------|
| o Number of businesses | o Taxes paid deductions    | o Payroll deductions      |
| o Business receipts    | o Interest paid deductions | o Net income less deficit |
| o Depreciation         |                            |                           |

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## STATISTICS OF INCOME DIVISION

### PUBLICATIONS AND TAPES

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A magnetic tape containing the tabular statistics can be purchased for \$245. As with partnerships, more recent (nonfarm) sole proprietorship data are published annually in the *SOI Bulletin*.

#### COMPENDIUMS:

- ***Studies of Tax-Exempt Organizations, 1974-1987, Publication 1416 -- Price \$26.00***

This publication presents 22 articles from *Statistics of Income* studies on tax-exempt organizations. The articles emphasize important issues within the nonprofit sector, and also include several other articles previously unpublished in the *SOI Bulletin*, as well as papers published in proceedings of the American Statistical Association and the Independent Sector Research Forum. Topics featured are:

- o Nonprofit charitable organizations (primarily charitable, religious, educational and health organizations)
- o Private foundations and charitable trusts
- o Unrelated business income of exempt organizations

- ***Studies of International Income and Taxes, 1984-1988, Publication 1267***

This report presents information from 13 *Statistics of Income* studies in the international area (many of them previously published in the *SOI Bulletin*), including:

- o Foreign activity of U.S. corporations
- o Activity of foreign corporations in the United States
- o Foreign controlled U. S. corporations
- o Statistics related to individuals, trusts and estates
- o Data presented by--
  - geographical area or industrial activity, as well as other
  - classifiers

- ***Partnership Returns, 1978-1982, Publication 369 -- Price \$22.00***

This report presents previously unpublished *Statistics of Income* data for 1980, 1981 and 1982, as well as data previously issued in the *SOI Bulletin* and in other publications. Features include:

- o Number of partnerships
- o Limited partnerships
- o Receipts
- o Cost of sales and operations
- o Deductions
- o Net income
- o Capital gains
- o Data presented by--
  - industry
  - size of total assets
  - State
  - number of partners

#### REIMBURSABLE SERVICES (prices dependent on the request):

- **Public Use Magnetic Tape Microdata Files**

This includes individual income tax returns for 1978-1988. (Individual income tax returns for 1966-1977 are available from the Center for Electronic Records (NNX) of the National Archives)

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## STATISTICS OF INCOME DIVISION PUBLICATIONS AND TAPES

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and Records Administration, Washington, DC 20408.) Files containing more limited data for each State are also available for 1985. All of these files have been edited to protect the confidentiality of individual taxpayers. Files for private foundations for 1982-1983 and 1985-1988 and nonprofit charitable organizations for 1982-1983 and 1985-1987 are also available from the Statistics of Income Division. The individual, private foundation and charitable organization files are the only microdata files that can be released to the public.

- **Migration Data**

Compilations are available showing migration patterns, from where to where, by State and county, based on year-to-year changes in the tax return address. Data are also available for selected time periods (according to the years in which returns were filed) between 1978 and 1988 and include counts of the number of individual income tax returns and personal exemptions. In addition, county income totals are available for Income Years 1982 and 1984 through 1987.

- **Other Unpublished Tabulations**

Unpublished tabulations are also available from *Statistics of Income (SOI)*, including detailed tables underlying those published in the *SOI Bulletin*. Special tabulations may also be produced, depending on the availability of SOI computer programming resources.

### OTHER PUBLICATIONS:

The following *Statistics of Income* publications are available from the Superintendent of Documents, U.S. Government Printing Office. For copies write:

Superintendent of Documents  
U.S. Government Printing Office  
Washington, DC 20402.

- ***Statistics of Income (SOI) Bulletin (Quarterly), Publication 1136***  
**Stock Number 748-005-00000-5 -- Subscription price, \$20.00; Single copy price, \$7.50**

Provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and on partnerships, as well as from periodic or special studies of particular interest to tax analysts and administrators and to economists. Historical tables include data from *SOI*, as well as on tax collections and refunds by type of tax.

- ***Statistics of Income--1988, Corporation Income Tax Returns, Publication 16***  
**Stock Number 048-004-02308-3 -- Price \$11.00**

This report presents more comprehensive and complete data on corporation income tax returns with accounting periods ended July 1987 through June 1988, than those published earlier in the *SOI Bulletin*.

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## STATISTICS OF INCOME DIVISION

### PUBLICATIONS AND TAPES

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Presents information on--

- o Receipts
- o Deductions
- o Net income
- o Taxable income
- o Income tax

- o Tax credits
- o Assets
- o Liabilities

Data classified by--

- industry
- accounting period
- size of total assets
- size of business receipts

- ***Statistics of Income--1988, Individual Income Tax Returns, Publication 1304***  
**Stock number 048-004-02306-7**

This report presents more comprehensive and complete data on individual income tax returns for 1988 than those published earlier in the *SOI Bulletin*.

Presents information on--

- o Sources of income
- o Exemptions
- o Itemized deductions
- o Tax computations

Data presented by--

- size of adjusted gross income
- marital status

## STATISTICS OF INCOME PROJECTS AND CONTACTS

### General Statistical Information (202) 874-0410 • Fax (202) 874-0922

PROJECT	PRIMARY ANALYSTS	FREQUENCY AND PROGRAM CONTENT
Americans Living Aboard: 1991 Program	Charles Hicks	This periodic study is conducted every 4 years (every 5 years after 1991). It covers foreign income and taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by adjusted gross income (AGI) and country.
Corporation Foreign Tax Credit: 1988 Program 1990 Program 1991 Program	Karla Daronco Maggie Lewis Karla Daronco	This annual study, provides data on foreign income and taxes paid, and foreign tax credit shown on corporation income tax returns. Data are classified by industry (all years) and country (even numbered years).
Corporation Income Tax Returns: 1989 Program 1990 Program 1991 Program	Victor Rehula Karen Gutmann Patrice Treubert Allison Clark	Basic SOI program data are produced annually and cover complete income statement, balance sheet, tax and tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
Environmental Excise Taxes (Superfund) Study: 1990 Program 1991 Program	Susan Mahler	The Superfund Amendments and Reauthorization Act of 1986 (SARA) replaced the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) authorizing the collection of environmental taxes, a type of excise tax. This study, published annually, is the only source of data that provides detailed tabulations by type of chemical. Beginning with 1990, this program will also include data on ozone depleting chemicals.
Estate Collation	Barry Johnson	This periodic study links estate data for decedents and beneficiaries. Income information for beneficiaries is available both for years preceding and following the decedent's death. Information on gift tax returns is available for the last 2 years of the decedent's life. The most recent study is based on decedents who died in 1982. The next study will be for decedents who died in 1989.
Estate Tax Returns: 1989-1991 Program	Barry Johnson Marvin Schwartz Janet McCubbin	This annual study includes information on gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of the decedents. Basic estate tax return data by year in which returns are filed are produced every year. Other statistics are available on a year-of-death basis (approximately every 3 years).
Exempt Organizations Business Income Tax Returns: 1989 Program	Sara Boroshok Peggy Riley	This annual study includes tabulations of "unrelated business" income and deductions. The data file will also be linked with the Forms 990 and 990-PF data files of the tax-exempt organizations and private foundations.



## STATISTICS OF INCOME PROJECTS AND CONTACTS

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PROJECT	PRIMARY ANALYSTS	FREQUENCY AND PROGRAM CONTENT
Foreign Corporations: 1988 Program 1990 Program	Bill States	This periodic study, planned for every 2 years, provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry and country.
Foreign Controlled Corporations: 1988 Program 1989 Program 1990 Program	John Latzy	This annual study includes data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry.
Foreign Recipients of U.S. Income: 1990 Program	Randy Miller	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
Foreign Sales Corporations (FSC): 1991 Program	John Bradford	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, and export-related data are tabulated annually through 1987, and then on a 4-year cycle.
Foreign Trusts: 1990 Program	DeWitt Long	This periodic study, conducted every 4 years, provides data on foreign trusts that have U. S. persons as grantors, transferors, or beneficiaries. Data include country where trust was created, the value of transfer to the trusts, and the year the trust was created.
Individual Income Tax Return Public Use File	Mario Fernandez	Microdata magnetic tape files, produced annually, contain detailed information obtained from the individual SOI program, with identifiable taxpayer information omitted to make the file available for public dissemination, on a reimbursable basis. (In addition to microdata files, specific tabulations from them are produced, also on a reimbursable basis.)
Individual Income Tax Returns: 1989 Program 1990 Program	Michael Strudler	Basic SOI program data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules, chiefly by size of adjusted gross income.
Interest-Charge Domestic International Sales Corporations (IC-DISC): 1991 Program	Kimberly Veletto	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, and export-related data are tabulated annually through 1987, and then on a 4-year cycle.
Intergenerational Wealth	Martha Eller Barry Johnson Marvin Schwartz Janet McCubbin	This on-going study involves estate returns filed since the inception of the estate tax (1916), and focuses on changes in the concentration of wealth and the intergenerational transfer of wealth, as well as the history of the estate tax system. The asset composition, available demographic information, and an analysis of beneficiaries of estates will be emphasized.

## STATISTICS OF INCOME PROJECTS AND CONTACTS

### General Statistical Information (202) 874-0410 • Fax (202) 874-0922

PROJECT	PRIMARY ANALYSTS	FREQUENCY AND PROGRAM CONTENT
International Boycott Participation: 1990 Program 1991 Program	Melissa Redmiles	This study, planned for every 4 years, provides data on business operations of U. S. persons in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
Nonprofit Charitable Organizations: 1988 Program 1989 Program	Cecelia Hilgert Paul Arnsberger	This annual study includes balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The 1989 study will include data from the new Form 990-EZ. A compendium of previously published SOI articles on tax-exempt organizations was published in July 1991.
Nonresident Alien Estates: 1990 Program	DeWitt Long	This periodic study, planned for every 4 years, provides data on estates of nonresident aliens who had more than \$60,000 of assets in the United States. The estates are subject to U.S. estate taxation on U.S. property.
Occupation Studies	Bobby Clark	This periodic study, based on availability of outside funding, is designed to classify individual income tax returns by occupation and to develop a dictionary of occupation titles that can be used to enhance the economic data of many other individual income tax return studies.
Partnership Returns of Income: 1989 Program 1990 Program	Tim Wheeler	Basic SOI program data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.
Partnership Withholding Study 1990 Program	Kimberly Veletto	This annual study includes data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.
Personal Wealth Study: 1986 Program 1989 Program	Marvin Schwartz Barry Johnson Janet McCubbin	This periodic study provides data estimates of personal wealth of top wealthholders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data (1986) are based on returns filed from 1986 to 1988. The next study will be preliminary 1989 data based on returns filed in 1989 and 1990.
Private Foundation: 1989 Program 1988 Program	Peggy Riley Alicia Meckstroth	This annual study includes balance sheets and income statements. A compendium of previously published SOI articles on tax-exempt organizations was published in July 1991. The 1989 Study will include data on non-exempt charitable trusts.
Sales of Capital Assets: 1985 Program 1985-89 Panel Study	Stephanie Alvord Janette Bradbury	This periodic study, to be conducted every 4 years, provides detailed data on the sales of capital assets reported on Schedule D, of the individual income tax return, sales of residences and personal or depreciable business property.

## STATISTICS OF INCOME PROJECTS AND CONTACTS

### General Statistical Information 202) 874-0410 • Fax (202) 874-0922

PROJECT	PRIMARY ANALYSTS	FREQUENCY AND PROGRAM CONTENT
Sales of Capital Assets: (continued)		A Panel Study provides the same data on capital asset transactions for a subsample of the returns in the Sales of Capital Assets basic study, but data for these same taxpayers are obtained over a 5-year period.
Sales of U.S. Real Property Interests by Foreign Persons: 1990 Program	John Latzy	This annual study will provide data on transfers of U.S. real property interests, when these interests are acquired from foreign persons. Data will include the amount realized on transfers, U.S. tax withheld, and the country of foreign persons.
Secretary's Percentage, Foreign Life Insurance Companies	David Steigerwald	This annual study includes data for computation of the percentage used in determining the income tax liability of foreign life insurance companies with operations in the United States.
Sole Proprietorships: 1989 Program 1990 Program	Ed Gross	Basic SOI program data, produced annually, cover the business receipts, deductions, and net income reported on Schedule C (for nonfarm proprietors), by industry group. Similar data from Schedule F (for farmers) are available on an occasional basis.
State Data: 1985 Program 1988 Program	Mario Fernandez	Special tabulations of selected individual income, deduction, and tax data by State are produced on a reimbursable basis. (The data file for 1988 is now available.)
Statistical Subscription Services: Corporation Source Book	Sandy Byberg	Annual data by more detailed industry groups than are used for regular corporation statistics are produced by asset size.
Migration Flow and County Income Data	Sandy Byberg	Migration flow data (based on changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis.
Tax-exempt Bond Issues: 1988 Program 1989 Program	Marvin Schwartz	This annual study provides information on private activity and governmental bond issues by type of property financed, size of face amount and State.
Taxpayer Usage Study: 1991 Program	Laura Prizzi	Basic SOI program data, produced annually, provide weekly frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, and general characteristics of the individual taxpayer population for returns received during the primary filing season (January through April).
U.S. Possessions Corporations: 1989 Program	John Bradford	This periodic study, planned for every 2 years, provides data on income statement, balance sheet, tax, and "possessions tax credit" data for "qualifying" U. S. possessions corporations. (Most of these corporations are located in Puerto Rico.)

# SOI Bulletin Board

## SOME OBSERVATIONS AND INSIGHTS

This edition of the "Bulletin Board" is about some of the ways we have been working to serve our customers better during the past year. The Statistics of Income (SOI) Division has been employing a variety of methods over the years to elicit customer feedback and a knowledge of customer expectations and then to share that information with SOI staff so that it can be used to improve service to the customer on many levels.

One of the ways we receive customer feedback — either comments or questions — is through the User Survey which appears at the back of each issue of the *Bulletin*. With this issue we will address some of the questions asked by our customers which relate to the tables at the back of the *Bulletin* in the "Selected Historical and Other Data" section. Regarding the expectations and concerns of the professional user community at large, our SOI Advisory Panel is one of several forums that we use to explore ways and means for making long-run improvements in availability and accessibility of SOI information. Another section of this column will touch on some of the highlights of the past year's meetings of this group. Other customer feedback, specifically that received through our centralized Statistical Information Services (SIS) office, is routinely shared with subject-matter staff and, if necessary, subject-matter analysts are put into direct contact with the customer to discuss issues in greater detail. The "Your Call" section of this column provides a summary of the volume of requests handled by the SIS staff in Calendar Year 1991.

### User Questions and Comments on Bulletin Tables

Some of our users question why the same tables (in the "Selected Historical

and Other Data" section) with the same data are repeated in the *Bulletin* from issue to issue. The first answer is, perhaps, the more obvious one, namely that more current data are available for some of the tables less often than others. In addition, though, we feel each issue should be self-contained and that purchasers of single issues of the *Bulletin* should also have access to the same tables as subscribers — therefore, the apparent repetition.

Our current plan is to gradually increase the number of tables and the amount of data contained in at least some of them. We welcome suggestions in this regard. Suggestions received to date are that we include data from the Federal Budget and its allocation; more detailed data about excise taxes; historical data on nonprofit organizations and on sole proprietorships and partnerships by industry; more business data by size of business receipts; an expansion of the data obtained from individual income tax returns; statistics presented for each line on a blank individual income tax return; more individual income tax return data by State; and data from amended returns or showing the effects of audit examination. The latter suggestion will be discussed in a future "Bulletin Board."

One customer commitment we have already made is to the late Joseph A. Pechman of The Brookings Institution, who had asked that the *Bulletin* keep current certain appendix tables presented in the 1987 edition of his *Federal Tax Policy*. This has proved to be a more ambitious and time-consuming undertaking than we first thought because not all of the data needed are available from *Statistics of Income* tables for more recent years. Although there are a number of difficulties to overcome, it is still our goal to gradually include more of the "Pechman tables" in the *Bulletin*. We also feel strongly that no data series would be complete without the

explanatory footnotes that warn the user of breaks in comparability and summarize the reasons, particularly where tax return data are concerned. We do not subscribe to the "just give us the data and let us worry about their limitations" approach. Researching prior-year Statistics of Income reports to determine where and why the breaks occurred adds to the size of this task.

Another type of request we frequently receive is for more percentage distributions. When we weigh these requests against those for additional basic data (subject to the size of the publication), we have to conclude that we can perform more of a service by publishing more basic data than by publishing percentages based on these data since customers can readily derive percentages. On the other hand, customers cannot so readily obtain more of the basic data. Comments, please?

One of our other goals for the near future is to make all of these tables (and others) accessible to customers in a database form, in which case many will be able to make their own calculations, including percentage distributions, from the tabulated data. We will keep you posted on developments along these lines in future editions of the "Bulletin Board."

## BEHIND THE SCENES

Learning to serve customers more effectively — to better understand their expectations and concerns — has been the primary focus of the meetings of the SOI Advisory Panel during the past 6 years since this group was established. The Panel, which is made up of academic and other experts in taxation, economics, statistics, demography and tax law, from both the public and private sectors, meets twice yearly with the SOI Division Director, FRITZ SCHEUREN, and his senior managers, KAREN CYS, MIKE LESZCZ,

DAVE PARIS, TOM PETSKA and DAN SKELLY, to evaluate progress to date and to explore, among other things, ways and means for making long-run improvements in the availability and accessibility of SOI information.

The emphasis of the agendas for this past year's two meetings was on SOI computer modernization and quality improvement efforts, particularly the latter. Thus, it was decided to hold the first meeting of 1991, this past May, at the IRS Ogden Service Center in Ogden, Utah, to see many of these efforts first-hand.

Ogden was chosen because it is one of two service centers (the other is Cincinnati, Ohio) where we have been converting our computer operations for all SOI programs from a centralized system utilizing a mainframe computer to a distributed processing system. We have described this change in several previous editions of the "Bulletin Board" (Summer 1990, Fall 1990 and Winter 1990-1991).

The melding of a group of about 35 people — nearly all of the Panel members, representatives from the Treasury Department's Office of Tax Analysis (OTA), the Congressional Joint Committee on Taxation (JCT), Revenue Canada Taxation, along with a contingent from the SOI Division — with the Ogden staff members who actually work on the SOI programs proved to be very beneficial. Not only did the participants get a tour of the "pipeline" for administrative processing of tax returns, but they also were able to observe first-hand the various processes involved in developing SOI products. For example, the statistical editing of tax return data for the mainline Corporation SOI program was demonstrated by ROYLENE GOMILLION and KAREN GUTMANN. Other highlights of the session included a presentation on Ogden Service Center (OSC) quality improvement efforts by MADGE GRIMSTAD, Chief of the SOI Section in the Document Perfection Branch at OSC, and a review of the status of quality improvement efforts

by TOM PETSKA of the SOI Division. In addition, presentations were also made by SUSAN HOSTETTER, NICK GREENIA, and LOUISE WOODBURN, each of the SOI Division. The overall coordination for the meeting was handled by CAROL JENSEN of the Statistical Services Staff at OSC, under the leadership of DOYLE HARRIS.

The fall session of the SOI Advisory Panel saw the group return to its usual meeting site at The Brookings Institution. In attendance were about 50 people — the panel members themselves, representatives from OTA, JCT, the Bureau of the Census, Revenue Canada Taxation, and other Federal Government agencies, as well as a number of SOI staff members, including our Division Director and senior managers. There was a very full agenda that included status reports by the senior managers, as well as presentations relating to processing issues and special studies. SOI managers and staff members who made formal presentations were SUZANNE PERRY — outlining and assessing future computer needs; JIM HOBBS and JOHN GLYNN — describing recent progress in setting up a desktop publishing system for the *SOI Bulletin*; ALICIA MECKSTROTH — discussing hospital statistics; LOUISE WOODBURN — providing an update with ARTHUR KENNICKELL of the Federal Reserve Board (FRB) on a joint FRB-SOI project involving the 1989 Survey of Consumer Finances; BARRY JOHNSON — discussing quality review systems; TOM PETSKA — reviewing the status of tax shelters in the years immediately following the 1986 tax reform; and STEPHANIE HUGHES and FRITZ SCHEUREN — reporting on statistical matching.

Each status report and formal presentation was followed by comments presented by a panel member who had been assigned the topic ahead of time. These comments led to productive interaction among the meeting participants. They also allowed the group to explore some areas for future improvements, and to

identify some specific topics for immediate follow-up. The success of this session was also evident by the many informal discussions that took place during the breaks and at the end of the scheduled meeting time.

### YOUR CALL

The Statistical Information Services (SIS) office continues to receive positive feedback from the vast majority (if not almost all) of the customers it serves. The entire SIS staff is strongly customer-oriented and is proud of its accomplishments in the brief 3 years of its existence. Despite its success, however, this group is continually striving to make incremental and permanent improvements in the content and timeliness of its responses to the thousands of requests it receives each year. In the coming year, we plan to increase the size of the staff in order to better handle the ever-growing number of requests. Other improvements will focus on changes to the processes for handling requests.

To bring you up-to-date on what has been happening during the past year, the remainder of this section will provide some summary statistics on the requests handled. Since February 1989, when the SIS office first started answering telephone and written requests for SOI data and publications, the staff has received and responded to 11,589 inquiries. In the 12-month period January through December 1991, a total of 4,386 inquiries were handled — 3,670 were answered by telephone; written responses accounted for the other 716 requests. Taking a closer look at some of the requests, it is interesting to note that:

- the most calls — or about 17 percent of the telephone inquiries — were received from consultants;
- most of the written responses, however, were to private citizens — about 23 percent of all letters sent;
- over half of the telephone calls came from five groups: consultants; "other" private businesses; private

citizens; the Internal Revenue Service, itself; and "other" Federal government organizations (see the table below);

- a different mix of five groups made up about 68 percent of the written responses: consultants; accounting firms; "other" private businesses; colleges and universities; and private citizens; and
- finally, the average number of telephone inquiries received per month in 1991 (a little over 300) was only slightly more than was received in 1990, while the average number of letter responses written per month in 1991 (716) was about 28 percent higher than the previous year. (It should be noted, however, that a large part of this increase was due to fulfilling requests to purchase the recently released SOI compendium, *Studies of Tax-Exempt Organizations, 1974-1987.*)

The table below summarizes the cumulative inquiry count, from January through December 1991, by type of inquirer and type of response.

Questions about the availability of SOI data, other statistical services, or release dates for new publications can usually be directly handled by the SIS staff. Inquiries concerning technical details about a project will be referred to a subject-matter specialist in one of the SOI program branches. The most recent list of the names of these specialists, along with a description of their projects, has previously been updated and published in our Fall issue each year, and the Fall 1991 issue was no exception. However, to further enhance the usefulness of the *Bulletin* to our subscribers, particularly single-issue purchasers, the "Projects and Contacts" list will be appearing in each issue of the *SOI Bulletin* from now on.

If you have any suggestions on how we may improve our service to you or for general statistical information, please con-

tact our Statistical Information Services office on (202) 874-0410. As its name implies, this Office is best able to answer questions about data. It is not the place to call to obtain tax forms or information about the status of an individual's tax refund or audit examination. Also, all requests from the media should be directed to the IRS Public Affairs Office on (202) 566-4024.

**UPCOMING FEATURES**

The following are some of the articles planned for inclusion in upcoming issues of the *SOI Bulletin*:

- Individual Income Tax Returns, Preliminary 1990;
- Foreign Recipients of U.S. Income, 1989;
- Partnerships, Partners, and Tax Shelters, 1989;
- Corporate Foreign Tax Credit, 1988;
- Average and Marginal Tax Rates, 1988;
- Foreign Corporations with U.S. Operations, 1988; and
- Nonresident Alien Estates, 1986.

An upcoming feature of our "Data Release" section will present tables on Foreign Sales Corporations for 1987. However, unlike past releases, these tables will not be followed up with a feature article on the subject in a subsequent issue of the *Bulletin*.

Inquirer	Telephone	Letter
<b>Total.....</b>	<b>100.0%</b>	<b>100.0%</b>
Consultant/researcher.....	17.2	9.1
Accounting firm.....	4.2	13.0
Association.....	7.0	7.4
Law firm.....	2.3	8.5
Other private business.....	8.4	12.8
College.....	7.1	10.6
Public library.....	0.5	0.6
Private citizen.....	8.3	22.5
State/ local Government.....	6.9	4.6
Internal Revenue Service.....	15.7	1.3
Congressional.....	7.0	2.4
Other Federal Government.....	8.0	1.5
Foreign.....	1.1	1.0
Media.....	4.8	3.5
Student.....	1.5	1.3
Other.....	0.1	0.0

# Individual Foreign Earned Income and Tax Credit, 1987

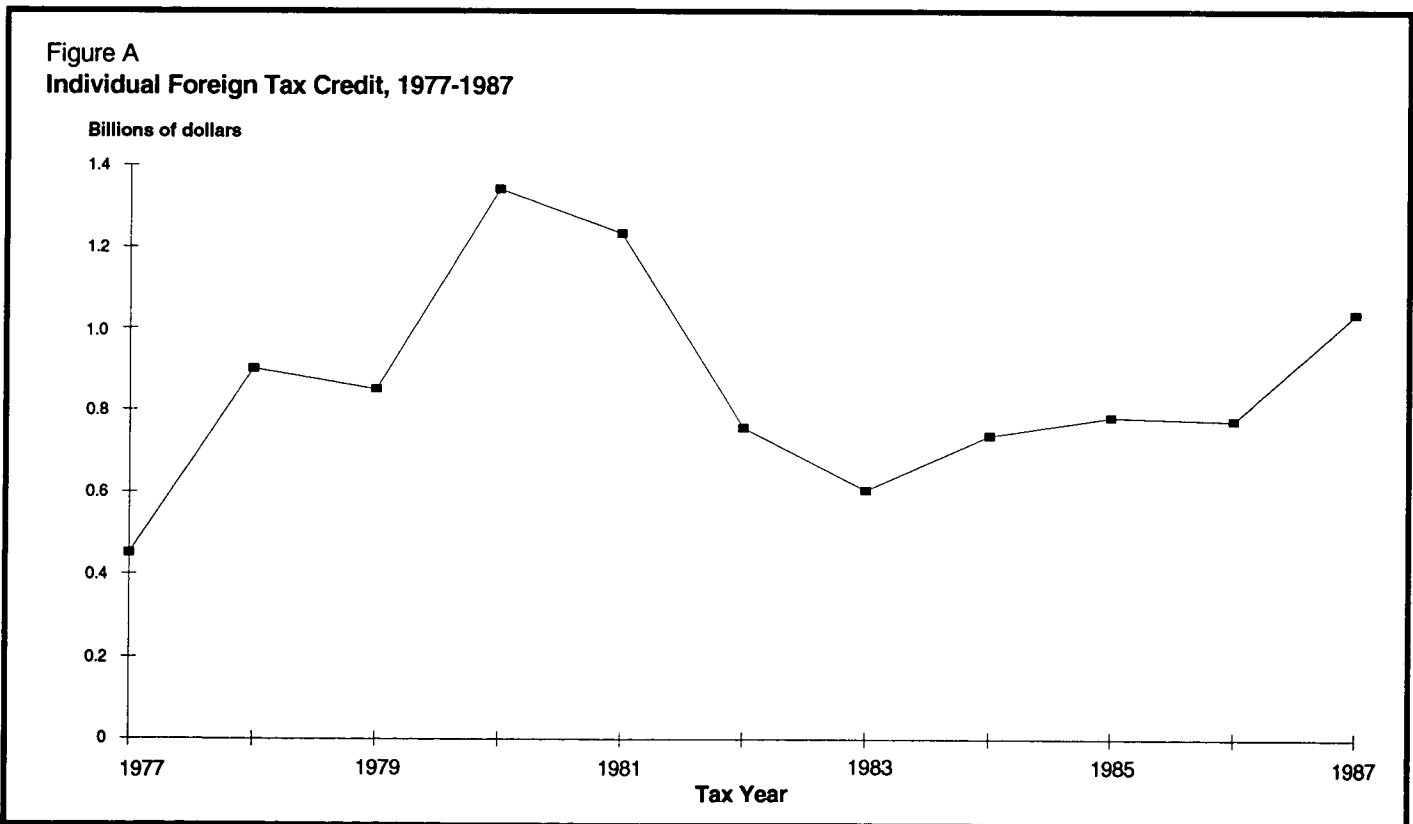
By Lissa Redmiles\*

For 1987, U.S. taxpayers excluded a total of \$6.4 billion of net foreign earned income and "excess" housing expenses from their U.S. gross income on approximately 171,000 U.S. individual income tax returns. In addition, taxpayers used the housing deduction to increase their total adjustments to U.S. gross income by almost \$17 million of foreign housing costs. Taxpayers also used the foreign tax credit to reduce their U.S. individual income tax before credits by \$1.0 billion on about 561,000 U.S. income tax returns.

The total foreign earned income exclusion claimed rose 6.7 percent between 1983 and 1987 while the total foreign tax credit claimed increased by 67.9 percent [1, 2]. The foreign tax credit has continued to increase after a steep decline in the early 1980's (see Figure A) [3, 4].

## BACKGROUND

The foreign earned income exclusion was originally passed by Congress in 1926 to encourage U.S. exports and to make the tax burden of U.S. citizens abroad more equitable with the tax burden of U.S. citizens at home. It allowed all U.S. citizens who lived abroad for 6 months or more to exclude all of their foreign earnings from their U.S. gross income. In subsequent years, Congress passed several enhancements and restrictions. The most significant was the Foreign Earned Income Act of 1978. This Act addressed the complaints of U.S. companies operating in high cost, low tax jurisdictions (primarily in the Middle East) by permitting U.S. individuals to deduct certain expenses, like "excess" housing costs, in addition to their foreign earnings.



\*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

To qualify for the foreign earned income exclusion for 1987, individuals had to satisfy either the bona fide residence test or the physical presence test. A bona fide resident was any U.S. citizen who resided in a foreign country for the entire tax year. A U.S. citizen or resident who maintained a tax home abroad for at least 11 months out of a consecutive 12 month period qualified under the physical presence test.

For 1987, foreign earnings eligible for the exclusion included salaries and wages, pro rata shares of foreign partnership income, and certain business income and other compensation, like housing and meals. Pensions, annuities, compensation from the U.S. Government, and income received more than 1 year after services were performed were not available for exclusion. Foreign earnings had to be reduced by meals and lodgings provided by employers for their convenience and could not exceed \$70,000, or the ratio of the number of days in the foreign country divided by the number of days in the tax year (generally 365) multiplied by \$70,000.

"Excess" housing costs for 1987 were housing costs which exceeded \$19.48 multiplied by the number of days in the foreign country, subject to a limitation based on the amount of employer-provided housing expenses. Those housing costs which surpassed the latter limitation could be used as a housing deduction to increase the Form 1040, *U.S. Individual Income Tax Return*, total adjustments to the gross income (see the Explanation of Selected Terms section).

The foreign tax credit was first enacted in 1918 to eliminate double taxation of foreign-source income. Since the United States taxes its citizens on their worldwide income, the 1918 law enabled taxpayers to credit their foreign taxes against their U.S. income tax liability, subject to a limitation. This limitation prevented taxpayers from using taxes paid in a relatively high-tax rate country to offset taxes paid on their U.S.-source income. Foreign taxes paid on income excluded under the foreign earned income exclusion provisions could not be credited.

Later modifications of the law required a separate limitation calculation on certain types of income. After the Tax Reform Act of 1986, these types of income are: passive, high withholding tax interest, financial services, shipping, dividends from Interest-Charge Domestic International Sales Corporations (IC-DISC's), distributions from Foreign Sales Corporations (FSC's), noncontrolled Internal Revenue Code section 902 corporation dividends, and all other income (for which a general limitation applied).

Passive income generally includes dividends, interest, rents, royalties, and annuities. High withholding tax interest is interest income subject to a gross withholding tax of 5 percent or more. Financial services income includes income from active banking or financing and certain insurance income. Shipping income is income from foreign-based shipping companies. IC-DISC dividends represent the proportion of the IC-DISC dividends which are foreign-sourced, while FSC distributions are derived from earnings and profits attributable to foreign trade income, or from qualified interest and carrying charges [5]. Section 902 corporation dividends are dividends from foreign corporations which are at least 10 percent owned but not more than 50 percent owned by a U.S. person. Other income is any active business and employment income. Taxes paid in excess of the limitations can be carried back 2 years and then forward up to 5 years.

## GROSS FOREIGN EARNED INCOME

For 1987, U.S. individuals reported a total of \$8.2 billion of gross foreign earned income (see the Explanation of Selected Terms section), a 14.0 percent increase from 1983. Salaries and wages comprised the majority of this income, 71.4 percent, while allowances, reimbursements, or expenses paid by the employer accounted for 19.3 percent. Those employed in business management earned the largest percentage, while those employed in the construction and engineering industries reported the second largest (see Figure B). The average gross foreign earned income was approximately \$48,000. Most of the gross foreign earned income (80.0 percent) was earned by taxpayers with an adjusted gross income (see the Explanation of Selected Terms section) of less than \$100,000. Those taxpayers who qualified for the exclusion as bona fide foreign residents (having lived in a foreign country for the entire tax year) were responsible for 71.0 percent of the total "net" foreign earned income (see the Explanation of Selected Terms section).

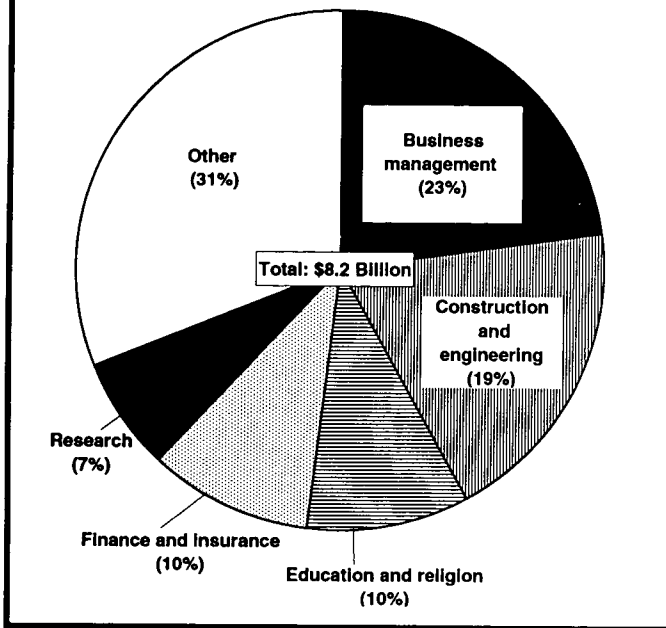
## FOREIGN EARNED INCOME EXCLUSION AND HOUSING DEDUCTION

For 1987, taxpayers claiming the foreign earned income exclusion used it to reduce their total pre-exclusion income by 57.8 percent. The average exclusion was almost \$38,000. Forty-six percent of those claiming the exclusion had no U.S. income tax liability after taking the exclusion and any applicable tax credits.

The housing exclusion comprised \$468 million, or 7.3 percent, of the total exclusion claimed. The average



**Figure B**  
**Total Gross Foreign Earned Income, by Occupation, 1987**



housing exclusion for those taxpayers who claimed it was \$16,700. Some taxpayers also took the housing deduction. The average housing deduction for these taxpayers was approximately \$9,300.

### GROSS FOREIGN-SOURCE INCOME

Gross foreign-source income, reported in order to claim the foreign tax credit, differs from gross foreign earned income in that it is all income earned outside of the United States, regardless of the taxpayer's home. (Individuals who resided abroad could either deduct their earnings from their total income through the foreign earned income provisions or could credit the foreign taxes paid on that income using the foreign tax credit provisions.)

Gross foreign-source income grew 67.2 percent, from about \$4.2 billion for 1983 to \$7.1 billion for 1987. Part of this increase may be attributable to the Tax Reform Act of 1986, which decreased the limitation on the foreign earned income exclusion from \$80,000 to \$70,000. More importantly, the 1986 Tax Reform Act lowered the U.S. tax rates, thereby making foreign tax rates comparatively higher. Since foreign taxes in excess of the limitation can be carried back 2 years and then forward for 5 subsequent years, it may be more beneficial for taxpayers living abroad to choose the foreign tax credit rather than the

foreign earned income exclusion when the effective foreign tax rate is higher than the U.S. rate [6].

The average gross foreign-source income was about \$13,700, about 9.7 percent of the total worldwide income of the taxpayers claiming the foreign tax credit. Eighty-one percent of this income was reported as general limitation income and 16.0 percent was reported as passive income.

### FOREIGN TAXES AND FOREIGN TAX CREDIT

The foreign taxes available for credit grew from \$1.1 billion for 1983 to \$1.9 billion for 1987, or by nearly two-thirds. The total foreign tax credit claimed for 1987, \$1.0 billion, was 54.8 percent of the total foreign taxes available for credit. It constituted 17.4 percent of total credits claimed by all individual taxpayers and thus was the second largest credit. Most of the foreign tax credit (74.0 percent) was claimed by taxpayers whose adjusted gross income was \$100,000 or more. Ninety-five percent of all taxpayers claiming the foreign tax credit were still liable for U.S. taxes. The average foreign tax credit was approximately \$1,800. It reduced the U.S. income tax liability of those who claimed it by 6.1 percent.

### SUMMARY

For 1987, over 171,000 taxpayers excluded a total of \$6.4 billion of net foreign earned income and "excess" housing expenses from their U.S. gross income, while over 561,000 taxpayers claimed foreign tax credits which amounted to \$1.0 billion. The total foreign earned income exclusion claimed rose 6.7 percent from 1983 to 1987, while the total foreign tax credit claimed increased by 67.9 percent. The average gross foreign earned income of those claiming the exclusion was \$48,000. The average gross foreign-source income of those claiming the foreign tax credit was \$13,700 and the average foreign tax credit was about \$1,800. The total foreign tax credit decreased the U.S. income tax of those taxpayers who claimed it by 6.1 percent, while the total foreign earned income exclusion reduced the gross income of the individuals who claimed it by 57.8 percent.

### DATA SOURCES AND LIMITATIONS

The 1987 data presented in this article are based on a sample of individual income tax returns, Forms 1040, processed during Calendar Year 1988, with a foreign tax credit or an attached Form 2555, *Foreign Earned Income*

**Exclusion.** Foreign-source income and taxes are underreported in this article to the extent that these amounts were not adequately reported on Form 1116, *Individual Foreign Tax Credit*, to support the foreign tax credit claimed on Form 1040. This includes about 43,000 Forms 1040 with a foreign tax credit for which no Form 1116 was attached.

About 3.9 percent of the sampled returns with a foreign tax credit and 12.3 percent of the sampled returns with a Form 2555 attached were for tax years prior to 1987. Such returns were included as a representation of 1987 returns filed after December 31, 1988, and thus not included in the 1987 statistics. However, as some taxpayers needed more time to adjust to the changes made in the 1986 Tax Reform Act, there were a greater number of 1986 returns filed late than expected for 1987. Thus, this representation is slightly exaggerated. The sampled returns used for the statistics do not reflect adjustments made during audit examination which determines the acceptability of the foreign income and taxes reported.

The sample was stratified based on total income or loss and the size of business plus farm receipts, and the presence or absence of: Form 2555, *Foreign Earned Income Exclusion*; foreign tax credit; Schedule C, *Profit (or Loss) from a Business or Profession*; and Schedule F, *Farm Income and Expenses*. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see the Appendix to this report.

#### EXPLANATION OF SELECTED TERMS

**Adjusted gross income.**—This is U.S. gross income less total adjustments.

**Gross foreign earned income.**—This is income reported on Form 2555 to calculate the foreign earned income exclusion. It includes salaries and wages, noncash income (such as meals and transportation), allowances, and reimbursements or expenses paid by the employer for services performed in a foreign country. It also includes business, professional, and partnership income.

**Net foreign earned income.**—This is gross foreign earned income less meals and lodging provided by the employer for the convenience of the employer.

**Total adjustments.**—These are adjustments subtracted from U.S. gross income to determine adjusted gross income. For 1987, they included employee business expenses, deductions for Individual Retirement Arrangements (IRA's), self-employed health insurance deductions, Keogh self-employed retirement plan deductions, penalties from early withdrawal of savings, alimony paid, and the Form 2555 housing deduction.

**U.S. gross income.**—This is the worldwide gross income reported on Form 1040 before adjustments and deductions are subtracted. The foreign earned income exclusion is reported as negative "other" gross income.

#### NOTES AND REFERENCES

- [1] Data in this article are compared to 1983 because this is the last year for which statistics are available.
- [2] Statistics comparing data between 1983 and 1987 should be viewed with caution due to the bias in the number of prior year returns used to represent late filers for the 1987 statistics. See the Data Sources and Limitations section. This bias is considered minimal.
- [3] There are slight differences between the statistics published here and those published in *Statistics of Income—1987, Individual Income Tax Returns*, because returns with a Form 2555 attached were sampled at a higher rate for the data that appear in this article to assure adequate sample size.
- [4] Data for all taxpayers who filed a Form 1040 for 1987 cited in this article are taken from *Statistics of Income—1987, Individual Income Tax Returns*.
- [5] For a more detailed explanation of IC-DISC's, Interest Charge Domestic International Sales Corporations, and FSC's, Foreign Sales Corporations, see Redmiles, Lissa, "Corporate Foreign Tax Credit, 1986," *Statistics of Income Bulletin*, Fall 1990, Volume 10, Number 2.
- [6] Price Waterhouse, *U.S. Citizens Abroad*, Price Waterhouse World Firm Limited 1987, p. 15.

**Table 1.—All Returns with a Foreign Tax Credit: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes and Credit, by Size of Adjusted Gross Income**

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

Size of adjusted gross income	Number of returns	Adjusted gross income	Total income	Salaries and wages	Other net income (less loss)	Section 911 exclusion(s)	Total statutory adjustments	Section 911 deduction	Total itemized deductions	Total standard deductions	Exemptions	Taxable income	Income tax before credits	Total credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All returns, total.....</b>	<b>561,109</b>	<b>72,482,968</b>	<b>73,432,440</b>	<b>29,833,898</b>	<b>605,212</b>	<b>2,037,259</b>	<b>949,473</b>	<b>8,437</b>	<b>12,802,408</b>	<b>677,348</b>	<b>2,352,191</b>	<b>56,681,863</b>	<b>16,996,304</b>	<b>1,120,928</b>
Under \$10,000 <sup>1</sup> .....	31,752	181,596	188,168	113,241	-6,833	52,228	6,572	--	10,822	55,924	37,244	89,433	13,106	2,716
\$10,000 under \$25,000.....	91,793	1,655,154	1,696,291	817,584	18,181	268,552	41,137	583	216,373	248,561	301,598	891,222	127,034	22,956
\$25,000 under \$50,000.....	130,565	4,866,338	4,991,830	2,882,053	18,665	455,108	125,492	2,176	715,167	195,925	527,349	3,433,785	614,732	96,826
\$50,000 under \$70,000.....	82,601	4,942,475	5,020,949	3,023,885	39,558	270,558	78,473	206	795,444	84,778	388,258	3,675,095	777,344	51,790
\$70,000 under \$100,000.....	76,138	6,336,865	6,423,145	3,488,780	49,189	343,448	86,280	1,605	1,058,216	63,027	348,797	4,870,759	1,219,426	110,972
\$100,000 under \$200,000.....	86,335	11,919,263	12,149,878	5,925,749	109,527	416,318	230,615	2,130	2,240,401	23,909	430,549	9,227,371	2,631,601	227,585
\$200,000 under \$500,000.....	43,081	13,176,929	13,398,288	5,716,643	152,776	194,985	221,359	1,454	2,449,949	4,634	220,420	10,503,989	3,429,291	245,356
\$500,000 under \$1,000,000.....	11,773	8,059,150	8,139,290	3,072,018	78,013	27,523	80,141	86	1,409,436	400	61,242	6,588,552	2,239,205	101,040
\$1,000,000 or more.....	7,071	21,345,198	21,424,600	4,793,946	146,136	8,539	79,402	196	3,906,601	189	36,735	17,401,657	5,944,564	261,687
<b>Taxable returns.....</b>	<b>533,514</b>	<b>71,701,463</b>	<b>72,640,016</b>	<b>28,992,749</b>	<b>594,940</b>	<b>1,804,564</b>	<b>938,553</b>	<b>6,531</b>	<b>12,725,700</b>	<b>622,771</b>	<b>2,208,021</b>	<b>56,164,792</b>	<b>16,891,455</b>	<b>1,016,079</b>
<b>Nontaxable returns.....</b>	<b>27,595</b>	<b>781,505</b>	<b>792,424</b>	<b>841,148</b>	<b>10,272</b>	<b>232,695</b>	<b>10,920</b>	<b>1,906</b>	<b>76,708</b>	<b>54,576</b>	<b>144,170</b>	<b>517,070</b>	<b>104,849</b>	<b>104,849</b>

Size of adjusted gross income	Foreign tax credit	Income tax after credits	Total tax liability	Foreign source income and taxes										
				Number of returns	Gross foreign source income	Total deductions and losses	Expenses directly allocable to foreign income	Pro rata share of non-allocable deductions	Losses from foreign source	Gross foreign source taxable income	Net foreign source taxable income	Foreign taxes paid or accrued	Taxes on dividends, rents, royalties, and interest	Other foreign taxes
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>All returns, total.....</b>	<b>1,036,270</b>	<b>15,875,349</b>	<b>16,360,854</b>	<b>518,350</b>	<b>7,097,249</b>	<b>1,562,240</b>	<b>971,457</b>	<b>576,976</b>	<b>13,828</b>	<b>5,535,009</b>	<b>5,523,318</b>	<b>1,806,062</b>	<b>162,595</b>	<b>1,643,472</b>
Under \$10,000 <sup>1</sup> .....	2,665	10,381	12,313	29,959	65,180	10,671	4,087	8,140	-1,548	54,509	53,374	16,395	1,331	15,062
\$10,000 under \$25,000.....	21,919	104,073	114,244	84,840	417,282	85,709	45,900	39,582	230	331,572	330,414	89,386	11,934	77,454
\$25,000 under \$50,000.....	95,128	517,896	545,259	119,388	1,089,114	267,146	174,515	90,111	2,522	821,967	820,007	252,719	22,773	229,933
\$50,000 under \$70,000.....	45,717	725,553	756,211	72,996	450,017	85,044	43,640	40,821	586	364,973	364,260	125,187	8,279	116,921
\$70,000 under \$100,000.....	104,250	1,108,452	1,149,995	69,147	720,804	125,731	60,310	64,471	952	595,073	592,496	209,471	18,459	191,013
\$100,000 under \$200,000.....	218,830	2,404,016	2,522,093	81,969	1,229,797	199,144	93,571	103,712	1,865	1,030,653	1,029,123	385,174	24,905	360,272
\$200,000 under \$500,000.....	232,090	3,183,935	3,293,363	41,634	1,307,675	386,137	297,439	86,305	2,392	921,538	920,090	352,226	21,183	331,045
\$500,000 under \$1,000,000.....	92,282	2,138,165	2,188,123	11,478	524,881	96,463	46,994	48,324	1,145	428,418	427,640	107,480	17,457	90,023
\$1,000,000 or more.....	223,389	5,682,878	5,779,253	6,940	1,292,500	306,195	205,001	95,510	5,684	986,306	985,914	268,026	36,275	231,750
<b>Taxable returns.....</b>	<b>931,478</b>	<b>15,875,349</b>	<b>16,360,854</b>	<b>490,793</b>	<b>6,196,096</b>	<b>1,431,783</b>	<b>913,418</b>	<b>506,009</b>	<b>12,368</b>	<b>4,764,314</b>	<b>4,753,806</b>	<b>1,569,313</b>	<b>151,403</b>	<b>1,417,915</b>
<b>Nontaxable returns.....</b>	<b>104,792</b>	<b>--</b>	<b>--</b>	<b>27,557</b>	<b>901,153</b>	<b>130,457</b>	<b>58,039</b>	<b>70,967</b>	<b>1,460</b>	<b>770,696</b>	<b>769,513</b>	<b>236,750</b>	<b>11,192</b>	<b>225,557</b>

Size of adjusted gross income	Foreign source income and taxes--Continued											
	Carryforward	Reduction in foreign taxes	Foreign taxes available for credit	Credit for taxes on--								Foreign tax credit
Passive income				High withholding tax interest	Financial services income	Shipping income	Dividends from an IC-DISC or former DISC <sup>2</sup>	Distributions from a FSC or former FSC <sup>3</sup>	Dividends from each non-controlled section 902 corporation	General limitation income		
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>All returns, total.....</b>	<b>540,056</b>	<b>454,393</b>	<b>1,891,845</b>	<b>135,782</b>	<b>8,411</b>	<b>2,200</b>	<b>568</b>	<b>5,676</b>	<b>629</b>	<b>584</b>	<b>869,954</b>	<b>1,024,215</b>
Under \$10,000 <sup>1</sup> .....	8,526	5,696	19,234	473	22	--	--	--	6	11	2,114	2,627
\$10,000 under \$25,000.....	35,842	34,510	90,739	3,718	173	363	--	487	4	17	16,774	21,536
\$25,000 under \$50,000.....	38,858	90,519	201,076	11,373	484	194	--	863	39	22	78,374	91,373
\$50,000 under \$70,000.....	29,785	56,124	98,889	5,997	238	121	--	511	86	112	38,056	45,128
\$70,000 under \$100,000.....	73,508	74,449	208,540	11,618	2,021	151	--	1,715	91	32	88,405	104,050
\$100,000 under \$200,000.....	159,409	112,285	432,311	19,857	1,749	680	548	294	33	171	189,571	213,149
\$200,000 under \$500,000.....	108,916	68,473	392,673	16,158	1,526	543	13	443	38	100	212,437	231,357
\$500,000 under \$1,000,000.....	28,491	8,907	127,065	14,434	493	76	7	333	2	17	76,483	91,862
\$1,000,000 or more.....	56,720	3,429	321,317	52,155	1,705	72	--	1,029	329	101	167,740	223,133
<b>Taxable returns.....</b>	<b>475,093</b>	<b>407,048</b>	<b>1,637,477</b>	<b>131,483</b>	<b>8,379</b>	<b>2,200</b>	<b>568</b>	<b>5,676</b>	<b>629</b>	<b>584</b>	<b>770,045</b>	<b>819,753</b>
<b>Nontaxable returns.....</b>	<b>64,963</b>	<b>47,345</b>	<b>254,368</b>	<b>4,299</b>	<b>33</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>99,909</b>	<b>104,463</b>

<sup>1</sup> Includes returns with adjusted gross deficit.  
<sup>2</sup> Interest-Charge Domestic International Sales Corporation.  
<sup>3</sup> Foreign Sales Corporation.  
 Note: Detail may not add to totals because of rounding.

**Table 2.—All Returns with Form 2555: Number of Returns, Adjusted Gross Income, Income Earned Abroad, Foreign Earned Income Exclusion, and Income Tax, by Size of Adjusted Gross Income**

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

Size of adjusted gross income	Number of returns	Adjusted gross income	Total income	Salaries and wages	Other net income (less loss)	Section 911 exclusion(s)	Total statutory adjustments	Section 911 deduction	Total itemized deductions	Total standard deductions	Exemptions	Taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns, total.....</b>	<b>171,191</b>	<b>4,581,336</b>	<b>4,701,241</b>	<b>9,622,536</b>	<b>-12,060</b>	<b>6,427,167</b>	<b>119,905</b>	<b>16,791</b>	<b>619,002</b>	<b>294,677</b>	<b>800,519</b>	<b>3,422,876</b>
Under \$10,000 <sup>1</sup> .....	92,656	86,384	102,351	2,966,800	-67,930	2,967,288	15,967	1,932	40,251	163,321	383,623	25,639
\$10,000 under \$25,000.....	32,587	532,172	547,533	1,333,123	6,586	1,004,382	15,361	1,646	76,095	74,305	164,543	233,663
\$25,000 under \$50,000.....	20,644	724,439	748,876	1,411,929	9,721	910,732	24,437	4,268	113,684	34,194	107,435	476,596
\$50,000 under \$70,000.....	7,922	473,092	485,436	761,255	14,045	399,600	12,344	1,316	78,244	7,938	43,372	342,746
\$70,000 under \$100,000.....	7,561	633,874	647,524	900,972	13,868	426,056	13,651	1,956	98,149	6,910	43,014	488,692
\$100,000 under \$200,000.....	6,766	918,974	940,791	1,191,149	5,371	471,278	21,817	3,558	109,545	6,205	40,949	764,434
\$200,000 under \$500,000.....	2,564	738,084	750,356	775,509	4,870	208,829	12,272	1,687	68,497	1,614	14,686	654,242
\$500,000 under \$1,000,000.....	367	242,351	244,786	192,939	1,275	29,496	2,435	102	18,849	151	2,140	221,337
\$1,000,000 or more.....	125	231,965	233,588	88,860	134	9,507	1,622	324	15,688	40	756	215,528
<b>Taxable returns.....</b>	<b>93,139</b>	<b>4,383,524</b>	<b>4,484,897</b>	<b>6,587,175</b>	<b>34,300</b>	<b>3,579,357</b>	<b>101,373</b>	<b>12,965</b>	<b>528,173</b>	<b>169,484</b>	<b>459,063</b>	<b>3,326,358</b>
<b>Nontaxable returns.....</b>	<b>78,052</b>	<b>197,812</b>	<b>216,344</b>	<b>3,035,362</b>	<b>-46,360</b>	<b>2,847,810</b>	<b>18,532</b>	<b>3,825</b>	<b>90,828</b>	<b>125,193</b>	<b>341,456</b>	<b>96,518</b>

Size of adjusted gross income	Income tax before credits	Total credits	Foreign tax credit	Income tax after credits	Total tax liability	Qualifying status						Gross foreign earned income
						Bona fide resident			Physical presence			
						Number of returns	Net foreign earned income	Section 911 exclusion(s) and deduction	Number of returns	Net foreign earned income	Section 911 exclusion(s) and deduction	
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
<b>All returns, total.....</b>	<b>921,559</b>	<b>392,786</b>	<b>389,636</b>	<b>528,743</b>	<b>578,556</b>	<b>103,325</b>	<b>5,766,027</b>	<b>4,393,087</b>	<b>67,449</b>	<b>2,381,328</b>	<b>2,050,841</b>	<b>8,190,229</b>
Under \$10,000 <sup>1</sup> .....	3,703	396	402	3,296	29,376	60,733	2,007,991	1,977,981	31,923	998,360	991,240	3,026,702
\$10,000 under \$25,000.....	32,138	4,504	3,318	27,629	35,048	15,404	657,362	611,924	17,183	419,422	394,104	1,088,383
\$25,000 under \$50,000.....	78,109	14,878	14,555	63,220	68,088	10,397	799,857	592,048	10,246	376,913	322,952	1,181,219
\$50,000 under \$70,000.....	72,143	22,901	22,719	49,241	51,180	4,536	399,211	283,215	3,173	162,997	117,690	566,510
\$70,000 under \$100,000.....	121,782	45,202	45,021	76,578	78,642	4,809	528,240	329,058	2,597	157,220	98,954	686,864
\$100,000 under \$200,000.....	228,820	117,448	117,135	111,371	114,378	4,875	723,770	381,020	1,841	177,795	93,799	902,082
\$200,000 under \$500,000.....	225,590	123,940	123,537	101,651	104,687	2,125	482,804	181,717	438	74,390	28,799	557,384
\$500,000 under \$1,000,000.....	81,390	39,835	39,432	41,555	42,289	331	114,791	27,245	35	11,263	2,353	126,054
\$1,000,000 or more.....	77,884	23,682	23,515	54,202	54,869	113	52,002	8,880	12	2,967	951	55,030
<b>Taxable returns.....</b>	<b>898,794</b>	<b>370,023</b>	<b>367,216</b>	<b>528,743</b>	<b>578,556</b>	<b>52,572</b>	<b>3,729,142</b>	<b>2,475,305</b>	<b>40,149</b>	<b>1,422,354</b>	<b>1,116,987</b>	<b>5,174,969</b>
<b>Nontaxable returns.....</b>	<b>22,765</b>	<b>22,763</b>	<b>22,420</b>	<b>--</b>	<b>--</b>	<b>50,753</b>	<b>2,036,886</b>	<b>1,917,781</b>	<b>27,300</b>	<b>958,974</b>	<b>933,854</b>	<b>3,015,259</b>

Size of adjusted gross income	Salaries and wages	Business or professional income	Partnership income	Total noncash income	Allowances, reimbursements, or expenses paid	Other foreign earned income	Value of meals and lodging excluded	Net foreign earned income	Housing exclusion	Foreign earned income exclusion	Section 911 exclusion(s)	Section 911 deduction
<b>All returns, total.....</b>	<b>5,846,912</b>	<b>296,866</b>	<b>79,805</b>	<b>164,497</b>	<b>1,578,824</b>	<b>223,310</b>	<b>42,873</b>	<b>8,147,355</b>	<b>467,896</b>	<b>5,982,454</b>	<b>6,427,167</b>	<b>16,761</b>
Under \$10,000 <sup>1</sup> .....	2,585,831	97,458	17,890	65,213	198,974	61,334	20,349	3,006,352	55,197	2,910,722	2,967,288	1,932
\$10,000 under \$25,000.....	873,114	29,003	2,714	27,192	138,648	17,711	11,599	1,076,783	46,719	959,576	1,004,382	1,646
\$25,000 under \$50,000.....	788,397	104,967	7,561	22,919	237,171	20,204	4,450	1,176,769	74,595	853,073	910,732	4,268
\$50,000 under \$70,000.....	351,666	15,467	1,881	12,896	163,805	20,796	4,302	562,208	52,251	348,906	399,600	1,304
\$70,000 under \$100,000.....	394,786	19,789	5,102	11,754	226,031	29,387	1,404	685,460	68,230	359,303	426,056	1,956
\$100,000 under \$200,000.....	446,841	12,004	18,740	14,165	375,888	34,444	517	901,565	105,446	366,947	471,278	3,541
\$200,000 under \$500,000.....	292,020	8,773	21,199	8,637	198,174	28,581	190	557,194	56,623	153,369	208,829	1,687
\$500,000 under \$1,000,000.....	77,310	5,364	2,263	1,421	31,384	8,312	--	126,054	6,954	22,883	29,496	102
\$1,000,000 or more.....	36,946	4,040	2,455	299	8,750	2,540	61	54,969	1,881	7,676	9,507	324
<b>Taxable returns.....</b>	<b>3,278,084</b>	<b>255,061</b>	<b>61,670</b>	<b>94,709</b>	<b>1,320,852</b>	<b>164,579</b>	<b>23,474</b>	<b>5,151,496</b>	<b>392,406</b>	<b>3,215,511</b>	<b>3,579,357</b>	<b>12,935</b>
<b>Nontaxable returns.....</b>	<b>2,568,828</b>	<b>41,805</b>	<b>18,135</b>	<b>69,788</b>	<b>257,972</b>	<b>58,730</b>	<b>19,399</b>	<b>2,995,859</b>	<b>75,490</b>	<b>2,766,943</b>	<b>2,847,810</b>	<b>3,825</b>

<sup>1</sup> Includes returns with adjusted gross deficit.  
Note: Detail may not add to totals because of rounding.

**Table 3.--All Returns with Form 2555: Number of Returns, Foreign Earned Income and Exclusions, by Occupation**

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

Occupation	Qualifying status						Gross foreign earned income	Salaries and wages	Business or professional income	Partnership income
	Bona fide resident			Physical presence						
	Number of returns	Net foreign earned income	Section 911 exclusion(s) and deduction	Number of returns	Net foreign earned income	Section 911 exclusion(s) and deduction				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b>All occupations, total.....</b>	<b>103,325</b>	<b>5,766,027</b>	<b>4,393,087</b>	<b>67,449</b>	<b>2,381,328</b>	<b>2,050,841</b>	<b>8,190,229</b>	<b>5,846,912</b>	<b>296,866</b>	<b>79,805</b>
Business management.....	14,670	1,457,257	969,341	7,377	420,000	313,977	1,882,910	1,252,520	8,833	3,401
Construction and engineering.....	13,803	976,301	755,337	11,284	589,592	509,988	1,580,619	1,117,032	31,344	3,218
Sales and public relations.....	4,489	261,931	207,985	2,883	103,380	85,826	365,676	258,503	20,021	138
Finance and insurance.....	6,723	637,788	435,892	3,716	179,879	135,608	818,176	509,384	11,690	1,170
Research.....	6,918	387,623	307,218	4,007	161,512	141,829	550,606	391,343	28,827	14,741
Education and religion.....	25,695	587,430	577,450	13,510	247,843	242,464	842,978	722,961	39,495	1,619
Art and entertainment.....	3,277	123,888	101,910	1,308	31,554	29,381	155,517	120,445	19,885	2,165
Accounting and law.....	3,343	255,979	171,091	2,033	68,607	57,362	325,481	185,831	17,927	45,690
Health.....	4,175	166,798	143,447	3,308	95,831	87,141	264,361	211,501	37,955	2,401
Support services.....	6,302	207,468	188,367	6,693	152,816	141,547	362,504	289,078	8,740	(1)
Other.....	13,929	703,564	535,047	11,329	330,315	305,718	1,041,399	788,313	72,148	5,262

Occupation	Total noncash income	Allowances, reimbursements, or expenses paid	Other foreign earned income	Value of meals and lodging excluded	Net foreign earned income	Housing exclusion	Foreign earned income exclusion	Section 911 exclusion(s)	Section 911 deduction
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
<b>All occupations, total.....</b>	<b>164,497</b>	<b>1,578,824</b>	<b>223,310</b>	<b>42,873</b>	<b>8,147,355</b>	<b>467,896</b>	<b>5,982,454</b>	<b>6,427,167</b>	<b>16,761</b>
Business management.....	41,343	519,899	56,913	5,654	1,877,257	184,666	1,091,028	1,280,038	3,281
Construction and engineering.....	40,909	351,712	36,403	14,726	1,565,893	66,528	1,197,481	1,261,419	3,906
Sales and public relations.....	5,810	72,769	8,435	365	365,311	23,593	270,899	293,520	291
Finance and insurance.....	10,996	266,162	18,762	509	817,667	98,031	469,520	570,327	1,174
Research.....	8,929	85,912	20,853	1,470	549,134	24,227	429,729	447,659	1,388
Education and religion.....	20,124	35,631	23,148	7,705	835,274	4,016	816,116	819,641	273
Art and entertainment.....	633	5,786	6,603	75	155,442	2,740	130,388	131,163	128
Accounting and law.....	6,863	54,842	14,327	896	324,585	16,411	213,180	223,247	5,207
Health.....	4,058	6,285	2,162	1,732	262,630	2,817	231,897	230,378	210
Support services.....	8,697	54,431	1,557	2,220	360,284	11,107	320,688	329,537	377
Other.....	16,135	125,395	34,145	7,521	1,033,878	33,759	811,528	840,240	525

<sup>1</sup> Less than \$500.

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

# Private Foundations, 1988

By Margaret Riley and Alicia Meckstroth\*

Total assets of private foundations increased markedly between 1987 and 1988, while total revenues continued to decline [1]. Total assets increased by 13 percent for 1988, to \$128.9 billion [2]. Total foundation revenues, however, fell at a rate of 5 percent, to \$16.3 billion. Foundation net investment income fell by a greater rate, 8 percent, to \$10.4 billion. Despite falling revenues and investment income, the amount of charitable grants made by foundations increased by 9 percent from 1987 to 1988, to \$7.4 billion. In comparison, between 1986 and 1987, private foundations, while continuing to increase the total amount of grants distributed, experienced a decline in total revenues and only a 1 percent increase in total assets.

## CHANGES IN FOUNDATION REVENUE, ASSETS, AND GRANTS, 1987 TO 1988

A sizable decrease in net gain (less loss) from sales of assets, 34 percent, and a smaller decrease in the amount of contributions, gifts, and grants received by foundations, 0.3 percent, both contributed largely to the continued decline in total foundation revenue from 1987 to 1988. Although net gain from sales of assets and contributions received both declined, the combined total of interest and dividend income increased by 16 percent over the same time period [3].

While revenues declined, total foundation expenses continued to increase at a relatively constant rate in comparison to past years, 8 percent, from \$9.1 billion for 1987 to \$9.8 billion for 1988. Increasing amounts of charitable grants distributed by foundations largely explain the growth in total expenses. Declining revenues and increasing expenses led to an overall decline of 19 percent in net revenue or "excess of revenue (less loss) over expenses." Figure A depicts percentage changes for various revenue items as well as for other selected data for the periods 1986 to 1987 and 1987 to 1988.

Foundations continued to react to the October 1987 stock market decline that contributed to the decreasing net gains from sales of assets and the drop in both total revenue and net investment income. The low market values of many stocks through much of 1988 may have led to the lower gains from sales of assets and may also have discouraged foundations from selling stocks and instead encouraged them to defer sales of stock until market values had risen. This reaction, in effect, may have contributed to the 34-percent decrease in the net gain from sales of assets from 1987 to 1988, from \$5.6 billion to \$3.7 billion. A closer examination of changes in the net gain (less loss) from sales of assets reveals that total gains from sales of assets fell by 33 percent, from \$5.7 billion for 1987 to \$3.8 billion for 1988. Likewise, total losses from sales of assets grew by 8 percent, from \$147.9 million to \$159.5 million. Examining the 1986 to 1988 period shows that the net gain from sales of assets fell by 48 percent.

The amount of contributions, gifts, and grants received by foundations dropped by 26 percent from 1986 to 1987, but only by 0.3 percent from 1987 to 1988. During the 1986 to 1988 period, total contributions fell from \$7.2 billion to \$5.3 billion. Declines in the amount of contributions received were most prominent in the very small and the very large foundations. The smallest foundations—the group holding less than \$1 million in fair market value of total assets—received \$910 million in total contribu-

**Figure A.—Percentage Changes in Selected Financial Items, 1986 to 1988**

Item	Percentage change	
	1986 to 1987	1987 to 1988
Fair market value of total assets.....	1.0%	12.8%
Investments in securities.....	0.4	14.0
Total revenue.....	-14.5	-4.9
Net gain (less loss) from sales of assets.....	-20.4	-34.4
Contributions, gifts, and grants received.....	-26.1	-0.3
Total expenses.....	9.6	7.5
Contributions, gifts, and grants paid.....	9.1	9.0
Excess of revenue (less loss) over expenses.....	-31.6	-18.9

\*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

tions, 15 percent less than in 1987. Likewise, the largest foundations—the group holding \$100 million or more in fair market value of total assets—received \$704 million in total contributions, 12 percent less than in 1987. Contributions received typically comprise a much greater percentage of total revenue for the smallest foundations compared to the largest foundations, for instance, 65 percent for the small compared to 11 percent for the large for 1988. While the larger foundations, in order to fund charitable giving, tend to rely extensively on the growth of their endowments, the smaller foundations depend largely on contributions that they receive in a given year or in prior years.

Changes in the Tax Reform Act of 1986 (TRA86) relating to contributions of appreciated property may have discouraged donors from making contributions of stock or other appreciated property to foundations. After implementation of TRA86, donations of appreciated stock to “nonoperating foundations” (defined below) could still be deducted at fair market value, although donors could be subjected to the revised “alternative minimum tax” (as a “tax preference item”) on the difference between the fair market value and the actual cost (or book value) of the donated stock or property. Furthermore, the lower values of stock after the October 1987 market decline potentially limited both the size of a donor’s charitable gift and the value of the tax deduction for the charitable gift. These same factors may also have affected corporate giving, which continued to decline from 1987 to 1988, by 2 percent [4]. To further explain the drop in contributions from 1986 to 1988, donors, in anticipation of the TRA86 changes, may have contributed relatively large amounts in 1985 and 1986, thereby making the 1987 and 1988 contributions small in comparison.

Although revenues and net investment income declined, at the end of the 1988 tax year foundation assets had rebounded from the minimal 1987 gain by increasing 13 percent from 1987, to \$128.9 billion. The largest foundations—those holding \$100 million or more in assets—realized an increase in assets of 15 percent compared to only 4 percent for the smallest foundations—those holding less than \$1 million in assets. The 14 percent gain from 1986 to 1988 in the value of total foundation investments in securities, to \$99.6 billion, explains much of the growth in total assets. “Rates of total return” on assets (defined in the Rate of Total Return section) increased markedly from 1987 to 1988, thereby explaining much of this growth.

Despite the revenue losses, the amount of grants that foundations distributed increased by 9 percent from 1987

to 1988, to \$7.4 billion. Increases in grants were particularly prominent in the larger asset-size groups. For instance, for the largest foundations, grants increased by 9 percent from 1987 to 1988, to \$2.7 billion, while for the smallest group, grants increased by only slightly less than 1 percent, to \$912 million. (For explanations of the disparity between the large and small foundations see The Distribution Requirement and the Payout Rate section and the Asset Growth, Distribution Goals, and Decision-Making section.)

## OVERVIEW AND EXPLANATION OF PRIVATE FOUNDATIONS

### Statistics of Income Studies

The statistics presented in this article are based on data from Form 990-PF, *Return of Private Foundation*, the annual information return filed by private foundations [5]. Statistical studies on private foundations have previously been conducted for tax years 1974, 1979, 1982, 1983, and 1985 through 1987. A study for tax year 1989 is currently in progress and will cover both private foundations and nonexempt charitable trusts treated as private foundations under the Internal Revenue Code [6].

Data for 1987 and earlier years have been published in the *Statistics of Income Compendium of Studies of Tax-Exempt Organizations, 1974-87* [7]. Except for tax year 1974, data for the above-cited years have also been published in the *Statistics of Income Bulletin* [8]. Some of the data discussed in this article are based on previously unpublished statistical tabulations.

### Organizations and Activities

A private foundation is a nonprofit, tax-exempt corporation, association or trust which is narrowly supported and controlled, usually by an individual, family, or corporation, as opposed to an organization receiving broad support from a large number of sources within the general public. It is this narrow base of support and control which differentiates a private foundation from a publicly supported tax-exempt charitable organization, although both receive tax exemption under Internal Revenue Code section 501(c)(3) [9]. Because of the centralized support and control, private foundations are more strictly regulated than other section 501(c)(3) organizations.

The two types of private foundations, “operating” and “nonoperating,” are distinguished by the form of charitable support they provide. Nonoperating foundations

generally provide indirect charitable support by making grants to other section 501(c)(3) organizations that actually conduct charitable programs [10]. Nonoperating foundations are required each year to expend or distribute (normally through grants or related expenses), by the end of the following year, a minimum amount for charitable purposes, based on the value of their net investment assets (also known as net noncharitable-use assets). Individual income tax deductions for contributions to nonoperating foundations are generally more restrictive than deductions for contributions made to operating foundations or other section 501(c)(3) organizations.

If an organization can show that the level of its direct involvement in charitable activities is sufficiently high, then it qualifies as an operating foundation and is excepted from the income distribution requirement and related excise taxes that would otherwise be applicable. Operating foundations are required to provide direct charitable support by expending substantially all (85 percent) of the lesser of their "adjusted net income" or 5 percent of "net investment assets" to actively carry on tax-exempt charitable programs (as opposed to the payout of grants in support of such programs). In addition to satisfying this "income" test, they also must meet one of three tests based on assets, endowment, or sources of support, to continue to qualify as operating foundations [11]. Although operating foundations are not subject to the annual payout requirement, many choose to make grants in addition to carrying on charitable programs of their own.

Passage of the Tax Reform Act of 1969 for the first time subjected foundations to an excise tax on net investment income. The tax was imposed so that private foundations would share the cost of more extensive and vigorous IRS enforcement of tax laws relating to exempt organizations. Most private foundations pay the excise tax on net investment income, while some operating foundations are exempt from this tax (see the section, Excise Tax on Net Investment Income). The 1969 Act also imposed a two-tier system of penalty taxes on foundations that engaged in prohibited activities (deemed not to be in the public interest); e.g., failure by nonoperating foundations to distribute the required minimum payout after a one-year grace period, attempts to influence legislation, such as lobbying or participating in the campaign of a candidate for public office, or engaging in certain financial transactions with persons having a relationship with the foundation, such as substantial contributors to the foundation and officers, directors or trustees of the foundation.

Of the 37,141 active organizations filing private foundation information returns for 1988, 91 percent were nonoperating foundations and the remaining 9 percent

were operating foundations, virtually the same percentages as for 1987. Approximately 31,300 were grantmaking foundations. About 88 percent of the nonoperating foundations and 47 percent of the operating foundations made grants for 1988.

About 29 percent of the 5,833 nongrantmaking foundations were operating foundations. Another 17 percent were nonoperating foundations that had no "distributable amount" and, therefore, were not required to make a minimum distribution (see the Explanation of Selected Terms section for a definition of the distributable amount). An additional 28 percent of the nongrantmakers were nonoperating foundations that made other types of charitable distributions to satisfy the minimum distribution requirement (for a further explanation of these other types of "qualifying distributions," see the section, Charitable Distributions). The remaining nonoperating, nongrantmaking foundations that did not fully make the required distribution for 1988 had, by law, until the end of their 1989 accounting periods to do so without any tax penalty. Some nongrantmaking foundations were "failed public charities" that had been reclassified as nonoperating foundations. Many failed public charities continued to operate direct charitable programs rather than make grants to other tax-exempt organizations [12].

The largest foundations—those having assets with fair market value of \$100 million or more—numbered less than 0.5 percent of all foundations for 1988, but held slightly more than half of all foundation assets. Only 4 percent of all private foundations had assets worth \$10 million or more, but they accounted for 80 percent of all assets. The group of foundations considered to be small in size—with less than \$1 million in assets—accounted for 79 percent of all foundations, but only 4 percent of total assets.

### Top Ten Domestic Foundations

The assets of the 10 largest domestic foundations totaled \$27.5 billion, or 21 percent of all foundation assets (Figure B). These foundations accounted for 10 percent of the total \$7.4 billion in grants paid out by all foundations.

The J. Paul Getty Trust is the only organization listed that is an operating foundation. It actively operates programs that are mainly related to the arts and humanities (most notable is the J. Paul Getty Museum, an art museum located in California). Therefore, it is not surprising that the Getty Trust made the smallest amount of grants of the organizations listed.



**Figure B**  
**Top Ten Domestic Private Foundations**  
**Ranked by Size of Fair Market Value of Total**  
**Assets, 1988<sup>1</sup>**

[Money amounts are in millions of dollars]

Name	Total assets	Total grants paid
1. Ford Foundation	\$5,882	\$218
2. J. Paul Getty Trust <sup>2</sup>	4,520	6
3. W. K. Kellogg Foundation Trust/W.K. Kellogg Foundation <sup>3</sup>	3,875	104
4. John D. and Catherine T. MacArthur Foundation	3,135	95
5. Robert Wood Johnson Foundation	2,056	44
6. Lilly Endowment, Inc.	1,934	80
7. Rockefeller Foundation	1,829	56
8. Andrew W. Mellon Foundation	1,641	60
9. Pew Memorial Trust	1,562	88
10. Kresge Foundation	1,097	9
<b>Total</b>	<b>\$27,532</b>	<b>\$760</b>

<sup>1</sup> A foundation is considered "domestic" if it is organized in the United States; however, this does not necessarily imply that all of its activities or grant recipients are domestic.

<sup>2</sup> J. Paul Getty Trust is an operating foundation. All other foundations listed are nonoperating foundations.

<sup>3</sup> The W. K. Kellogg Foundation Trust, located in New York, has a "pass-through" relationship with the W. K. Kellogg Foundation, located in Michigan. Typically, the entire amount of the annual "qualifying distributions" of the W. K. Kellogg Foundation Trust are made in the form of a grant to the W. K. Kellogg Foundation, which redistributes the grant for charitable purposes (and does not count the redistribution as a qualifying distribution of its own). The combined total assets of the two organizations are shown in the "Total assets" column, but the "pass-through" grant of the W. K. Kellogg Foundation Trust is excluded from the "Total grants paid" column.

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

While the grants of the Kresge Foundation may appear to be relatively low compared to those of the other nonoperating foundations shown in Figure B, that foundation set aside over \$43.4 million to use for future charitable funding or projects. This type of "set-aside" can be counted toward satisfying the annual minimum distribution requirement.

The assets of The Ford Foundation by far exceeded those of any other organization in the top ten. Ford Foundation's \$5.9 billion in total assets accounted for 5 percent of all foundation assets, and its \$217.7 million in

grants accounted for 3 percent of all grants made by foundations for 1988.

#### Distribution of Larger Foundations by State

Table 4, at the end of this article, depicts foundation data by State for all those foundations with \$10 million or more in book value of total assets [13]. The data indicate that of the largest foundations—those with fair market value of assets of \$100 million or more—22 percent were based in New York, and 14, 9 and 8 percent in California, Pennsylvania, and Texas, respectively. The larger foundations in these four states (as included in the table) accounted for 43 percent of total foundation assets.

#### COMPOSITION OF REVENUE

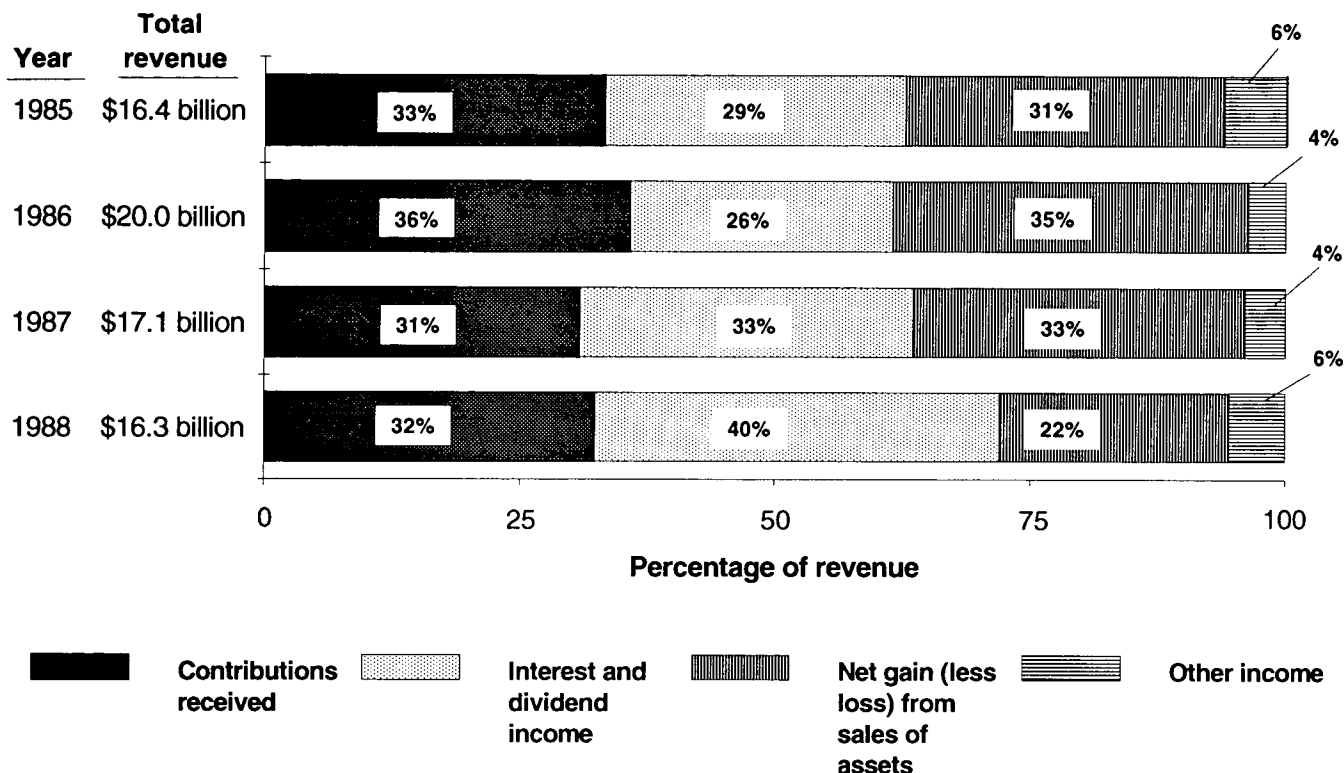
Dividend and interest income, contributions (received), and net gain (less loss) from sales of assets are the three primary components of revenue for private foundations (Figure C). Together, these components accounted for 94 percent of total revenue for 1988.

Throughout the period 1985-1988, contributions as a percentage of total revenue were relatively constant, ranging between 31 and 36 percent. For 1985 and 1986, net gain (less loss) from sales of assets was a larger source of foundation revenue than was the combined total of interest and dividend income. Revenue from these two sources, e.g., gains from sales of assets and the combination of interest and dividends, was just about equal for 1987, with each accounting for one-third of the total. However, for 1988 the proportion of revenue attributed to net gain (less loss) from sales of assets decreased while that attributed to interest and dividend income increased.

Net gain (less loss) from sales of assets sharply declined for both 1987 and 1988 (in comparison to the preceding years), by 20 percent and 34 percent, respectively, a net drop of 48 percent between 1986 and 1988. As indicated earlier, the stock market crash of October 1987 explains much of the drop that occurred during 1987 and continued into 1988. The lower market value of many foundations' stocks may have either induced these organizations to postpone selling certain securities or resulted in smaller gains (or larger losses) on sales that they chose (or had) to make.

Another factor could be that in the years following 1981, when nonoperating foundations were no longer required to distribute their adjusted net income if it was larger than

Figure C  
Composition of Total Revenue, 1985-1988



Note: Component percentages may not add to 100 percent because of rounding.

5 percent of their net investment assets, sales of assets increased appreciably as many foundations restructured their investment portfolios to change the mix of high-income-yield and high-appreciation securities. Between 1982 and 1986, sales of foundation assets increased almost 300 percent.

The percentage distribution of major revenue sources varies extensively when the size of the foundation is considered. As already mentioned, smaller organizations rely more heavily on charitable contributions for revenue than do larger foundations. For example, for 1988, contributions reported by foundations with assets under \$1 million accounted for 66 percent of their total revenue, while a combined total of interest, dividends, and net gain (less loss) from sales of assets accounted for 31 percent. Organizations with assets of \$1 million under \$25 million reported nearly equal portions of contributions and a combined total of interest, dividends, and net gain (less loss) from sales of assets. As a proportion of total revenue, each represented a 47-percent share. Receipts of charitable contributions played a much less important role in the revenue of foundations with assets of \$25 million or more, equaling only 19 percent of the

total. By comparison, a combined total of interest, dividends and net gain (less loss) from sales of assets accounted for 76 percent.

#### EXCISE TAX ON NET INVESTMENT INCOME

The excise tax on net investment income is a type of "audit" tax originally levied on private foundations by the Tax Reform Act of 1969 to provide funds for Internal Revenue Service (IRS) oversight of foundation activities and the enforcement of laws governing their exempt status. Domestic foundations generally paid a tax equal to 2 percent of their net investment income and foreign foundations paid a tax equal to 4 percent of their gross investment income. Domestic organizations computed the excise tax based on investment income from all sources, while foreign organizations computed the tax based on investment income from U.S. sources only.

Effective with tax years beginning in 1985, a provision of the Deficit Reduction Act of 1984 altered the excise tax payment requirements. Under these 1985 rules, the excise tax was waived for certain operating foundations

which had been publicly supported for at least 10 years (or which were classified as operating foundations as of January 1, 1983); had a governing body broadly representative of the general public, as opposed to substantial contributors to the foundation or members of their family (called "disqualified persons"); and had no disqualified persons as officers of the foundation.

Since 1985, the annual 2-percent excise tax could be reduced to 1 percent for any domestic operating or nonoperating foundations that had current qualifying distributions that exceeded a 5-year average of charitable distributions plus 1 percent of the current tax year's net investment income. The 4-percent excise tax levied on the gross investment income of foreign foundations has remained unchanged. For 1988, foreign foundations accounted for only 1 percent of the organizations reporting the tax and only 1 percent of the total amount of tax reported.

Figure D presents excise tax information for 1985-1988. Foundations reported less total excise tax for 1988 than for each of the three preceding years. One contributing factor to the drop in the tax reported was the rise in the number of organizations qualifying for the 1-percent tax reduction over the 1985-1988 period. Another factor was the relatively low amount of net investment income base on which the 2-percent tax was computed for 1988. The decreases in net gain from sales of assets for both 1987 and 1988 contributed to the decline in net investment income for those two years.

About 10,300 foundations (about a third of all organizations reporting the excise tax) were able to take advan-

**Figure D.—Excise Tax on Net Investment Income, 1985-1988**

[Money amounts are in millions of dollars]

Item	1985 (1)	1986 (2)	1987 (3)	1988 (4)
<b>FOUNDATIONS REPORTING EXCISE TAX</b>				
Number of returns.....	25,805	28,051	29,823	31,058
Net investment income.....	\$9,437.7	\$11,507.4	\$10,706.7	\$9,893.6
Excise tax.....	169.5	195.8	174.3	141.6
<b>1-percent tax</b>				
Number of returns.....	5,270	6,429	8,177	10,301
Net investment income.....	2,018.3	3,481.4	4,030.7	5,667.2
Excise tax.....	20.2	34.8	40.3	56.8
<b>2-percent tax</b>				
Number of returns.....	20,489	21,552	21,600	20,719
Net investment income.....	7,371.4	8,001.4	6,654.8	4,198.0
Excise tax.....	147.4	160.0	133.1	84.0
<b>4-percent tax</b>				
Number of returns.....	46	70	46	38
Net investment income.....	48.0	24.6	21.2	18.3
Excise tax.....	1.9	1.0	0.8	0.7
<b>FOUNDATIONS REPORTING AN EXEMPTION FROM EXCISE TAX</b>				
Number of returns.....	283	830	532	494
Net investment income.....	802.7	765.6	546.6	472.1

tage of the 1-percent tax reduction, totaling \$56.8 million for 1988. The number of organizations qualifying for the reduction has nearly doubled between 1985 and 1988. An examination of the various asset-size classes of foundations shows that the proportion of foundations qualifying to use the 1-percent excise tax rate increased as the fair market value of assets increased, ranging from 26 percent of foundations with assets under \$1 million up to 54 percent of foundations with assets of \$100 million or more. Approximately 20,700 domestic foundations together reported an aggregate total of \$84 million under the 2-percent excise tax. This amount was lower than the 2-percent tax reported for each of the 3 preceding years.

The number of operating foundations reporting an exemption from the excise tax on net investment income has fluctuated over the 1985-1988 period. The 494 organizations claiming the exemption for 1988 were 20 percent of all operating foundations reporting net investment income.

The remaining 5,600 foundations which reported no excise tax on net investment income, and therefore were excluded from Figure D, mostly were organizations that had no investment income for 1988. However, a small number (3 percent) of these organizations did have investment income but did not report the excise tax, and a few organizations were Canadian foundations which, under a treaty with the United States, did not have to pay the excise tax.

## COMPOSITION OF ASSETS

Investments form the largest portion of the total assets of private foundations, with securities being the most frequently used investing option of these organizations (Figure E). Between 1987 and 1988, total assets of all foundations increased 13 percent, from \$114.3 billion to \$128.9 billion, and investments in securities rose 14 percent, from \$87.4 billion to \$99.6 billion. While investments play an important role in the operations of most foundations, their importance is less for smaller-size foundations.

Investments in securities ranged from 56 percent of total assets for the smaller-size foundations (less than \$1 million in total assets) to 82 percent of total assets for the larger-size foundations (total assets of \$100 million or more). Assets held in the form of non-interest-bearing cash and also savings and temporary cash investments (interest-bearing accounts) played a more prominent role in the balance sheets of the smaller-size organizations. The larger-size organizations are more likely to maintain higher-risk investment portfolios with a higher proportion

**Figure E.--Percentage Distribution of Asset Components, by Size of Fair Market Value of Total Assets, 1988**

(Money amounts are in billions of dollars)

Item	All foundations	Size of fair market value of total assets			
		Under \$1,000,000	\$1,000,000 under \$25,000,000	\$25,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>Fair market value of assets, total</b> .....	<b>\$128.9</b>	<b>\$5.7</b>	<b>\$32.1</b>	<b>\$23.1</b>	<b>\$68.0</b>
Cash, non-interest-bearing accounts.....	0.9%	6.6%	1.4%	0.7%	0.2%
Receivables <sup>1</sup> .....	1.3	3.0	1.5	1.6	0.9
Investments, total.....	93.4	85.3	90.9	91.2	95.9
Securities.....	77.3	55.7	70.7	77.2	82.2
Savings and temporary cash investments.....	8.6	21.9	12.4	8.0	5.9
Land, buildings, and equipment (less accumulated depreciation).....	2.4	2.1	2.1	2.6	2.4
Other investments.....	5.1	5.6	5.7	3.4	5.3
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	2.0	3.1	3.6	3.1	0.8
Other assets.....	2.3	1.9	2.6	3.3	2.2

<sup>1</sup> Receivables include accounts receivable, pledges receivable, grants receivable, receivables due from disqualified persons, and other notes and loans receivable (excluding mortgages).

Note: Percentages may not add to 100 percent because of rounding.

of long-term investments compared to the relative safety and liquidity of non-interest-bearing cash, savings, or temporary cash investments.

The \$3.2 billion in securities owned by the smaller-size foundations and the \$56.0 billion in securities owned by the larger-size foundations represented respective increases of 5 percent and 15 percent between 1987 and 1988. Savings and temporary cash investments of the smaller-size foundations increased 2 percent from 1987, to \$1.2 billion; for the larger-size foundations, savings and temporary cash investments decreased 2 percent, to \$4.0 billion. After total investments, non-interest-bearing cash was the second largest asset component in the portfolios of the smaller-size foundations, but a much smaller part of the assets of the larger-size foundations. As shown in Figure E, the ratio of non-interest-bearing cash to total assets decreases as each asset-size group increases, from 7 percent down to less than 1 percent.

Asset components other than investments and non-interest-bearing cash that were reported by foundations included charitable-use land, buildings and equipment, various receivables, and "other assets" (which included items not reported elsewhere in the balance sheets, such as deferred income, interest-free or low-interest loans made for charitable purposes, and escrow deposits). These assets collectively accounted for 6 percent of aggregate foundation assets, and comprised 8 percent or less of the total assets within each of the asset-size groups shown in Figure E.

## CHARITABLE DISTRIBUTIONS

### Components of Qualifying Distributions

In addition to the \$7.4 billion in grants made for 1988, foundations disbursed or "set aside" (for future distribution) \$1.6 billion in support of charitable activities. All of

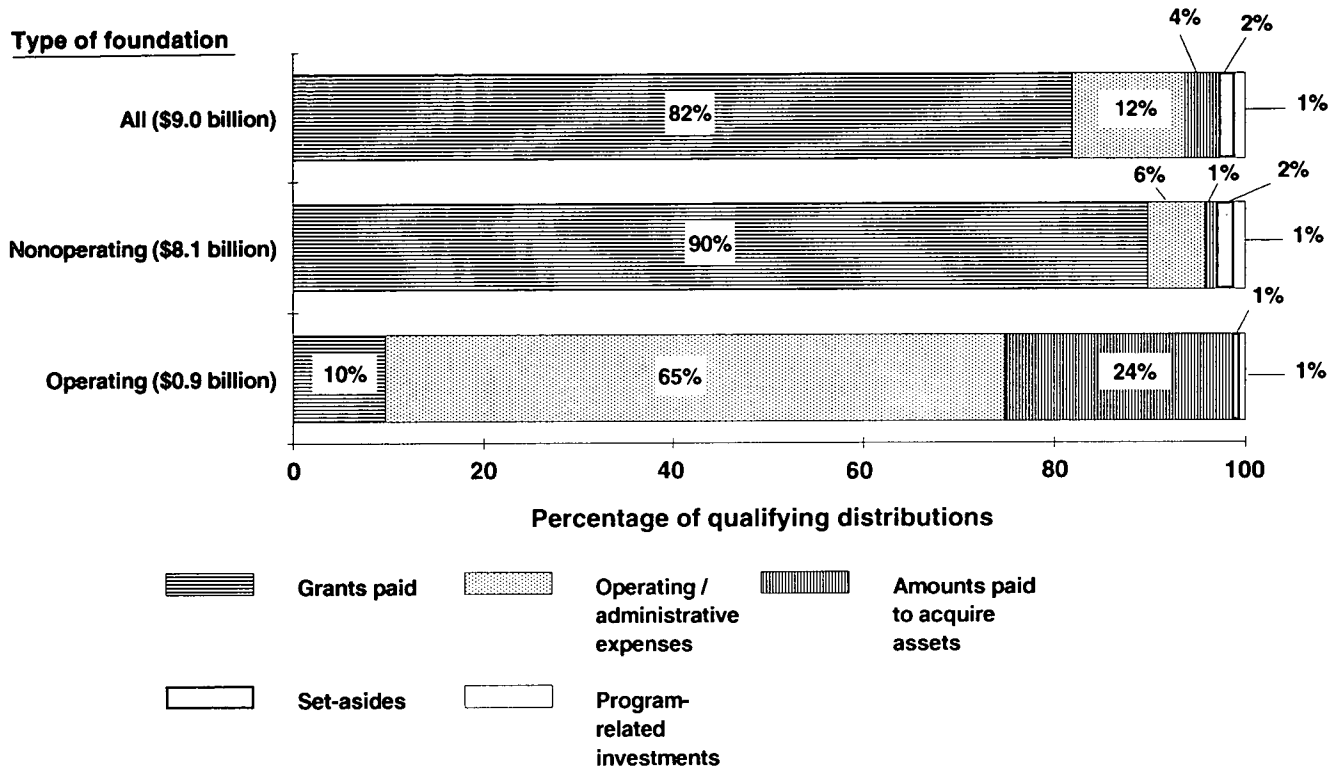
these disbursements and set-asides made up the total \$9.0 billion that foundations reported as "qualifying distributions," \$0.9 billion of which were reported by operating foundations and \$8.1 billion of which were reported by nonoperating foundations. The qualifying distributions of nonoperating foundations could be counted toward meeting the required annual payout for charitable purposes, called the "distributable amount" (see The Distribution Requirement and the Payout Rate, below) [14].

As illustrated in Figure F, qualifying distributions specifically consisted of grants (82 percent); operating and administrative expenses (which included amounts paid for direct charitable activities, such as operating a museum or nursing home, plus both charitable operations-related and allowable grantmaking-related administrative expenses) (12 percent); amounts paid to acquire assets used for charitable purposes (4 percent); amounts set aside to fund future charitable projects (2 percent); and amounts used for charitable program-related investments (such as low-interest loans to tax-exempt community organizations) (1 percent).

The percentage distribution of these components of qualifying distributions changes significantly when the two classifications of foundations, operating and nonoperating, are considered. As mentioned previously, and as would be expected by the nature of their classifications, nonoperating foundations fulfill their exempt purpose in an indirect manner, primarily by making grants to other charitable organizations, while operating foundations generally expend their income for direct, active involvement in charitable activities and operations.

As discussed in the Overview and Explanation of Private Foundations section, nonoperating foundations have a legal requirement to distribute a minimum amount for charitable purposes each year. Operating foundations are not subject to the same minimum payout require-

Figure F  
Composition of Qualifying Distributions, 1988



Note: Component percentages may not add to 100 percent because of rounding.

ment, but they must still expend a minimum amount each year (under rules different from those governing nonoperating foundations) on direct support by actively conducting charitable programs. Although the two types of organizations usually operate according to their respective distribution requirements, some nonoperating foundations are actively involved in charitable programs, in addition to making grants, and some operating foundations make grants, in addition to operating charitable programs.

It is not surprising, then, that Figure F shows that grants as a percentage of qualifying distributions were 90 percent for nonoperating foundations, but only 10 percent for operating foundations. In contrast, operating expenses plus allowable administrative expenses were 65 percent of qualifying distributions for operating foundations, but only 6 percent for nonoperating foundations. Because operating foundations generally conduct their own charitable programs (as opposed to making grants to other organizations), it is typical for them to include in their qualifying distributions relatively large amounts for assets

used in conducting their activities. Amounts paid to acquire charitable-use assets (such as equipment, supplies or buildings, to the extent that they are used for the foundation's tax-exempt purpose) were 24 percent of operating foundations' qualifying distributions; for nonoperating foundations, the corresponding proportion was only 1 percent.

### The Distribution Requirement and the Payout Rate

The following discussion of the distribution requirement and the payout rate excludes operating foundations because they are not subject to the same distribution (payout) requirement as nonoperating foundations. Therefore, all references to foundations in this section, and in following sections, are to nonoperating foundations, unless otherwise indicated.

Each tax year, nonoperating foundations must calculate a "distributable amount" which is the minimum amount that they must distribute for charitable purposes by the end of the next full tax year. The distributable

amount is 5 percent of the fair market value of net investment assets (called the "minimum investment return"), plus or minus certain adjustments, either allowed or required [15]. (See "distributable amount," "net investment assets," "minimum investment return," and "net adjustments to distributable amount" in the Explanation of Selected Terms section.)

To fulfill the payout requirement, foundations can apply their current year's qualifying distributions and any carryovers of qualifying distributions (amounts paid out in excess of the minimum amount required) from the last 5 previous years. Collectively, nonoperating foundations paid out \$8.1 billion in qualifying distributions and had an annual payout requirement (distributable amount) of \$5.3 billion for 1988. Of the 33,913 nonoperating foundations, 95 percent were required to make a distribution for 1988. About four out of every five organizations required to make a distribution met or exceeded the required amount for 1988, while one out of every five did not, although these latter organizations had until the end of their 1989 reporting periods to satisfy the requirement. (After applying current-year qualifying distributions and any carryovers from previous years, the amount by which foundations fell short of meeting the annual payout requirement is called "undistributed income.")

Given that the annual required payout is not calculated until the end of an organization's reporting period and that it is based on the current period's monthly average of investment assets, many foundations choose to take advantage of the 1-year tax- and penalty-free "grace period" for making required distributions. This lag time gives foundations an opportunity to consider the result of the current year's required payout calculation when preparing their grantmaking budgets for the following year.

Foundations that had no undistributed income (meaning that they met or exceeded the required amount) for 1988 had a distributable amount of \$3.0 billion and made qualifying distributions of \$5.8 billion. In aggregate, these foundations applied \$2.9 billion of the current year's qualifying distributions and \$0.1 billion in carryovers from previous years to satisfy the payout requirement. (In some cases, carryovers were used in total; in other cases, they were used in combination with current-year qualifying distributions to meet the requirement.)

In addition to the \$3.0 billion (i.e., the \$2.9 billion distributed for 1988 plus the \$0.9 billion carried over from previous years) that was applied toward the 1988 distributable amount, foundations that had no undistributed income reported another \$2.9 billion of current-year (1988) qualifying distributions, some of which was applied to

undistributed income of the previous year (or previous years), some of which was considered "excess distributions" carried forward to use within the next 5 years (if needed), and some of which was considered pass-through redistributions (amounts received from, and claimed as qualifying distributions by, another private foundation and therefore subtracted out of the recipient foundation's current-year qualifying distributions).

The foundations that reported undistributed income for 1988 applied, in aggregate, \$865.2 million of qualifying distributions plus \$32.8 million of carryovers against distributable amounts totaling \$2.3 billion, resulting in \$1.4 billion of undistributed income. These organizations had an additional \$1.3 billion of qualifying distributions that they were unable to apply toward meeting the current year's requirement because they either were applied to the previous year's (or years') undistributed income or were considered pass-throughs.

Five percent of all nonoperating foundations had no payout requirement for 1988, primarily because they had no investment assets on which the computation of the payout requirement was based. Nonetheless, these organizations made qualifying distributions totaling almost \$1 billion.

Figure G shows foundation median payout rates for 1986 to 1988 [16]. While the payout rates of the small-size foundations fluctuated during the 1986-88 period, rates for the medium- and large-size foundations remained the same or increased. Except for the group of foundations with assets of \$100,000 under \$1 million, median payout rates increased between 1987 and 1988. Partially responsible might be the incentive offered by the 1-percent reduction in the excise tax for those organizations which had current-year qualifying distributions that equaled or exceeded the sum of a 5-year average payout amount plus the 1-percent reduced tax amount (see the Excise Tax on Net Investment Income section, including Figure D). The data shown in Figure D are consistent with

**Figure G.--Nonoperating Foundation Median Payout Rates, by Size of Fair Market Value of Total Assets, 1986-1988**

Size of fair market value of total assets	Median payout rates		
	1986 (1)	1987 (2)	1988 (3)
<b>All foundations.....</b>	<b>6.9%</b>	<b>7.0%</b>	<b>7.2%</b>
<b>Small foundations</b>			
\$1 under \$100,000 .....	10.2	9.6	10.7
\$100,000 under \$1,000,000.....	6.5	6.7	6.6
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	5.6	5.7	5.9
\$10,000,000 under \$50,000,000.....	5.4	5.4	5.5
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	5.1	5.2	5.3
\$100,000,000 or more.....	5.0	5.0	5.3

this proposition; the number of foundations claiming the 1-percent excise tax reduction increased between 1987 and 1988 by 26 percent.

Payout rates for the largest foundations were very close to the required rate, in contrast to those of the smaller foundations, which were much higher than the required rate. This is not unexpected because of changes in the grantmaking strategies that seem to occur as the asset size of a foundation grows. Small organizations generally make qualifying distributions which are much larger than those required. They focus more on distributing charitable dollars currently than on long-term endowment growth. Many of these small foundations traditionally distribute virtually all of the contributions they receive, which comprise the largest part of their income, and they pay out income from other sources as well.

Contributions received are a much less important revenue source for the large foundations. The principal source of income for these foundations is the yield on investments. Since the required payout amount is 5 percent of investment assets, it is not surprising that larger foundations make qualifying distributions that are relatively close to the required 5-percent payout amount and, generally, reinvest any remaining portion of the return on their investments to ensure endowment growth. (A further discussion of the different investing goals and distribution patterns of large and small foundations appears in the sections, Investing Behavior and Asset Growth, Distribution Goals, and Decision-making.)

It may prove to be significant that the median payout rate for the largest foundations shown in Figure G increased to 5.3 percent, the highest level on record since 1982, which was the first year of a legislated change in the payout requirement [17]. An examination of data from future years will be necessary to form any conclusions regarding actual causes for the increase, or to see if, in fact, a trend becomes apparent.

Seventy-seven percent of the 32,330 nonoperating foundations which reported a distributable amount for 1988 had actual payout rates of 5 percent or more; 36 percent had actual payout rates of 10 percent or more; and 14 percent had payout rates of 50 percent or more. As would be expected, small foundations more often exceeded the payout requirement than did larger foundations. For example, 77 percent of foundations with assets of \$1 under \$1 million realized payout rates of 5 percent or more, 40 percent realized payout rates of 10 percent or more, and 17 percent realized payout rates of 50 percent or more. In contrast, 68 percent of foundations with assets of \$50 million or more realized payout rates

of 5 percent or more, 7 percent realized payout rates of 10 percent or more, and less than 1 percent realized payout rates of 50 percent or more.

## INVESTING BEHAVIOR

Since many foundations rely extensively on the management and growth of their investments as a means by which to fund long-run charitable giving, a discussion of foundation investing behavior follows naturally from the discussion of the payout rate. Private foundations represent a unique entity within the American market economy. Grantmaking, the primary function of (nonoperating) foundations, distinguishes this type of organization from other nonprofit organizations and from profit-making firms. Foundations possess a great deal of latitude in the manner in which they distribute and manage their money. In order to fund charitable activity and to maximize the size of their endowments, it is optimal for foundations to realize a rate of total return on assets that equals at least 5 percent plus investment costs and the rate of inflation. This makes it possible for them to fulfill the charitable payout requirement without eroding their endowments.

Different sizes of foundations seem to have different charitable distribution and investment objectives and different methods by which to attain these objectives [18]. For example, the larger foundations may tend to operate with more of a long-term focus. They seem to invest and manage their assets in order to maintain or increase the size of their endowments. Many of these foundations invest in order to earn income and a return (after accounting for inflation) that will allow them to meet the annual 5-percent payout requirement. The larger foundations hold a greater proportion of assets as investments in securities, as well as a greater proportion of lower-income yield, higher-risk, and higher growth common stock that has greater appreciation potential [19]. They also may tend to possess the resources needed to utilize the expertise of investment managers. For these reasons, the larger foundations typically earn higher rates of total return (defined below) than do the smaller foundations. In fact, the rate of return tends to increase as the size of the foundation increases.

Many of the smaller foundations, conversely, may tend to operate with more of a short-term focus and with the intention of distributing large contributions currently. Oftentimes many of the smaller foundations act as conduit or "pass-through" organizations. In this role, they often receive contributions in 1 year and then distribute them as qualifying distributions in that same year or in the next year. These smaller foundations, compared to the larger ones, often do not possess the resources neces-

sary to devote to sophisticated investment and risk management and may not have the same incentives to perpetuate the endowment of the foundation. Moreover, certain foundations, typically the smaller ones, operate with the intention of existing for only a short-term period and distributing all assets within a pre-determined timeframe. In terms of investment assets, the smaller foundations tend to hold fewer assets as securities. Of their investment holdings, they tend to hold lower risk and higher fixed-income yield assets that do not appreciate as rapidly, thereby resulting in lower returns compared to the larger foundations [20].

### Rate of Total Return

A comparison of the payout rate and the rate of total return helps to explain differences in the behavior of the different sizes of private foundations. The rate of total return is a measurement of the total capital appreciation of the endowment of a foundation. The rate of return formula used here measures the change in the value of the entire asset base with considerations for inflows and outflows of money [21]. The formula adjusts for inflation and measures the realized income from assets, investment and otherwise, as well as the unrealized appreciation or depreciation in the fair market value of assets.

Foundations realized increases in the value of both total assets and investments in securities from 1987 to 1988, 13 percent and 14 percent, respectively. Along with these increases, rates of total return increased across size classes from the unusually low 1987 returns. For 1987, largely due to the October stock market decline that lowered the end-of-year asset values, the median foundation realized a real rate of return that fell below the desired 5 percent needed to fulfill the payout requirement without a decline in asset value. For instance, for 1987, the largest foundations—those holding \$100 million or more in total assets—realized only a 1.4 percent real return. For 1988, however, median returns ranged from 7.4 percent for those foundations holding from \$1 million to under \$10 million in total assets, to 9.6 percent for the largest foundations. Median figures for real rates of total return for nonoperating foundations during the years 1986 to 1988 are shown in Figure H.

Foundations tend to realize higher total returns as the asset size of the foundation increases. Since the total return figures account for inflation, it is apparent that foundations (at least those holding \$1 million or more in assets) realized a degree of asset appreciation for 1988 that enabled them to exceed the 5-percent charitable payout requirement. The distribution of the rate of return data is positively skewed since the mean returns are

**Figure H.—Nonoperating Foundation Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1986-1988**

Size of fair market value of total assets	Median rates of return <sup>1</sup>		
	1986	1987	1988
	(1)	(2)	(3)
<b>All foundations.....</b>	n.a.	n.a.	n.a.
<b>Small foundations</b>			
\$1 under \$1,000,000.....	n.a.	n.a.	n.a.
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	9.0%	1.3%	7.4%
\$10,000,000 under \$50,000,000.....	11.4	0.9	8.5
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	11.8	1.1	8.9
\$100,000,000 or more.....	13.9	1.4	9.6

n.a.—not available

<sup>1</sup> The GNP implicit price deflator was used to adjust for inflation.

higher than the medians for all of the foundation size groups for each of the years studied. The considerable increase in total returns from 1987 to 1988 helps to explain the increase in the value of foundation assets for 1988.

### Income Yield

While the rate of total return measures the change in the value of the entire endowment of a foundation, the income yield measures only realized investment income earned by a foundation each year. Due to the nature of the data that are collected, the most appropriate way in which to calculate the net investment income yield, or the NII yield, is by dividing net investment income by the end-of-year fair market value of investment assets. Investment assets include savings and temporary cash investments; securities (such as corporate stock, corporate bonds, Government bonds, and Treasury bills); land, buildings and equipment; mortgage loans; and "other investments". Net investment income is comprised of income not considered to be related to a foundation's charitable purpose, such as interest, dividends, and capital gain net income. Figure I displays the median NII yields for nonoperating foundations for the years 1986 to 1988.

**Figure I.—Nonoperating Foundation Net Investment Income Yields, by Size of Fair Market Value of Total Assets, 1986-1988**

Size of fair market value of total assets	Median net investment income yields		
	1986	1987	1988
	(1)	(2)	(3)
<b>All foundations.....</b>	7.5%	7.2%	7.2%
<b>Small foundations</b>			
\$1 under \$100,000.....	6.3	6.4	6.6
\$100,000 under \$1,000,000.....	7.8	7.4	7.3
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	8.7	8.1	7.6
\$10,000,000 under \$50,000,000.....	11.1	9.4	7.6
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	11.2	9.0	7.4
\$100,000,000 or more.....	9.9	8.9	7.3



As in the case of the rate of total return, the large foundations typically tend to earn higher NII yields than the smaller foundations. For the small foundations, NII yields remained relatively constant over the entire 1986 to 1988 period. However, for both the large and medium foundations, all those holding \$1 million or more in total assets, NII yields declined in both years following 1986. For instance, the median NII yields for the largest foundations fell from 9.9 percent for 1986 to 7.3 percent for 1988. The distribution of the NII yield data is positively skewed since the mean yields are higher than the medians for all of the foundation size groups for each of the years studied. The smaller the size of the foundation the greater the difference tends to be between the mean yield and the median yield.

The declining NII yields for the large- and medium-size groups most likely resulted, in part, from declining foundation revenue and increasing investment assets. Realized nonoperating foundation income, in the form of net investment income, declined by 7 percent from 1987 to 1988. The significant decrease in net gain (less loss) from sales of assets helps to explain much of the decline in net investment income. The large and medium-size foundations, as a combined group, realized a somewhat greater decline in net investment income for 1988 compared to the small foundations, 8 percent compared to 7 percent. More importantly, investment assets for the large- and medium-size foundations, as a combined group, increased significantly faster than for the small foundations, 14 percent compared to 3 percent. These factors both help to explain the difference in yields for the different sizes of foundations from 1987 to 1988. The considerable growth in the rates of total return for 1988 compared to the declines in the NII yields (for many foundations), shows that foundations attained greater growth from unrealized appreciation of assets than from realized income.

#### **ASSET GROWTH, DISTRIBUTION GOALS, AND DECISION-MAKING**

During the early-to-mid 1980's, foundations benefited from favorable stock market conditions that, coupled with low inflation and interest rates, allowed many of them to realize rates of return and income yields high enough to easily meet the 5-percent charitable payout requirement. This favorable environment, for instance, during the 1982 to 1986 period, enabled many foundations to increase their charitable grants and distributions and at the same time expand the size of their endowments. As the value of foundation assets increased, so did the required distributable amounts, thereby leading to increased grants paid out by foundations. In the case of the smaller

foundations, growth in the amount of contributions that they received was steady and significant. This factor helped contribute largely to the increases in the charitable distributions made by this group.

Foundations realized growth in asset value and distributed charitable dollars during the years 1986 to 1988 in patterns that differed from those evident during the 1982 to 1986 period. From 1982 to 1986 the large- and medium-size foundations realized asset growth that exceeded the increases in their qualifying (charitable) distributions. The smallest foundations, on the other hand, paid out more charitable distributions during these years than the amount of growth in their total assets.

During the years 1986 to 1988, however, the large- and medium-size foundations paid out charitable dollars at a rate that exceeded their increase in assets. Largely due to the October 1987 stock market decline, the largest (nonoperating) foundations, for instance, realized unusually low total returns for 1987 and a relatively slow rate of asset growth during the entire 1986 to 1988 period, 18 percent. Despite this slower rate of asset growth and a 20 percent decline in revenue, charitable distributions made by the largest foundations increased by 30 percent from 1986 to 1988. Conversely, the smallest foundations, which had slower rates of growth for both assets and distributions, realized a higher rate of asset growth from 1986 to 1988 than the rate at which they distributed charitable dollars, 11 percent compared to only 6 percent. At the same time, however, they realized declining revenue of over 25 percent. It seems that the decreases in revenue may have influenced the grantmaking behavior of the small foundations much more than the large foundations.

Larger foundations historically have realized greater returns on total assets than smaller foundations. The larger foundations typically rely heavily on the appreciation of their endowments to fund charitable programs and, therefore, have distributed dollars in such a way as to promote long-run asset growth. For instance, the significant asset growth of the largest foundations during the 1980s allowed them to increase distributions through 1988 at a rate faster than any of the other size groups [22]. These foundations typically pay out qualifying distributions at a rate very near the 5-percent requirement. During the entire 1982 to 1988 period, foundation endowments, especially those of the largest foundations, increased significantly in value, thereby leading to higher required payout amounts, and then, increased distributions. A growing endowment will fund charitable grants at the same or at an increased value in the future.

Smaller foundations, on the other hand, typically realize lower income yields and lower returns and tend to payout a greater percentage of their assets than the larger foundations. From 1986 to 1988 the smaller foundations distributed charitable dollars at slower rates of increase than in prior years. In planning charitable distributions, the smaller foundations tend to depend largely on the amount of contributions that they receive. It seems that the large drop in the amount of contributions received by these foundations during the 1986 to 1988 period helped to reduce the growth of their grantmaking during this period.

The differences in foundation total returns, income yields, contributions received, and charitable payout practices raise questions regarding the investment and distribution behavior of the different sizes of foundations. For instance: how does the rate of total return (and possibly the NII yield) in one year affect the grantmaking budgets and the payout rates of the following year or years? In other words, do certain foundations respond to relatively low returns with low payout rates or to high returns with high payout rates? And, do these patterns differ with the size of the foundation? Data from 1989, a relatively strong year in terms of growth of the stock market and the economy, may provide further insight into the interplay of all of these factors.

## SUMMARY

Total private foundation revenue continued to decline from 1987 to 1988, by 5 percent, or \$837 million. During the entire 1986 to 1988 period, total foundation revenue fell by 19 percent, to \$16.3 billion. The two largest components of revenue, contributions received and net gain (less loss) from sales of assets, declined from 1987 to 1988 by 0.3 percent and 34 percent, respectively, to \$5.3 billion and \$3.7 billion. Likewise, net investment income fell by 8 percent, to \$10.4 billion, from 1987 to 1988.

Despite decreases in total revenue, foundation end-of-year fair market value of total assets increased by 13 percent from 1987 to 1988, to \$128.9 billion. The largest foundations realized the greatest gains in assets. By year's end, foundations seemed to have recovered from much of the effect of the October 1987 stock market decline. As an indication of recovery, foundation rates of total return increased markedly from the unusually low 1987 returns. Rates of total return ranged from 7.4 to 9.6 percent. For instance, the largest foundations—those holding assets with fair market value of \$100 million or more—realized a real rate of total return of 9.6 percent for 1988, compared to only 1.4 percent for 1987.

Despite the decline in total revenue and the unusually low rates of total return for 1987, foundation grant payments increased by 9 percent from 1987 to 1988, to \$7.4 billion. Similarly, qualifying distributions for all foundations increased by 10 percent, to \$9.0 billion, and charitable payout rates tended to increase slightly as well. While the largest nonoperating foundations—those holding \$100 million or more in assets—increased distributions by 13 percent from 1987 to 1988, the smallest foundations—those holding less than \$1 million in assets—increased their distributions by only 1 percent. Approximately one-third of all foundations were able to take advantage of the 1-percent excise tax reduction for 1988 since they distributed charitable dollars for that year at a rate that exceeded their most recent 5-year average charitable payout amount plus 1 percent of their current-year net investment income.

These changes in revenues, assets, and charitable giving for 1988 help to further depict variations in the investment and distribution behavior of the various sizes of foundations. The largest foundations, which typically rely more heavily on the appreciation of their endowments in order to fund charitable programs, increased both assets and charitable distributions at the greatest rate from 1982 to 1988. In order to fund charitable giving at an increased rate in both the present and the future, many foundations rely heavily on the growth of their endowments, while others rely largely on the amount of contributions that they receive currently.

## DATA SOURCES AND LIMITATIONS

The statistics in this article are based on a sample of Tax Year 1988 private foundation returns, Forms 990-PF, filed with the IRS. IRS required organizations having accounting periods beginning in that year (and therefore ending, in general, in December 1988 through November 1989) to file a 1988 Form 990-PF. Some part-year returns were included in the sample for organizations that changed their accounting periods, or filed initial or final returns. Approximately 60 percent of the foundations' accounting periods cover Calendar Year 1988 or, in some cases, part-year periods that ended December 1988. The remaining 11 noncalendar-year accounting periods, when grouped together, include a period of time that ranges from February of 1988 to November of 1989 (and may also include some part-year periods). While the majority of the 1988 data are for Calendar Year 1988, approximately 40 percent of the data were reported for noncalendar-year periods that go beyond the end of Calendar Year 1988. In total, however, most of the financial activity is associated with Calendar Year 1988.

The 1988 sample was stratified based on size of book value of total assets and was selected at rates that ranged from 7.1 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets) [23]. The 5,111 returns in the 1988 sample were drawn from an estimated population of 37,141. Returns filed by nonexempt charitable trusts and certain taxable foundations were excluded from the statistics for 1988. Beginning with Tax Year 1989, however, SOI will provide data on Code section 4947(a)(1) charitable trusts that filed Form 990-PF.

The 1988 study was designed to provide reliable estimates of total assets and total revenues based on a sample of returns. To accomplish this, 100 percent of returns with assets (book value) of \$10 million or more were included in the sample, since these were the returns that, dollar-wise, accounted for the majority of foundation activity. For example, the 1,262 returns in this sample with \$10 million or more in assets accounted for approximately 25 percent of all sample returns and 77 percent of the estimated (book value of) total assets of all foundations. The remaining 3,849 returns in the 1988 sample were randomly selected at various rates depending on the asset size, 7.1 percent for those returns with assets under \$100,000; 9.1 percent for those returns with assets of \$100,000 under \$1,000,000; and 23.8 percent for those returns with assets of \$1,000,000 under \$10,000,000.

The population from which the 1988 sample was drawn consisted of private foundation records posted to the IRS Business Master File during 1988 and 1989. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated private foundations are not reflected in the estimates. For the small number of large private foundations for which the return for the 1988 Tax Year had not yet been filed or was otherwise unavailable for inclusion in the study, data were estimated using other returns having similar characteristics.

The data presented were obtained from returns as originally filed. In most cases, changes made to the original return as a result of either administrative processing or a taxpayer amendment were not incorporated into the data base. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and non-sampling error and the precision of sample estimates can be found in the general Appendix to this report. Estimates of the coefficients of variation (CV's) or other sampling information can be obtained by writing to the authors at the following ad-

dress: Internal Revenue Service, Statistics of Income Division (R:S:F), P.O. Box 2608, Washington, DC 20013-2608.

## EXPLANATION OF SELECTED TERMS

The following explanations describe terms as they applied to private foundations for 1988.

*Adjusted Net Income.*—In general, this was the amount by which a private foundation's gross income exceeded the expenses associated with earning the income. Included were all amounts derived from, or connected with, property held by the foundation, such as net short-term capital gain, ordinary investment income (dividends and interest, rents and royalties), and income from amounts set aside for future charitable use, from all charitable functions, or from unrelated trade or business activities. Excluded were contributions received and long-term capital gains. Long-term capital losses could be reported as "other expenses." This item was reported on Form 990-PF, Part I, line 27c, column (c).

*Assets Zero or Unreported.*—Included in this asset size category were: (1) final returns of liquidating or dissolving foundations which had disposed of all assets; and (2) returns of foundations not reporting end-of-year assets that had apparently distributed (or disposed of) all assets and income received during the year.

*Capital Gain Net Income.*—This was the amount of net gain from the sale or disposition of property used for investment purposes (property used for exempt purposes was excluded). Capital losses from the sale or other disposition of property could be subtracted from capital gains only to the extent of such gains. Capital gain net income was used to compute "net investment income" (on which an excise tax generally must be paid). This item was reported on Form 990-PF, Part 1, line 7, column (b).

*Disbursements for Charitable Purposes.*—These deductions comprised the largest component of qualifying distributions and were represented by grants paid, operating expenses, and necessary and reasonable administrative expenditures for activities that were directly related to the tax-exempt purposes of the foundation. These amounts were determined solely on the cash receipts and disbursements method of accounting, as required by law and regulations. This item was reported on Form 990-PF, Part I, line 26, column (d).

*Disqualified Persons.*—With respect to engaging in prohibited transactions with a private foundation, such as

"self-dealing," the following were considered disqualified persons: (1) all substantial contributors to the foundation (generally, those who contributed an amount over \$5,000 which was more than 2 percent of total contributions received by the foundation); (2) foundation officers, directors, trustees, or managers; (3) an owner of more than a 20 percent interest (voting power, profits interest, or beneficial interest) in an organization which was a substantial contributor to the foundation; (4) a member of the family of any individual described above (including spouse, ancestors, children, grandchildren, great-grandchildren, and spouses of children, grandchildren and great-grandchildren, but not brothers or sisters); (5) organizations in which persons described above held more than a 35-percent interest; (6) another private foundation, for purposes of the tax on excess business holdings, which was effectively controlled by a person or persons in control of the foundation in question; and (7) a government official, for purposes of the tax on "self-dealing."

*Distributable (Payout) Amount.*—This was the minimum payout amount which was required to be distributed by the end of the year following the year for which the return was filed in order to avoid an excise tax for failure to distribute income currently. The distributable amount was computed as 5 percent of net investment assets, called the "minimum investment return," minus taxes on both net investment income and unrelated business income, plus or minus other adjustments, either allowed or required (see "Net Adjustments to Distributable Amount"). This item was reported on Form 990-PF, Part X, line 7.

*Excess Distributions Carryover.*—This was the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions over the distributable amount. Amounts from the current year and the 4 prior years could be carried forward in order to be applied to the distributable amount for following years. This item was reported on Form 990-PF, Part XIV, line 9.

*Excess Grant Administrative Expenses.*—This was the amount of grantmaking administrative expenses, incurred by a foundation in the charitable grantmaking process, that exceeded the amount which could be applied to either the charitable payout requirement (imposed on nonoperating foundations) or the income test (imposed on operating foundations, defined below). The 1984 Deficit Reduction Act required that only the portion of grant administrative expenses incurred by a foundation that did not exceed 0.65 percent of a 3-year average of net investment assets could be treated as qualifying

distributions. Any grant administrative expenses in excess of the 0.65 percent calculation could not be treated as qualifying distributions. This temporary limitation on grantmaking expenses expired on December 31, 1990. Beginning with the 1991 tax year, foundations were no longer subject to this requirement. This item was reported on Form 990-PF, Part XIII, line 5.

*Inventories.*—The value of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period. This item was reported on Form 990-PF, Part II, line 8, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Charitable-use.*—The book value or fair market value (less accumulated depreciation) of all land, buildings and equipment not held for investment purposes. Included was any property, plant or equipment owned and used by the organization in conducting its charitable activities. This item was reported on Form 990-PF, Part II, line 14, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Investment-use.*—The book value or fair market value (less accumulated depreciation) of all land, buildings and equipment held for investment purposes, such as rental properties. This item was reported on Form 990-PF, Part II, line 11, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Minimum Investment Return.*—This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire them and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the "distributable amount." This item was reported on Form 990-PF, Part IX, line 6.

*Net Adjustments to Distributable Amount.*—Adjustments that increased the "distributable amount" consisted of increases attributable to the income portion (as distinct from the principal portion) of distributions from split-interest trusts on amounts placed in trust after May 26, 1969. (A split-interest trust is a trust which is not exempt from tax; not all of whose interests are devoted to charitable, religious, educational, and like purposes; but which has amounts in trust for which a charitable contribution deduction is allowed.) Recoveries of amounts previously treated as qualifying distributions also had to be added back to the distributable amount.

Adjustments that decreased the distributable amount were the result of income required to be accumulated as part of an organization's governing instrument. These adjustments were allowed only for foundations organized before May 27, 1969, whose governing instrument continued to require the accumulation, since State Courts would not allow the organization to change its governing instrument. These items were reported on Form 990-PF, Part X, lines 4a, 4b, and 6.

*Net Gain (or Loss) from Sale of Assets.*—Included was profit or loss from sales of items such as securities, land, buildings, or equipment. Gain or loss reflected the amount shown on the books of the foundation and included any amount from the sale of property used for both investment and tax-exempt purposes. Most of the gain or loss was from sales of stocks and bonds. Profit or loss from the sale of inventory items was included in gross profit (loss) from business activities. This item was reported on Form 990-PF, Part I, line 6, column (a).

*Net Investment Assets (Noncharitable-use Assets).*—For purposes of calculating "minimum investment return," only the average, rather than end-of-year, fair market value of assets that were not used or held for use for tax-exempt purposes entered into the computation. An asset was not used directly in carrying out the foundation's exempt purpose if it was not used in carrying out a charitable, educational, or other similar function which gave rise to the exempt status of the foundation. Examples include the fair market value of securities and rental property owned by the foundation for investment purposes. This item was reported on Form 990-PF, Part IX, line 5.

*Net Investment Income.*—This was the amount by which gross investment income, including capital gain net income, exceeded allowable deductions. Included in investment income were interest, dividends, rents, payments with respect to securities loans, and royalties. Excluded were tax-exempt interest on governmental obligations and any investment income derived from unrelated trade or business activities that were subject to the unrelated business income tax reported on Form 990-T. This item was reported on Form 990-PF, Part I, line 27b, column (b).

*Net Short-term Capital Gain.*—This was the amount of net gain from the sale or disposition of property (used for both investment and charitable purposes) that was held not more than 12 months. Short-term capital losses from the sale or disposition of property could be subtracted from short-term capital gains only to the extent of such gains. Net short-term capital gain was used to compute

"adjusted net income". This item was reported on Form 990-PF, Part I, line 8, column (c).

*Nonoperating Foundations.*—These were organizations that generally carried on their charitable activities in an indirect manner by making grants to other organizations that were directly engaged in charitable activities, in contrast to those (operating foundations) engaged in charitable activities themselves. However, some nonoperating foundations were actively involved in charitable programs, in addition to making grants. Nonoperating foundations were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period.

*Operating Foundations.*—These foundations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. To qualify as an operating foundation for a particular taxable year, a private foundation had to spend at least 85 percent of the lesser of its adjusted net income or minimum investment return on the direct, active conduct of exempt-purpose activities (the "income test") and satisfy one of three other tests termed the "assets test," the "endowment test," and the "support test." Operating foundations were excepted from the income distribution requirement and related excise taxes that were applicable to nonoperating foundations.

Distributions made by a private nonoperating foundation to an operating foundation qualified toward meeting the nonoperating foundation's distribution requirement. (Distributions made by one nonoperating foundation to another were subject to a number of conditions and restrictions requiring a "pass-through" of the distribution, whereby the donor foundation received credit for a qualifying distribution but the donee foundation did not.) Additionally, contributions to operating foundations were deductible on individuals' income tax returns, up to 50 percent of their adjusted gross income (as opposed to 30 percent for contributions to nonoperating foundations).

*Other Assets.*—Assets reported as "Other" included (1) those assets not allocable to a specific asset item on the Form 990-PF balance sheet or not included elsewhere on the return; and (2) certain amounts given special treatment in the course of statistical processing. The first category included such items as construction reserve land, deferred income, dividends receivable, escrow deposits, income tax refunds, interest discounts, interest-free loans, overdraft protection, and program-related investments. The second category included amounts

reported by the return filer as negative liabilities. This item was reported on Form 990-PF, Part II, line 15, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

**Other Investments.**—Investments reported as “Other” included such items as advances, bank certificates, cash values of life insurance, certificates of investment, investments in art, coins, gold, gems, and paintings, miscellaneous loan income, and patronage dividends. This item was reported on Form 990-PF, Part II, line 13, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

**Private Foundation.**—This type of organization was defined under the Internal Revenue Code as a nonprofit corporation, association, or trust with a narrow source of funds which operated or supported social, educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation was an organization which qualified for tax-exempt status under Code section 501(c)(3) and was not a church, school, hospital, medical research organization, an organization with broad public support in the form of contributions or income from tax-exempt activities, an organization which was operated by, or in connection with, any of the above described organizations, or an organization which conducted tests for public safety. The primary difference between a private foundation and a public charity lay in the sources of each type of organization’s funding. A foundation usually received its funds from an individual, a family, or a corporation, while, as the name implies, a public charity received its funds mainly from a large number of sources within the general public.

**Qualifying Distributions.**—Included were disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation’s obligation to pay out its “distributable amount.” This item was reported on Form 990-PF, Part XIII, line 6.

**Total Assets.**—This was the sum of all assets reported in the foundation’s end-of-year balance sheet, shown at both book value and fair market value. This item was reported on Form 990-PF, Part II, line 16, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

**Total Expenses.**—This was the sum of contributions, gifts, and grants paid plus various operating and administrative expenses related to both investment and charitable-purpose activities. Total expense items were reported as shown on the books and records of the foundation and were based on either the cash receipts or the accrual method of accounting. This item was reported on Form 990-PF, Part I, line 26, column (a).

**Total Revenue.**—This was the sum of gross contributions, gifts and grants received; interest and dividends from securities, savings, and temporary cash investments; net gain (less loss) from sales of assets (mostly investment assets, but also charitable-use assets); gross rents and royalties; gross profit (or loss) from business activities; and other miscellaneous income. Total revenue items were reported as shown on the books and records of the foundation and were based on either the cash receipts or the accrual method of accounting. This item was reported on Form 990-PF, Part I, line 12, column (a).

**Undistributed Income.**—The portion of the required “distributable amount” still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carryover from prior years. Sanctions were imposed in the form of penalty taxes on private foundations that did not pay out an amount equal to the “distributable amount” by the end of the following tax year. This item was reported on Form 990-PF, Part XIV, line 6f, column (d).

## NOTES AND REFERENCES

- [1] The Explanation of Selected Terms section at the end of this article defines total assets, total revenue and other selected items reported on the IRS Form 990-PF, *Return of Private Foundation*.
- [2] Unless otherwise indicated, dollar amounts and percentages are not adjusted for inflation. Inflation-adjusted real values were calculated using the implicit price deflators for the Gross National Product contained in the Council of Economic Advisors, *Economic Report of the President*, February 1990, Table C-3. Also, all references to assets are stated at fair market values unless book value is specifically noted.
- [3] Dividend and interest income is reported on the Form 990-PF as two items: “interest on savings and temporary cash investments,” and “dividends and interest from securities.”

- [4] *Source Book: Statistics of Income—1988, Corporation Income Tax Returns*, U.S. Department of the Treasury, Internal Revenue Service, Pub. 1053, 1991.
- [5] The data presented in this article are from the tax year 1988 Form 990-PF, required to be filed by organizations which had accounting periods *beginning* in 1988. Therefore, the statistics for tax year 1988 generally include organizations with accounting periods that ended within the period December 1988 to November 1989.
- [6] A nonexempt charitable trust, described in Internal Revenue Code section 4947(a)(1), is a trust (1) that is not considered tax-exempt under Internal Revenue Code section 501(a); (2) which has exclusively charitable interests; and (3) for which a charitable tax deduction is allowed for contributions received. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions for private foundations and are required to file a Form 990-PF, *Return of Private Foundation*. (Publicly supported nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*.) Nonexempt charitable trusts must pay an annual tax on income (usually from investments) that is not distributed or set aside for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*.
- [7] Internal Revenue Service, *Statistics of Income—Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, U.S. Department of the Treasury, Internal Revenue Service, Pub. 1416, 1991. (Available from the Statistics of Income Division, Internal Revenue Service, Washington, DC.)
- [8] Results of private foundation studies for 1982, 1983, 1985 and 1986-87 have been published in various issues of the *Statistics of Income Bulletin*: Fall 1985, Volume 5, Number 2 (1982 data); Winter 1986-1987, Volume 6, Number 3 (1983 data); Summer 1989, Volume 9, Number 1 (1985 data); and Spring 1991, Volume 10, Number 4 (1986-87 data).
- [9] For an in-depth discussion of organizations other than private foundations, which are tax-exempt under Internal Revenue Code section 501(c)(3), see Hilgert, Cecelia, and Mahler, Susan J., "Non-profit Charitable Organizations, 1986 and 1987," *Statistics of Income Bulletin*, Fall 1991, Volume 11, Number 2.
- [10] Programs termed "charitable" refer to tax-exempt activities which are charitable, educational, scientific, social, literary, or religious in nature.
- [11] Generally, the assets test was met if 65 percent or more of the foundation's assets were used directly for the active conduct of charitable activities. The endowment test was met if the foundation normally made distributions for the active conduct of charitable activities in an amount not less than two-thirds of its "minimum investment return." The support test was met if substantially all of its support (other than from gross investment income) was normally received from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from gross investment income) was normally received from any one such qualifying exempt organization; and (b) no more than half of its support was normally received from gross investment income.
- [12] Some of the foundations classified as "nonoperating" for 1988 were "failed public charities," organizations that were originally classified as public charities but could no longer qualify for that favored status because they failed to maintain the required minimum of support from public sources. Most often, the reclassified nonoperating foundations continued to operate like public charities, conducting programs or providing direct services, as opposed to making grants to accomplish a charitable purpose. Many of these organizations may have qualified as operating foundations, but did not request such status from the Internal Revenue Service.
- [13] Since only those foundations holding \$10 million or more in book value of total assets were sampled at a rate of 100 percent, only those foundations were included in Table 4. Those foundations sampled at rates of less than 100 percent were not sampled to match the distribution of foundations by geographic region. Therefore, State data for foundations holding under \$10 million in book value of assets were not necessarily representative of State populations and were not included in the table. However, in order to remain consistent with Tables 1 and 3, assets in the table were presented in fair market value.

- [14] The item, "qualifying distributions," as defined in the Internal Revenue Code and as used on the Form 990-PF, may be slightly misleading because it includes not only amounts that were actually distributed, but other amounts spent or set aside for charitable purposes as well.
- [15] In addition to reductions in the fair market value of net investment assets allowed for the excise tax on net investment income and the unrelated business income tax imposed under Internal Revenue Code section 511, reductions for "blockage" or other marketability discounts are permitted. These discounts (limited to 10 percent in the case of securities, but statutorily unlimited in other cases, such as land holdings) can effectively reduce the net investment asset base and, thus, result in a minimum payout level of less than 5 percent of full fair market value in many cases. An example of this type of discounting would be a foundation that owns 15 percent of the stock of a publicly held corporation. This percentage represents a block of securities so large in relation to the volume of actual sales on the existing market that it could not be liquidated in a reasonable time without depressing the market. Because of this situation, the foundation is allowed to discount the fair market value of the stock for the purposes of reporting it on the Form 990-PF.
- [16] To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets. This payout formula adjusts qualifying distributions with additions and subtractions that are made to the required "distributable amount" on the Form 990-PF, *Return of Private Foundation*. The numerator of the formula also includes excess distributions made in the past and applied to the requirement of the current filing year.
- [17] The median payout rate for these foundations was 6.5 percent for 1982. It then dropped to 5.0 percent for 1983, and ranged between 5.0 to 5.1 for the period 1983 to 1987 (except for 1984, for which statistics are unavailable). The Economic Recovery Tax Act of 1981 (ERTA) changed the method of computing the payout requirement, effective with 1982 reporting periods. Prior to 1982, foundations had to pay out the higher of "adjusted net income" (defined in the Explanation of Selected Terms) or the minimum investment return (5 percent of the fair market value of net investment assets) minus taxes on both net investment income and unrelated business income, plus other relatively small net adjustments. Because of high inflation rates in the early 1980's, it was thought that the requirement to pay out all of a foundation's current income if it was higher than the minimum investment return would have a gradual eroding effect on the real value of investment assets. The change under ERTA was intended to provide relief to foundations from such a payout requirement. Beginning with 1982, the payout requirement was limited to the minimum investment return without regard to adjusted net income.
- The payout rates of foundations remained relatively high (well above the 5-percent level) for 1982 either because of previous grantmaking commitments or because it was a period of transition whereby foundations started to adjust to the new rule. For 1983, the median payout rates shown in the statistics for all foundation size classes dropped significantly, moving closer to the 5-percent required payout rate. An in-depth explanation of the effects of ERTA on the payout rates of private foundations is contained in Meckstroth, Alicia and Riley, Margaret, "Private Foundation Returns, 1986-87," *Statistics of Income Bulletin*, Spring 1991, Volume 10, Number 4, pp. 23-50.
- [18] For more detailed information on the investing and distributing behavior of foundations refer to Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, The Council on Foundations, 1989.
- [19] Salamon and Voytek, *ibid.*
- [20] Salamon and Voytek, *ibid.*
- [21] The rate of total return formula is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See: Salamon and Voytek, *ibid.*, p.32. The formula is as follows:
- RATE OF TOTAL RETURN =**  
 [(Ending Fair Market Value of Assets  
 - Beginning Fair Market Value of Assets\*)  
 - (Contributions Received by the Foundation)  
 + (Grants Paid by the Foundation  
 + Operating and Administrative Expenses  
 + Excise Tax Paid on Net Investment Income)]  
**DIVIDED BY:**  
 [Beginning Fair Market Value of Assets  
 + (Contributions Received / 2)]



\*The beginning fair market value of assets for any given year equals the ending fair market value reported on the prior year's return. Thus, in order to provide a consistent form of measurement by which to compare rates of return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) were used to compute the rate of total return. In order to obtain an inflation-adjusted, real rate of return, the figure equaling the beginning of year fair market value of assets was adjusted using the GNP implicit price deflator.

To calculate the rate of total return shown in Figure H, private foundation information returns from data samples for consecutive years were matched in order to analyze both the beginning- and end-of-year fair market value data. The returns in the samples were matched by the employer identification number (EIN).

Due to the lower sampling rates for the smaller foundations, the rate of matching the information returns for consecutive years was not high enough to ensure a proper level of statistical confidence. Therefore, the rate of return was only calculated for the medium- and large-size foundations, those holding \$1 million or more in assets.

[22] The largest foundations—those holding \$100 million or more in assets—increased assets and qualifying

distributions at a rate faster than any other group from 1982 to 1988. This result occurred when stratifying the data using two different measures: current dollar assets (the standard method) and constant dollar assets. Stratifying the asset size groups by constant dollars accounts for those foundations which moved to a larger size group due to an inflationary increase in the value of their assets. Using the method of constant dollar stratification of assets (with 1982 dollars), the largest size group still achieved a greater rate of increase in both distributions and assets than any other size group. The increases equaled 84 percent and 95 percent, respectively.

[23] The sample was stratified based on book value of assets, rather than fair market value, because of testing methods employed by the Internal Revenue Service in the development of its Business Master File data base, from which the SOI sample was drawn. The Master File contains an amount for fair market value of total assets that is not fully tested for accuracy of input because other items necessary for mathematically checking it are not available on the data base. Therefore, it is not reliable for sample selection. Book value of total assets, on the other hand, is fully tested for accuracy because the items necessary to do so are available on the data base.











**Table 4.—Private Foundations with \$10 Million or More in Book Value of Total Assets: Selected Financial Data, Ranked by Number of Returns Per State or Selected Country<sup>1</sup>**

[Money amounts are in thousands of dollars]

State <sup>2</sup> or selected country	Number of returns		Total assets (fair market value)	Total revenue	Contributions, gifts, and grants received	Total expenses	Contributions, gifts, and grants paid	Qualifying distributions
	Total	With fair market value of total assets of \$10 million or more						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>1,262</b>	<b>168</b>	<b>100,674,295</b>	<b>11,033,888</b>	<b>2,459,575</b>	<b>6,250,281</b>	<b>4,587,022</b>	<b>5,786,397</b>
<b>Domestic organizations</b>								
New York.....	270	37	28,550,969	2,881,675	398,816	1,607,722	1,239,316	1,470,291
California.....	142	23	13,732,943	1,504,567	268,613	731,044	479,333	740,528
Texas.....	98	13	6,582,571	776,171	219,593	412,706	293,588	354,736
Illinois.....	78	7	6,573,321	606,128	106,990	430,290	278,471	398,225
Pennsylvania.....	62	15	6,813,058	534,375	37,530	399,876	353,660	385,171
Ohio.....	51	5	2,300,941	257,247	73,417	164,084	133,374	153,809
New Jersey.....	40	3	3,428,114	393,362	105,015	253,601	134,278	242,642
Michigan.....	35	8	4,066,758	526,205	220,926	377,074	284,904	383,105
Missouri.....	33	2	1,044,629	123,852	46,155	102,014	83,381	98,098
Florida.....	33	2	1,288,346	312,234	207,307	105,372	90,812	103,918
Massachusetts.....	33	1	1,199,314	138,174	60,652	70,686	54,098	63,673
Minnesota.....	32	5	2,545,876	340,741	62,579	228,496	158,450	168,250
North Carolina.....	28	3	2,053,324	411,930	31,942	121,817	101,118	113,091
Georgia.....	25	5	1,320,930	246,296	141,610	79,097	66,261	70,362
Maryland.....	22	2	1,280,839	340,615	151,220	109,455	89,545	94,687
District of Columbia.....	21	2	1,069,685	126,762	42,983	59,828	37,397	52,048
Oklahoma.....	21	3	1,579,364	122,909	20,236	82,953	54,660	75,533
Connecticut.....	18	3	1,409,722	159,932	61,354	104,702	75,211	92,948
Delaware.....	17	4	1,367,075	107,575	14,594	88,043	49,278	73,673
Washington.....	15	2	705,397	67,189	10,562	49,046	29,048	48,707
Wisconsin.....	14	1	663,653	67,490	16,259	51,367	38,924	45,158
Indiana.....	14	3	2,605,118	157,488	26,952	122,552	98,872	117,154
Virginia.....	14	1	442,151	47,084	11,255	26,613	18,696	21,754
Colorado.....	13	3	938,203	69,467	3,010	55,712	42,277	50,367
Tennessee.....	12	3	852,661	70,017	8,160	57,623	49,262	52,459
Louisiana.....	10	--	275,505	25,428	6,134	11,377	6,755	10,878
Iowa.....	10	1	312,667	37,679	9,078	17,957	17,263	17,713
Arizona.....	8	1	297,161	23,595	1,312	13,432	12,341	14,463
Hawaii.....	8	1	359,476	74,556	54,667	16,561	9,008	14,093
Kansas.....	7	1	353,229	31,564	--	18,501	16,443	17,647
Utah.....	6	--	193,001	16,364	851	11,027	10,208	10,405
South Carolina.....	6	--	123,197	12,286	1,062	7,169	5,420	5,207
Arkansas.....	5	1	271,248	53,873	690	12,782	9,765	15,435
Nebraska.....	5	1	359,840	33,831	1,500	25,273	22,615	29,223
Oregon.....	5	1	386,073	43,806	9,512	26,373	18,987	20,299
Kentucky.....	5	1	260,241	26,697	3,702	23,540	16,093	17,175
Rhode Island.....	5	--	83,281	17,568	391	6,348	4,693	6,287
Nevada.....	4	--	179,753	17,914	607	9,678	8,394	8,680
Alabama.....	4	--	80,422	7,716	1,651	4,337	3,419	3,831
New Hampshire.....	4	--	66,789	14,915	5,188	7,083	1,459	8,735
New Mexico.....	3	--	119,337	30,827	14,781	12,468	2,614	11,831
West Virginia.....	3	--	60,794	5,832	--	3,726	3,155	3,269
Maine.....	1	--	13,587	1,293	--	600	532	532
Mississippi.....	1	--	19,902	1,559	--	573	375	1,055
Vermont.....	1	--	34,722	3,080	--	2,055	332	1,698
Alaska.....	--	--	--	--	--	--	--	--
Idaho.....	--	--	--	--	--	--	--	--
Montana.....	--	--	--	--	--	--	--	--
North Dakota.....	--	--	--	--	--	--	--	--
South Dakota.....	--	--	--	--	--	--	--	--
Wyoming.....	--	--	--	--	--	--	--	--
<b>Foreign organizations</b>								
Canada.....	10	--	355,586	26,061	126	24,012	20,354	21,960
All others.....	10	4	2,053,522	137,956	596	103,635	62,581	75,594

<sup>1</sup> Since only those foundations holding \$10 million or more in book value of total assets were sampled at a rate of 100 percent, only those foundations were included in the table. Those foundations sampled at rates of less than 100 percent were not sampled based on geographic criteria, therefore State data for foundations with under \$10 million in book value of total assets were not necessarily representative of State populations and were not included in the table.

<sup>2</sup> Although foundations operate in particular States, grants paid out by foundations may be distributed to recipients in other States.

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

# Environmental Excise Taxes, 1989

By Susan Mahler\*

Environmental excise tax liabilities (before statutory adjustments and credits) of \$848.2 million were reported by 704 businesses for 1989. After these adjustments and credits, the tax was \$834.8 million. This represents an increase of \$7.5 million over the previous year. As of December 31, 1989, environmental excise tax liabilities reported since the inception of the Superfund Amendments and Reauthorization Act of 1986 (SARA) totaled almost \$2.5 billion.

Under SARA, Congress planned to raise approximately \$6.7 billion through taxes, including \$4.1 billion from environmental excise taxes over the 5-year period beginning January 1, 1987 [1]. To meet this goal, \$1.6 billion had to be accumulated in the Fund during 1990 and 1991, the last 2 years under the Act. For the first 3 years under SARA, 61 percent of the planned \$4.1 billion was reported.

## BACKGROUND

In 1980, Congress created a major Federal program to fund the cleaning up of abandoned hazardous waste disposal sites and chemical spills. The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) provided for a 5-year clean-up program. Funds were to be accumulated through the Hazardous Substance Response Trust Fund portion of CERCLA, more commonly referred to as the Superfund [2]. Congress intended to amass \$1.4 billion through the imposition of environmental excise taxes levied on crude oil used in, or exported from, the United States; imported crude oil and petroleum products, petrochemicals and inorganic chemicals [3]. Tax rates were formulated so that the tax liabilities incurred would reflect the respective percentages at which these substances were found in hazardous waste sites [4].

At the time of CERCLA's expiration on September 30, 1985, only \$1.2 billion of the intended \$1.4 billion in

environmental excise taxes had been reported, for the period from April 1981 through September 1985. It became clear to Congress that the tax reported under CERCLA was insufficient to meet program needs. In response, Congress extended and amended CERCLA by enacting the Superfund Amendments and Reauthorization Act of 1986 (SARA), and re-established the Superfund, effective January 1, 1987 through December 31, 1991. (The Omnibus Budget Reconciliation Act of 1990 extended the Superfund taxes and trust fund through December 31, 1995.)

Under SARA, Congress planned to amass \$8.5 billion for the Superfund during this 5-year period. Of this total, \$6.7 billion was to be raised through the renewal of environmental excise taxes and general tax revenues. Additional monies were to be raised from penalties for clean-up costs, punitive damages in responding to an environmental emergency involving a release of hazardous substances, interest earned on the Superfund, amounts recovered on behalf of the Superfund, and monies recovered or collected under the Clean Water Act. Expenditures of the \$8.5 billion appropriated or collected were to include but were not limited to the following: 1) costs of responding to the presence of hazardous substances on land or in the water or air; 2) payment of claims for injury to, or destruction or loss of, natural resources belonging to or controlled by the Federal or State Governments; 3) any costs incurred by the Agency for Toxic Substance and Disease Registry of the U.S. Public Health Service; and 4) certain costs relating to response, including damage assessment and maintenance of emergency response forces.

## TAXES REPORTED FOR 1989

Petroleum tax (on both imported and domestic products) accounted for just over two-thirds of total environmental excise taxes reported for 1989. Tax liabilities attributable to petrochemicals, inorganic chemicals and imported chemical substances together comprised the

\*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.



remaining one-third of total environmental excise taxes. Compared to 1988, the percentage of total tax liabilities attributable to petroleum increased by 2 percent, while the percentages attributable to petrochemicals declined by 3 percent and inorganic chemicals remained unchanged (Figure A). Since 1989 was the first year that taxes were levied on imported chemical substances, no prior-year comparisons can be made.

The average tax liability reported for 1989 was \$1.2 million per taxpayer. Just over half of the businesses reporting environmental excise taxes reported liabilities on petroleum. Forty-one percent of the filers reported tax liabilities for inorganic chemicals; however, these liabilities accounted for only 6 percent of the total tax (Figure B).

Total environmental excise tax (before adjustments and credits) reported for 1989 amounted to \$848.2 million, an increase of 1 percent from the previous years' total of \$841.9 million. This increase is due to both the new tax on imported chemical substances and increases in taxes from imported petroleum products. All other categories declined. Nearly 40 percent of total environmental excise tax liability was attributable to taxes on imported crude oil and petroleum products, while only 1 percent of total tax was accredited to imported chemical substances (Figure C).

The top five companies in 1989, each reporting at least \$35 million in environmental excise tax, reported approximately \$250 million in tax before adjustments and credits (defined below). This represents nearly 30 percent of total environmental tax liabilities reported for the year. The top 15 companies, those that reported over \$14 million in tax, were responsible for more than half (\$444 million or 52 percent) of the environmental excise tax.

## PETROLEUM

Environmental excise tax liability is incurred by operators of U.S. refineries that receive crude oil; persons importing petroleum products for consumption, or warehousing; or persons using or exporting crude oil on which the tax has not been paid. An excise tax of \$.082 per barrel was levied on crude oil received at U.S. refineries or exported from the United States. Petroleum products imported into the United States for consumption, or warehousing, were taxed at a rate of \$.117 per barrel. Fifty-two percent of the 704 businesses with environmental excise taxes reported a tax on petroleum (imported, domestic, or both). The average petroleum tax liability per business totaled \$1.6 million (Table 1).

Total petroleum tax liabilities of \$570.5 million were reported by 366 companies for 1989, compared to 369

companies reporting \$547.6 million in petroleum tax liabilities for 1988 (Table 2). This represents an increase of 4 percent in petroleum tax between 1988 and 1989. More than half of the petroleum tax liabilities reported were attributable to taxes on imported crude oil and petroleum products, as opposed to domestic petroleum (Figure D).

## PETROCHEMICALS

More than 22 percent of the 704 companies reporting an environmental excise tax reported a tax for the use or sale of petrochemicals. Those tax liabilities accounted for almost 26 percent of the total environmental excise taxes. These percentages are close to 1988, when nearly one-fourth of all companies reported a tax on petrochemicals, accounting for 29 percent of the total environmental excise tax reported.

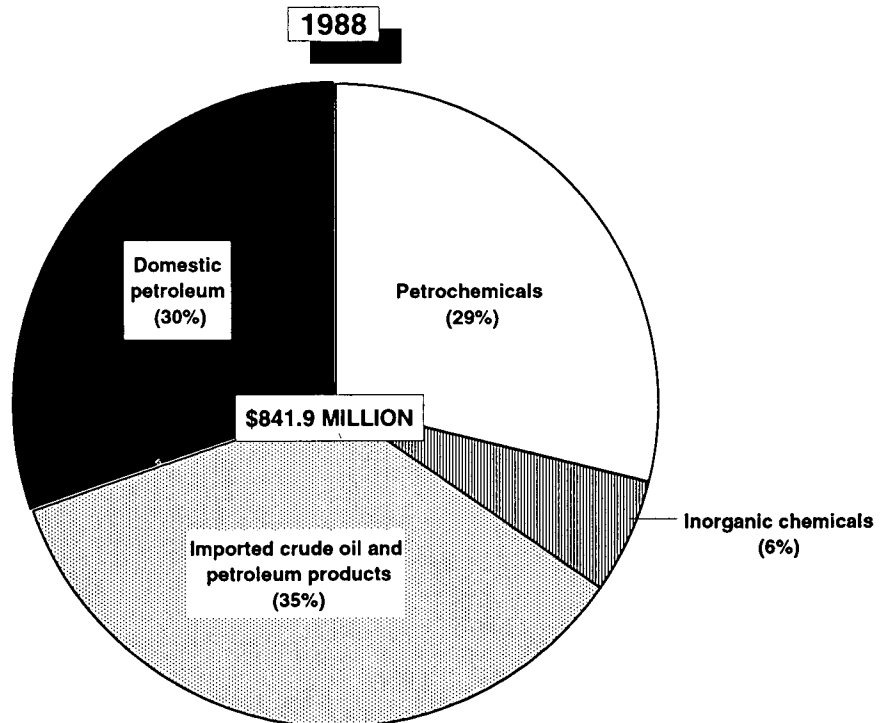
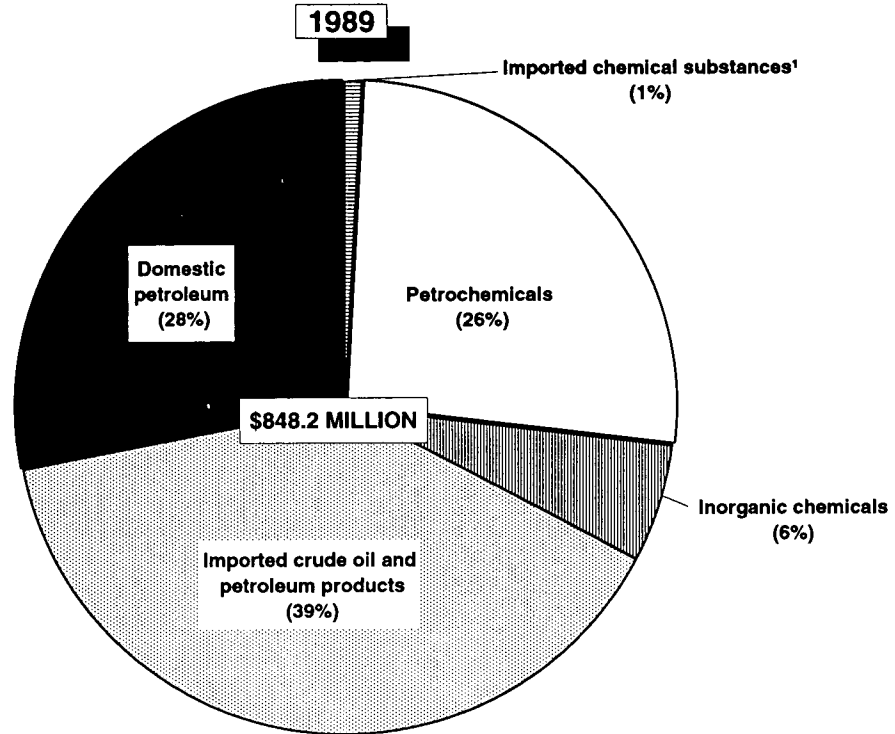
Nine of the 11 taxable petrochemicals were taxed at a rate of \$4.87 per ton. Xylene and methane were taxed at a rate of \$10.13 per ton and \$3.44 per ton, respectively. Ethylene, a major byproduct of petroleum refining and natural gas extraction, remained the leader in petrochemical tax liabilities (\$81.7 million). Less than one-fourth of the companies reporting a petrochemical tax, reported tax on ethylene; however, ethylene taxes accounted for over one-third of all petrochemical taxes. Toluene was the most frequently reported petrochemical (33 percent), but accounted for only 4 percent of the total petrochemical tax. The combined tax on benzene, ethylene, propylene and xylene amounted to nearly \$186 million, almost 85 percent of the total tax for petrochemicals. Naphthalene and butylene were the least frequently reported and represented only 2 percent of the total petrochemical tax (Figure E).

## INORGANIC CHEMICALS

Tax rates on the 31 inorganic chemicals subject to an excise tax under SARA varied from \$0.22 to \$4.45 per ton. A total of \$50.3 million in tax was reported by 288 taxpayers, for an average of \$175 thousand per taxpayer. Although more than 40 percent of the businesses with an environmental excise tax reported a tax on inorganic chemicals, the total amount of tax reported was only 6 percent of the total environmental tax for the year.

Ammonia was the most frequently reported inorganic chemical for 1989, with 73 businesses accounting for \$10.9 million in taxes. Tax liabilities associated with chlorine represented more than half of all inorganic chemical taxes. Although only 40 businesses (14 percent) reported a tax on chlorine, these taxes totaled \$29 million, 58 percent of the total inorganic chemical tax. The largest

Figure A  
Sources of Environmental Excise Taxes Before Adjustments and Credits,  
Quarters Ended March through December, 1988 and 1989



<sup>1</sup> The environmental excise tax on imported chemical substances was effective on January 1, 1989.

## Environmental Excise Taxes, 1989

**Figure B.—Number of Businesses and Environmental Excise Taxes Before Adjustments and Credits, Quarters Ended March 1989 through December 1989**

[Money amounts are in thousands of dollars]

Type of tax	Number of businesses reporting environmental excise taxes <sup>1</sup>	Tax before adjustments and credits	
		Total tax	Average tax
		(1)	(2)
<b>Total environmental excise taxes.....</b>	<b>704</b>	<b>\$848,196</b>	<b>\$1,205</b>
<b>Taxes on:</b>			
Total petroleum.....	366	570,475	1,559
Domestic petroleum products.....	138	237,063	1,718
Imported crude oil and petroleum products.....	228	333,412	1,462
Petrochemicals.....	158	219,654	1,390
Inorganic chemicals.....	288	50,312	175
Imported chemical substances.....	74	7,755	105

<sup>1</sup> Number of businesses do not add to total because businesses could report a tax on more than one type of substance.

**Figure C.—Environmental Excise Taxes Before Adjustments and Credits, by Type of Substance, for Quarters Ended March 1989 through December 1989**

[Money amounts are in millions of dollars]

Quarter ended	Total	Domestic petroleum products	Imported crude oil and petroleum products	Petrochemicals	Inorganic chemicals	Imported chemical substances
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All quarters .....</b>	<b>\$848.2</b>	<b>\$237.1</b>	<b>\$333.4</b>	<b>\$219.7</b>	<b>\$50.3</b>	<b>\$7.8</b>
March .....	218.2	60.4	87.2	57.2	12.2	1.2
June .....	219.1	60.1	84.7	57.9	13.4	3.1
September .....	212.9	57.0	86.9	53.9	13.1	2.0
December .....	197.9	59.6	74.6	50.7	11.6	1.5

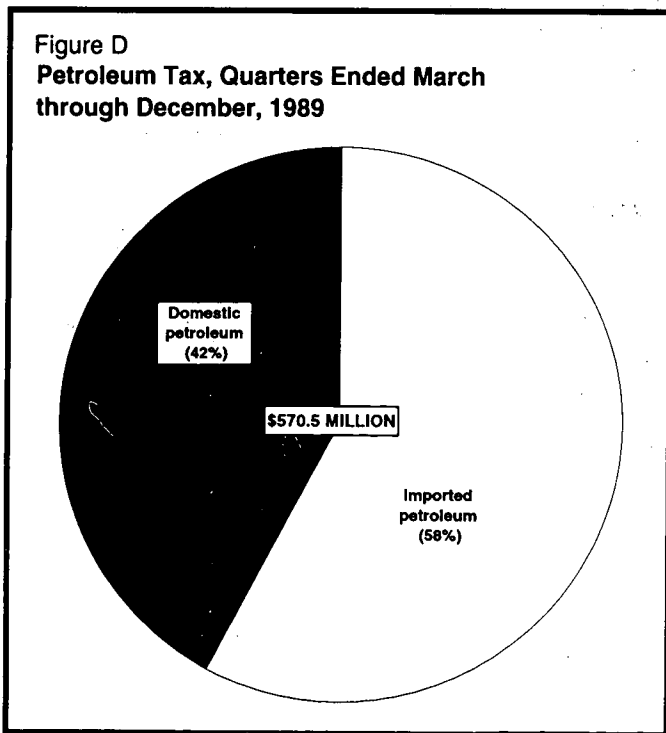
Note: Detail may not add to the total due to rounding.

average tax was also attributable to chlorine with an average tax of \$726 thousand per filer. Tax liabilities associated with ammonia accounted for the next largest average tax, \$149 thousand per taxpayer. Least frequently reported was barium sulfide, followed by stannous chloride (Figure F).

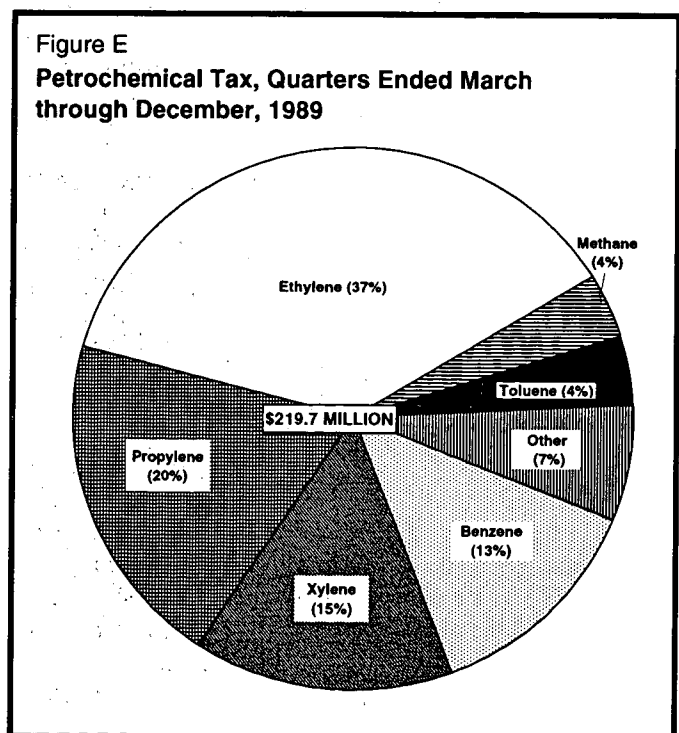
### IMPORTED CHEMICAL SUBSTANCES

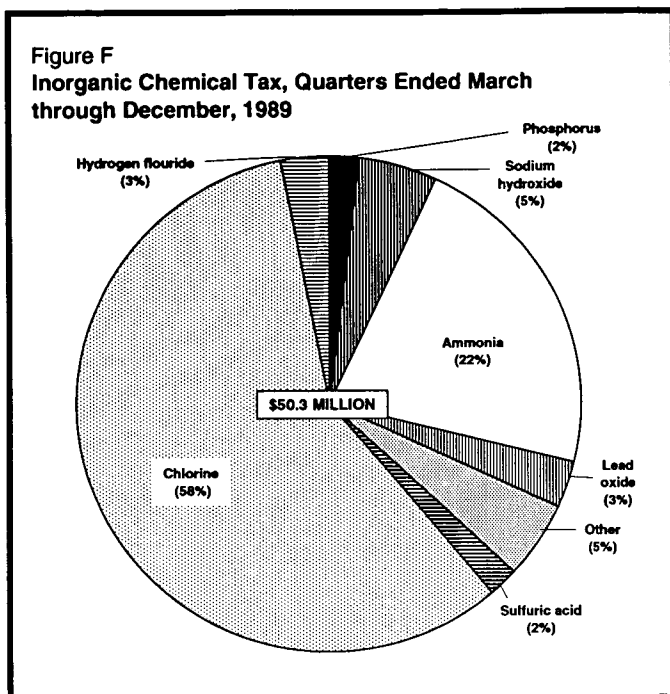
Beginning January 1, 1989, Public Law 99-499 levied an environmental excise tax on certain imported chemical substances not subject to tax on petrochemicals or inorganic chemicals. Congress planned to raise approxi-

**Figure D  
Petroleum Tax, Quarters Ended March through December, 1989**



**Figure E  
Petrochemical Tax, Quarters Ended March through December, 1989**



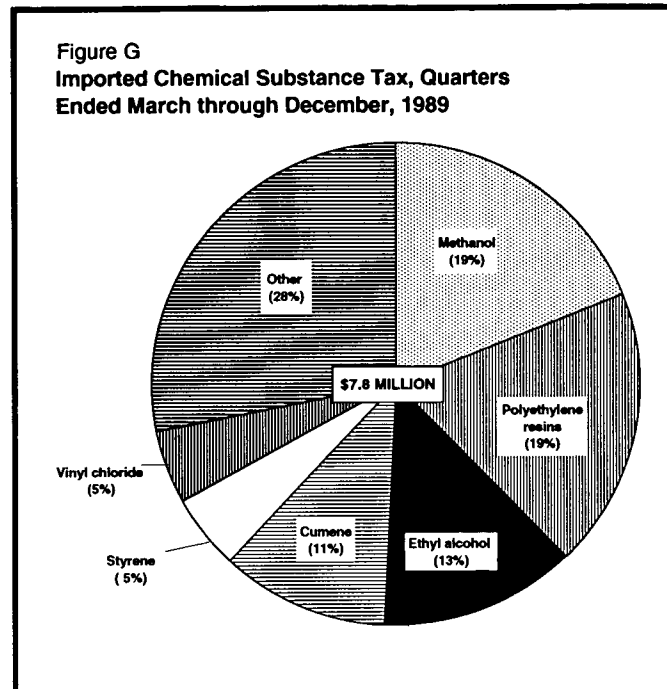


mately \$100 million from the imposition of this tax. For 1989, a total of \$7.8 million in tax on imported chemical substances was reported by 74 businesses. As a percentage of total environmental excise tax liabilities, imported chemical substances represented only 1 percent. This tax is calculated by either: 1) determining the number of tons of each taxable petrochemical or inorganic chemical used in the manufacture of one ton of the imported substance (conversion factor), or 2) by determining the percentage of taxable metal in the imported substance, or 3) by taking 5 percent of the appraised value of the substance at the time of entry into the United States. The taxpayer could use any one of these three methods.

Polyethylene resins was the most frequently reported imported substance and also accounted for the largest amount of tax, \$1.5 million. Methanol ranked second in number, reporting 19 percent of the total imported chemical substance tax (Figure G).

#### ADJUSTMENTS AND CREDITS

A business could adjust, i.e., reduce, its total tax by the amount computed on a chemical that was previously taxed and later used to manufacture or produce another substance subject to an environmental excise tax, or by an amount computed for a nontaxable use. A credit or refund was also allowed to the user for a tax previously paid on a chemical, such as nitric acid, sulfuric acid, or ammonia, which was used to produce fertilizer; methane



used to produce ammonia; or a chemical used to produce animal feed. Each of these was considered to be a nontaxable use. Credits or refunds could also be claimed for taxes paid on crude oil removed from a pipeline and later returned to the same pipeline. The taxpayer could reduce current tax by: 1) claiming a credit for taxes previously paid, or 2) paying the total but filing a claim for a refund of those taxes, or 3) applying the previously paid amount toward the next quarter's tax if no tax was currently due. Adjustments for 1989 totaled \$13.4 million and were reported by 34 businesses. Tax liability after adjustments was \$834.8 million. For 1988, adjustments of \$14.7 million were reported. (Adjustments are made to the total tax reported by a business; therefore, tax after adjustments is not available by type of substance.)

#### SUMMARY

Environmental excise tax liabilities of \$848.2 million were reported by 704 businesses for the calendar year which ended December 1989. Nearly two-thirds of the total tax was attributable to the petroleum tax. Petrochemical, inorganic chemical and imported chemical substance taxes, together, comprised the remaining one-third of the total reported environmental excise tax. The top five companies for 1989 accounted for nearly 30 percent of the total tax.

As of the end of 1989, a total of \$2.5 billion in environmental excise taxes was reported since the inception of the Superfund Amendments and

Reauthorization Act in 1987. In order to reach Congress' goal of \$4.1 billion in environmental excise taxes, \$1.6 billion remained to be accumulated in the Fund over the next 2 subsequent years, 1990 and 1991.

### DATA SOURCES AND LIMITATIONS

The *Quarterly Excise Tax Return, Form 720*, is the form on which environmental excise taxes are reported. Form 6627, *Environmental Taxes*, is the supporting schedule on which the tax liability for petroleum and chemicals is computed. These unaudited returns are the source of data used for the statistics in this study.

For tax years beginning after December 31, 1986 and before January 1, 1996, in addition to the excise taxes previously discussed, a corporation is liable for an income tax surcharge equal to 0.12 percent of the excess over \$2 million dollars of "modified alternative minimum taxable income" for the year. Members of a controlled group of corporations were entitled to one \$2 million exemption. This tax is reported on the corporation income tax return in the Form 1120 series, and is not included in these statistics.

Excise tax returns are due to be filed with the Internal Revenue Service (IRS) within 1 month after the end of the quarter in which the business is liable for the tax. Data in this article reflect information reported on unaudited returns filed for tax quarters ending March 31, 1989, through December 31, 1989.

IRS also releases environmental tax statistics in a report on excise taxes [5]. These figures are taken from the Form 720, rather than the Form 6627 and show tax revenue, after adjustments, for returns recorded in the computerized IRS Business Master File (BMF) as part of routine processing for tax administration. The data, however, are not classified by type of chemical.

The tax for a given quarter reflected in the statistics from Form 720 is the amount reported on returns processed for that quarter, regardless of when the liability was incurred. Conversely, for this article, taxes for a given quarter represent the amounts reported on the return for the quarter in which the tax liability was incurred, regardless of when the return was processed. These statistics also include amounts paid with returns filed after the original due date because of routine filing extensions and other reasons. For this study, the tax for these returns was

included in the quarter in which the tax liability was incurred. In summary, the data from Form 720 cover whatever tax was recorded during a quarter, regardless of when it was incurred. Consequently, the two data series are not directly comparable.

Since no statistical sampling was involved, the data presented here are not subject to sampling error but may be subject to nonsampling error. For example, although efforts were made to secure all returns, because of time and resource constraints, information from returns for prior quarters for the same businesses were used as the basis for estimating data for returns unavailable for this study.

### NOTES AND REFERENCES

- [1] Under SARA, approximately \$2.5 billion was also to be raised by a corporate environmental income tax and \$100 million from an excise tax on imported chemical substances.
- [2] For prior years, see Barnhardt, Janet, "Superfund for Environmental Taxes", *Statistics of Income Bulletin*, Fall 1982, Volume 2, Number 2; Belal, Rashida, "Superfund for Environmental Taxes, 1981 and 1982," *Statistics of Income Bulletin*, Fall 1983, Volume 3, Number 2; Belal, Rashida, "Environmental Taxes, 1981-1983," *Statistics of Income Bulletin*, Spring 1985, Volume 4, Number 4; Belal, Rashida, "Environmental Taxes, 1981-84," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4; Belal, Rashida, "Superfund for Environmental Taxes, 1981-1985," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4; Koziolec, John, "Superfund for Environmental Taxes, 1987," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2; and Mahler, Susan J., "Environmental Excise Taxes, 1988," *Statistics of Income Bulletin*, Fall 1990, Volume 10, Number 2.
- [3] In addition, an environmental excise tax on imported chemical substances was imposed effective January 1, 1989. This tax is discussed separately in this article.
- [4] U.S. Senate, Report of the Committee on Finance on S.51, Report 99-73, May 23, 1985.
- [5] U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Report of Excise Taxes*, issued quarterly.

Table 1.—Environmental Excise Taxes, by Type of Substance, for Quarters Ended March 1989 through December 1989

Type of substance	Number of businesses reporting environmental excise taxes <sup>1</sup>	Number of barrels or tons (thousands)	Tax rate per barrel or ton (dollars)	Average tax per business (dollars)
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>704</b>	<b>N/A</b>	<b>N/A</b>	<b>1,204,824</b>
		Barrels		
<b>Petroleum, total</b> .....	<b>366</b>	<b>5,740,686</b>	<b>N/A</b>	<b>1,558,675</b>
Domestic petroleum.....	138	2,891,010	0.08	1,717,847
Imported crude oil and petroleum products.....	228	2,849,676	0.12	1,462,334
		Tons		
<b>Petrochemicals, total</b> .....	<b>158</b>	<b>42,386</b>	<b>N/A</b>	<b>1,390,214</b>
Acetylene .....	36	155	4.87	21,012
Benzene .....	35	5,799	4.87	806,948
Butadiene .....	24	1,745	4.87	354,063
Butane .....	14	609	4.87	211,732
Butylene .....	6	749	4.87	608,201
Ethylene .....	34	16,781	4.87	2,403,597
Methane .....	34	2,577	3.44	260,734
Naphthalene .....	6	18	4.87	14,602
Propylene .....	49	8,840	4.87	878,561
Toluene .....	53	1,897	4.87	174,303
Xylene .....	49	3,216	10.13	664,914
<b>Inorganic chemicals, total</b> .....	<b>288</b>	<b>32,827</b>	<b>N/A</b>	<b>174,694</b>
Ammonia .....	73	4,130	2.64	149,347
Antimony .....	9	4	4.45	2,071
Antimony trioxide .....	17	25	3.75	5,546
Arsenic .....	5	1	4.45	173
Arsenic trioxide .....	8	7	3.41	2,834
Barium sulfide .....	*	*	2.30	*
Bromine .....	7	169	4.45	107,224
Cadmium .....	12	1	4.45	428
Chlorine .....	40	10,750	2.70	725,653
Chromite .....	7	189	1.52	41,043
Chromium .....	11	5	4.45	2,178
Cobalt .....	8	3	4.45	1,803
Cupric oxide .....	11	10	3.59	3,345
Cupric sulphate .....	14	25	1.87	3,365
Cuprous oxide .....	5	6	3.97	4,762
Hydrochloric acid .....	51	1,021	0.29	5,807
Hydrogen fluoride .....	12	351	4.23	123,621
Lead oxide .....	29	391	4.14	55,868
Mercury .....	5	4	4.45	3,395
Nickel .....	16	58	4.45	16,200
Nitric acid .....	26	1,385	0.24	12,787
Phosphorus .....	8	257	4.45	142,841
Potassium dichromate .....	5	1	1.69	108
Potassium hydroxide .....	24	320	0.22	2,937
Sodium dichromate .....	6	2	1.87	508
Sodium hydroxide .....	66	8,891	0.28	37,718
Stannic chloride .....	4	8	2.12	4,123
Stannous chloride .....	3	1	2.85	701
Sulfuric acid .....	72	4,773	0.26	17,236
Zinc chloride .....	13	18	2.22	3,149
Zinc sulfate .....	14	22	1.90	3,022

Footnotes at end of table.

## Environmental Excise Taxes, 1989

Table 1.—Environmental Excise Taxes, by Type of Substance, for Quarters Ended March 1989 through December 1989—Continued

Type of substance	Number of businesses reporting environmental excise taxes <sup>1</sup>	Number of barrels or tons (thousands)	Tax rate per barrel or ton (dollars)	Average tax per business (dollars)
	(1)	(2)	(3)	(4)
<b>Imported chemical substances, total.....</b>	<b>74</b>	<b>N/A</b>	<b>N/A</b>	<b>104,804</b>
Acetone .....	.	N/A	N/A	.
Acrylic and methacrylic acid resins.....	.	N/A	N/A	.
Acrylonitrile .....	.	N/A	N/A	.
Ammonium nitrate .....	.	N/A	N/A	.
Carbon tetrachloride .....	.	N/A	N/A	.
Chloroform .....	.	N/A	N/A	.
Chromic acid .....	.	N/A	N/A	.
Cumene .....	.	N/A	N/A	.
Cyclohexane .....	--	N/A	N/A	--
Ethyl alcohol for nonbeverage use.....	.	N/A	N/A	.
Ethyl methyl ketone .....	.	N/A	N/A	.
Ethylbenzene .....	.	N/A	N/A	.
Ethylene dichloride .....	.	N/A	N/A	.
Ethylene glycol .....	3	N/A	N/A	118,291
Ethylene oxide .....	.	N/A	N/A	.
Ferrocene ov 3 pct. carbon.....	.	N/A	N/A	.
Ferrocromium nov 3 pct .....	--	N/A	N/A	--
Ferronickel .....	.	N/A	N/A	.
Formaldehyde .....	--	N/A	N/A	--
Hydrogen peroxide .....	.	N/A	N/A	.
Isophthalic acid .....	--	N/A	N/A	--
Isopropyl alcohol .....	.	N/A	N/A	.
Linear alpha olefins .....	--	N/A	N/A	--
Maleic anhydride .....	--	N/A	N/A	--
Melamine .....	--	N/A	N/A	--
Methanol .....	11	N/A	N/A	132,083
Methylene chloride .....	.	N/A	N/A	.
Nickel oxide .....	--	N/A	N/A	--
Nickel powders .....	--	N/A	N/A	--
Nickel waste and scrap .....	--	N/A	N/A	--
Phenolic resins .....	3	N/A	N/A	959
Phthalic anhydride .....	4	N/A	N/A	13,348
Polyalphaolefins .....	--	N/A	N/A	--
Polybutadiene .....	.	N/A	N/A	.
Polyethylene resins (total) .....	17	N/A	N/A	86,858
Polyethylene terephthalate pellets.....	.	N/A	N/A	.
Polypropylene .....	3	N/A	N/A	13,986
Polypropylene resins .....	--	N/A	N/A	--
Polystyrene homopolymer resins.....	.	N/A	N/A	.
Polystyrene resins and copolymers.....	.	N/A	N/A	.
Polyvinylchloride resins .....	12	N/A	N/A	2,738
Propylene glycol .....	.	N/A	N/A	.
Propylene oxide .....	--	N/A	N/A	--
Styrene .....	4	N/A	N/A	106,172
Styrene-butadiene (latex) .....	3	N/A	N/A	8,026
Styrene-butadiene (nspf) .....	--	N/A	N/A	--
Synthetic rubber .....	10	N/A	N/A	22,760
Unwrought nickel .....	--	N/A	N/A	--
Urea .....	.	N/A	N/A	.
Vinyl chloride .....	.	N/A	N/A	.
Vinyl resins (nspf) .....	.	N/A	N/A	.
Vinyl resins .....	.	N/A	N/A	.
Wrought nickel rods and wire.....	--	N/A	N/A	--
Other chemical substances .....	11	N/A	N/A	31,783

\*This figure is not shown to avoid disclosure of information for specific businesses. However the data are included in the appropriate totals.

N/A - Not applicable.

<sup>1</sup> Number of businesses do not add to total because businesses could report a tax on more than one type of substance.

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

Table 2.—Environmental Excise Taxes Before Adjustments and Credits, by Type of Substance, Quarters Ended March 1989 through December 1989

[Money amounts are in thousands of dollars]

Type of substance	Total	1989 Quarter ended			
		March	June	September	December
	(1)	(2)	(3)	(4)	(5)
<b>Total .....</b>	<b>848,196</b>	<b>218,212</b>	<b>219,131</b>	<b>212,918</b>	<b>197,935</b>
<b>Petroleum, total.....</b>	<b>570,475</b>	<b>147,626</b>	<b>144,732</b>	<b>143,951</b>	<b>134,166</b>
Domestic petroleum.....	237,063	60,378	60,081	57,035	59,569
Imported crude oil and petroleum products.....	333,412	87,249	84,651	86,915	74,597
<b>Petrochemicals, total .....</b>	<b>219,654</b>	<b>57,194</b>	<b>57,918</b>	<b>53,859</b>	<b>50,682</b>
Acetylene .....	756	196	193	174	193
Benzene .....	28,243	6,943	7,650	7,450	6,201
Butadiene .....	8,498	2,288	2,039	2,152	2,018
Butane .....	2,964	641	745	896	683
Butylene .....	3,649	983	1,279	654	733
Ethylene .....	81,722	21,514	20,880	20,016	19,312
Methane .....	8,865	2,347	2,349	2,235	1,934
Naphthalene .....	88	24	22	21	20
Propylene .....	43,049	10,838	10,655	10,131	11,425
Toluene .....	9,238	2,269	2,698	2,146	2,125
Xylene .....	32,581	9,151	9,408	7,983	6,039
<b>Inorganic chemicals, total .....</b>	<b>50,312</b>	<b>12,207</b>	<b>13,398</b>	<b>13,082</b>	<b>11,625</b>
Ammonia .....	10,902	3,697	2,470	2,485	2,251
Antimony .....	19	6	3	8	( <sup>1</sup> )
Antimony trioxide .....	94	30	26	25	14
Arsenic .....	1	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	1
Arsenic trioxide .....	23	13	6	2	2
Barium sulfide .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	--
Bromine .....	751	188	167	179	217
Cadmium .....	5	1	2	2	1
Chlorine .....	29,026	5,801	8,034	8,047	7,144
Chromite .....	287	75	96	49	68
Chromium .....	24	9	8	4	3
Cobalt .....	14	4	4	5	1
Cupric oxide .....	37	9	14	9	5
Cupric sulphate .....	47	14	16	10	7
Cuprous oxide .....	24	8	6	5	5
Hydrochloric acid .....	296	75	73	64	84
Hydrogen fluoride .....	1,483	410	403	366	304
Lead oxide .....	1,620	414	442	381	383
Mercury .....	17	9	8	1	( <sup>1</sup> )
Nickel .....	259	125	50	35	49
Nitric acid .....	332	92	87	78	76
Phosphorus .....	1,143	264	372	312	194
Potassium dichromate .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Potassium hydroxide .....	70	18	19	17	17
Sodium dichromate .....	3	1	1	1	( <sup>1</sup> )
Sodium hydroxide .....	2,489	596	694	675	525
Stannic chloride .....	16	6	5	6	( <sup>1</sup> )
Stannous chloride .....	2	1	1	1	--
Sulfuric acid .....	1,241	319	369	297	256
Zinc chloride .....	41	8	12	12	9
Zinc sulfate .....	42	15	9	9	10

Footnotes at end of table.



## Environmental Excise Taxes, 1989

Table 2.—Environmental Excise Taxes Before Adjustments and Credits, by Type of Substance, Quarters Ended March 1989 through December 1989—Continued

[Money amounts are in thousands of dollars]

Type of substance	Total	1989 Quarter ended			
		March	June	September	December
	(1)	(2)	(3)	(4)	(5)
<b>Imported chemical substances, total.....</b>	<b>7,755</b>	<b>1,185</b>	<b>3,083</b>	<b>2,026</b>	<b>1,461</b>
Acetone .....	112	59	21	31	--
Acrylic and methacrylic acid resins.....	1	( <sup>1</sup> )	1	--	--
Acrylonitrile .....	6	--	--	--	6
Ammonium nitrate .....	194	67	65	63	--
Carbon tetrachloride .....	161	11	117	32	--
Chloroform .....	10	--	9	2	--
Chromic acid .....	2	2	--	--	--
Cumene .....	872	--	642	230	--
Cyclohexane .....	--	--	--	--	--
Ethyl alcohol for nonbeverage use.....	1,001	286	259	265	192
Ethyl methyl ketone .....	12	--	--	--	12
Ethylbenzene .....	99	--	99	--	--
Ethylene dichloride .....	63	--	6	--	57
Ethylene glycol .....	355	83	104	95	73
Ethylene oxide .....	33	--	17	16	--
Ferrocchrome ov 3 pct. carbon.....	17	--	--	10	8
Ferrocromium nov 3 pct .....	--	--	--	--	--
Ferronickel .....	21	--	--	1	20
Formaldehyde .....	--	--	--	--	--
Hydrogen peroxide .....	7	1	2	3	1
Isophthalic acid .....	--	--	--	--	--
Isopropyl alcohol .....	61	17	13	22	9
Linear alpha olefins .....	--	--	--	--	--
Maleic anhydride .....	--	--	--	--	--
Melamine .....	--	--	--	--	--
Methanol .....	1,453	364	387	138	564
Methylene chloride .....	2	( <sup>1</sup> )	--	( <sup>1</sup> )	1
Nickel oxide .....	--	--	--	--	--
Nickel powders .....	--	--	--	--	--
Nickel waste and scrap .....	--	--	--	--	--
Phenolic resins .....	3	1	1	( <sup>1</sup> )	1
Phthalic anhydride .....	53	14	12	11	17
Polyalphaolefins .....	--	--	--	--	--
Polybutadiene .....	41	--	--	--	41
Polyethylene resins (total) .....	1,477	205	477	472	322
Polyethylene terephthalate pellets.....	99	1	41	25	32
Polypropylene .....	42	2	37	--	4
Polypropylene resins .....	--	--	--	--	--
Polystyrene homopolymer resins.....	15	( <sup>1</sup> )	13	2	--
Polystyrene resins and copolymers.....	30	--	11	18	1
Polyvinylchloride resins .....	33	5	11	9	8
Propylene glycol .....	( <sup>1</sup> )	--	( <sup>1</sup> )	--	--
Propylene oxide .....	--	--	--	--	--
Styrene .....	425	--	322	103	--
Styrene-butadiene (latex) .....	24	--	18	6	( <sup>1</sup> )
Styrene-butadiene (nspf) .....	--	--	--	--	--
Synthetic rubber .....	228	27	52	103	46
Unwrought nickel .....	--	--	--	--	--
Urea .....	( <sup>1</sup> )	--	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Vinyl chloride .....	419	--	288	130	--
Vinyl resins (nspf) .....	16	10	--	5	1
Vinyl resins .....	18	( <sup>1</sup> )	18	--	--
Wrought nickel rods and wire.....	--	--	--	--	--
Other chemical substances .....	350	31	40	233	46

<sup>1</sup> Less than \$500. However, the data are included in the totals.

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

# Projections of Returns to be Filed in Calendar Years 1992-1999

By Carolyn De Wilde\*

Multi-year projections of the number of returns to be filed by the major form types are developed by Internal Revenue Service's (IRS) Research Division staff. The forecasts provide a foundation for Internal Revenue Service resource requirements and budget submissions to the Department of Treasury, Office of Management and Budget, and Congress. The most recent IRS projections indicate that a total of 207.6 million returns will be filed in Calendar Year (CY) 1992[1]. This is an increase of 1.1 percent over the number filed in CY1991 and reflects the smallest yearly percentage growth since 1983. This slowdown in 1991 is primarily the result of the recession. In the long run (through 1999), only a 1.2 percent annual growth is projected in contrast to the 3.5 percent experienced during the prior decade. The following article takes a closer look at the projected trends in return filings including the rationale behind the major forecasts.

The return projections are produced by using a combination of (1) econometric models that relate the number of returns filed to economic and demographic variables and (2) various other time-series techniques. The forecasting models are formulated on a calendar year basis reflecting the year the returns are processed. Additionally, the projections are adjusted to reflect relevant administrative, regulatory, or legislative changes that are of certainty. The most noteworthy of these for the current set of projections is the scheduled implementation of the new Automated Processing of Extensions (APEX) system. APEX is currently scheduled to begin in 1993. This administrative change is expected to result in a noticeable decline in total filings as is discussed in more detail below under section on Supplemental Documents.

## GRAND TOTAL RETURNS, PRIMARY RETURNS, AND SUPPLEMENTAL DOCUMENTS

The projections for the grand total of all returns call for an annual average increase of 1.2 percent through 1999 (see Figure A). Primary Returns account for the majority

of total filings and generate the majority of IRS document processing workload. The high volume returns within the primary category include individual, corporation, and employment tax returns. Of the 203.2 million total returns actually filed in 1990, 192.9 million were designated as Primary Returns and the remaining 10.2 million as Supplemental Documents. Supplemental Documents are mainly composed of amended returns and requests for filing extensions from both individuals and corporations.

Figure A presents the average annual percentage change for the major return types during the 1992-1999 projection period. Projections for 1992 and the associated rates of change over 1991 are presented in Figure B. Figure C graphically depicts individual returns by the three major form types: Form 1040, Form 1040A, and Form 1040EZ—using the 1992 and 1999 forecasts. Table 1 presents the full set of return projections for Calendar Years 1992-1999.

The total number of returns projected in this article do not include the number of information and withholding documents processed by the Service, such as interest and dividend statements on Forms 1099, and Forms W-2, *Wage and Tax Statements*. Information and withholding documents contain data for use in the IRS's information matching programs and are not considered to be tax returns. Most information documents are received on magnetic tape and processed at the IRS Martinsburg (West Virginia) Computing Center. Approximately one billion information and withholding documents were processed by the IRS in 1991, with 93 percent of them provided on magnetic tape [2].

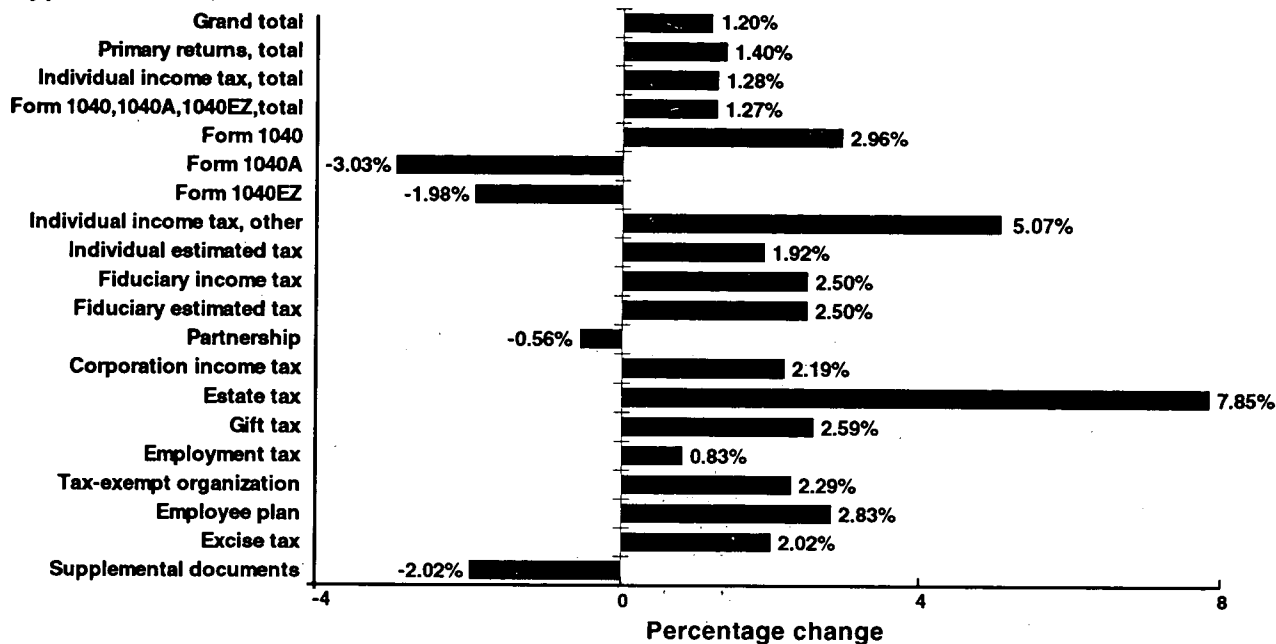
## INDIVIDUAL INCOME TAX RETURNS

The total 1040 series (the sum of Forms 1040, 1040A, and 1040EZ) comprises the bulk of total individual income tax returns. These returns are expected to exceed 114.1

\*Economist, Projections and Forecasting Group, Research Division. Prepared under the direction of Russell Geiman, Acting Chief.

Figure A

**Projected Average Annual Percentage Change in the Number of Returns Filed, by Type of Return, Calendar Years 1992-1999**



million in CY1992. This total is then projected to increase by 2.1 million in 1993 and another 2.2 million in 1994. The forecast involves rather sluggish growth through 1992 as a result of the recession. Comparing the year-to-year percentage changes for the total 1040 series, the projections call for an increase of 1.5 percent in 1991 and only 0.5 percent in 1992. Over the prior 5 years, the average annual growth rate in the series was 2.4 percent. The projected annual growth rate never exceeds 2 percent over the entire 1991 to 1999 projection period.

The slower individual growth rates are largely a reflection of the following factors: lower employment projections; the Tax Reform Act of 1986; and the Technical and Miscellaneous Revenue Act of 1988. Compared to the levels of the late 1980's, total employment is projected to grow more slowly in the 1990's. Also, as a result of the Tax Reform Act of 1986 (TRA) which created additional filing requirements for individuals who could be claimed as dependents, increases in individual returns filed in the late 1980's were unprecedented. However, these effects of TRA have now subsided. Finally, the Technical and Miscellaneous Revenue Act of 1988 (TAMRA) affects the number of returns by reducing filings by dependents. TAMRA enables parents to report the "unearned income" of certain children on the parent's return in lieu of these dependents filing their own returns.

#### EFFECTS OF REVISED FORM 1040A

The IRS revised Form 1040A for Tax Year 1990 by expanding it to include entries for the following items: distributions from Individual Retirement Arrangements (IRA), pensions and annuities, social security benefits, credit for the elderly, estimated tax payments, and estimated tax penalty. These revisions enabled more elderly people to use Form 1040A in place of Form 1040—beginning in CY1991. This form change caused a noticeable jump in the Form 1040A volume from 1990 to 1991 and a corresponding slowdown in the number of Form 1040 returns. Actual experience from the 1991 filing season indicated that the vast majority of those eligible have, in fact, shifted to the simpler form.

#### IMPACT OF ELECTRONICALLY-FILED RETURNS

Electronically-filed returns distort the mix of individual returns by form type. The official IRS reporting system counts all individual returns filed electronically as if they were Form 1040 returns. However, a 1991 analysis of electronically-filed returns showed that almost 80 percent of them could have been filed on either the Form 1040A or the Form 1040EZ. As a result, the reported counts of Form 1040 are overstated, while Forms 1040A and

Figure B.--Projections for Calendar Year 1992

Type of return	1992 Projection (in thousands)	Percentage change from 1991 <sup>1</sup> (estimated)
<b>Grand total.....</b>	<b>207,698</b>	<b>1.06%</b>
<b>Primary returns, total.....</b>	<b>196,613</b>	<b>0.97</b>
Individual income tax, total.....	114,458	0.50
Form 1040, 1040A, 1040EZ, total.....	114,155	0.49
Form 1040.....	77,960	4.29
Form 1040A.....	19,635	-8.70
Form 1040EZ.....	16,559	-4.36
Other.....	303	2.85
Individual estimated tax.....	40,398	1.99
Fiduciary income tax.....	2,934	2.92
Fiduciary estimated tax.....	724	2.92
Partnership.....	1,724	-0.55
Corporation income tax.....	4,510	3.07
Estate tax.....	71	8.13
Gift tax.....	174	3.94
Employment tax.....	28,909	0.85
Form 1042 <sup>2</sup> .....	24	2.66
Tax-exempt organization.....	516	3.81
Employee plan.....	1,183	4.40
Excise tax.....	989	-1.90
<b>Supplemental documents, total.....</b>	<b>11,086</b>	<b>2.73</b>
Form 1040X.....	1,638	-8.94
Form 4868.....	5,672	6.73
Form 2688.....	1,695	2.68
Form 1120X.....	26	-5.00
Form 7004.....	2,019	2.76
Form 1041A.....	35	1.49

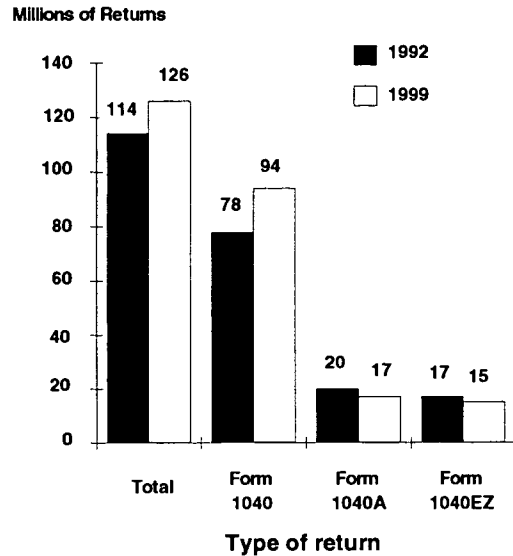
<sup>1</sup> Percentages for 1991 were based on estimated final counts of returns because complete information was unavailable at the time this table was compiled.

<sup>2</sup> Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

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

Figure C

Individual Income Tax Returns by Type, Calendar Years 1992 and 1999



Note: Detail may not add to totals because of rounding

1040EZ are understated in comparison to the traditional (i.e., pre- electronic filing) definitions of return types. The most recent projections include a new set of adjustments to better capture these underlying dynamics as more and more Forms 1040A and 1040EZ filers switch to electronic filing (i.e., Forms 1040) in the years ahead. These effects are further dramatized in Figure C.

INDIVIDUAL DECLARATION OF ESTIMATED TAX

Individual Declarations of Estimated Tax (Form 1040-ES) projections show growth rates that range from 2.0 percent in 1992 to 1.8 percent in 1999. In 1992, 40.4 million Form 1040-ES vouchers are projected to be filed, about 20 percent of the grand total of all returns. By 1999, they are still expected to constitute about 20 percent of the grand total. The longer range Form 1040-ES projections are based largely on time extrapolations of prior historical trends.

FIDUCIARY INCOME TAX RETURNS

Form 1041 is filed by a fiduciary to report the income of an estate or trust. Annual growth for this return type from 1992 to 1999 is expected to average 2.5 percent. This projected growth is more or less in line with the anticipated increase in household net worth (a measure of wealth) [3].

FIDUCIARY ESTIMATED TAX RETURNS

Form 1041-ES was created by the Tax Reform Act of 1986, which mandated that fiduciaries of estates and trusts make certain estimated income tax payments beginning with Tax Year 1987. In 1992, 724,000 Forms 1041-ES are expected to be filed with an average annual growth of 2.5 percent through 1999. This growth mirrors the expected rise in the number of Form 1041 returns.

PARTNERSHIP RETURNS

U.S. Partnership Return of Income (Form 1065) is used to report income, deductions, credits, and losses from the operation of a partnership. The purpose of this return is to show each partner's distributive share, to be reported on the individual (or other) income tax return. The Tax Reform Act of 1986 eliminated the tax incentives for abusive tax shelter activity and Form 1065 filings subsequently exhibited a downward trend that still continues. In 1992, 1.7 million returns are expected to be filed—a drop of 0.6 percent from the estimated 1991 levels. An overall consistent decline of 0.6 percent through 1999 is projected—based largely on the post-TRA experience.

CORPORATION INCOME TAX RETURNS

Corporation income tax returns are the aggregate of Forms 1120, U.S. Corporation Income Tax Return, 1120-

A, *U.S. Short-Form Corporation Income Tax Return*, and various other forms filed by such entities as real estate investment trusts, insurance and investment companies, homeowners associations, and others. The corporation category also includes tax returns filed by "S Corporations" (Form 1120S, *U.S. Income Tax Return for an S Corporation*) that are taxed through shareholders.

The Tax Reform Act of 1986 lowered individual tax rates below the top marginal rates for corporations. Because S corporation shareholders are taxed at these lower individual rates, many qualifying regular corporations shifted to the S Corporation form and fewer regular Forms 1120 were filed as a result. In 1992, 4.4 million total corporation returns are predicted to be filed. The projected average annual percentage change in the number of returns through 1999 is 2.2 percent. This growth primarily reflects the anticipated rise in the Gross National Product (GNP).

### ESTATE AND GIFT TAX RETURNS

Federal estate tax returns (Form 706) are filed to report transfers of property resulting from death. In 1987, the filing requirement threshold was increased to estates whose gross assets exceeded \$600,000. Estate tax returns are expected to grow at a rate ranging from 8.1 percent in 1992 to 7.6 percent by 1999. This projected growth largely reflects a time trend based on past experience.

Federal gift tax is imposed on the gratuitous transfer of real or personal property which exceeds a certain dollar amount. Generally, the person making the gift (the donor) must file Form 709 to pay the tax. During 1989 and 1990, gift tax returns increased by roughly 20 percent per year. The estimated increase for 1991 is 13.0 percent. However, these sharp increases are viewed as exceptional. The 1992 projections call for only a 3.9 percent growth rate. The average annual growth rate for the period 1992-1999 is then projected at 2.6 percent. These projections are based on a time trend of earlier years.

### EMPLOYMENT TAX RETURNS

Employment tax returns consist of *Employer's Annual Federal Unemployment Tax Return* (Form 940 and Form 940EZ), *Employer's Annual/Quarterly Federal Tax Return* (Form 941), *Employer's Quarterly Tax Return for Household Employees* (Form 942), *Employer's Annual Tax Return for Agricultural Employees* (Form 943), and *Employer's Annual Railroad Tax Return* (Form CT-1). Form 941 is the major contributor to this series—reflecting 21.6 million returns out of the total 28.9 million employment tax return total, or approximately 75 percent. Projections for the forecast period 1992-1999 show a

year-to-year average increase of 0.8 percent. This reflects the forecasted growth pattern for civilian employment.

Although not shown separately in this analysis, Form 940 and Form 940EZ are filed annually by employers to fund the Federal unemployment tax system, or FUTA. Employers are eligible to file Form 940EZ, starting in CY1990, if they meet the following criteria: (1) they pay unemployment taxes to only one State; (2) they pay all State unemployment taxes timely; and (3) all wages that are subject to tax for FUTA are also subject to the State's unemployment tax. In the initial year, only 15 percent of those eligible to file Form 940EZ did so. But in 1991, approximately 70 percent of those eligible are expected to file on this form. One explanation of this anticipated increase is all eligible taxpayers were sent the Form 940EZ, not both forms as was done in 1990. Forms 940 are expected to decline over the 1992-1999 projection range by an average of 15 percent per year, while the Form 940EZ will experience a corresponding growth. This expected growth pattern reflects the continued shift of filers from Form 940 to Form 940EZ.

### TAX-EXEMPT ORGANIZATION RETURNS

Tax-exempt organizations include publicly supported charities, civic leagues, recreational associations, agricultural cooperative associations, labor organizations, and others. Total tax-exempt organization returns are a summation of Form 990, Form 990EZ, Form 990C, and Form 990PF, as well as Form 990T (for the tax on unrelated business income of exempt organizations, Form 4720 (for certain excise taxes on charities and other exempt organizations), and Form 5227 (filed by split-interest trusts). The largest contribution to this total is the Form 990 and Form 990EZ — 74.0 percent in 1990. In CY1992, total tax-exempt organization returns are expected to grow 3.8 percent over 1991 to about 516,000 returns. The longer range projections for 1992 through 1999 call for an average annual growth of 2.3 percent. These projections are based on a time trend model.

### EMPLOYEE PLAN RETURNS

Total employee plan returns, the sum of Forms 5500, 5500C/R and 5500EZ, are projected to reach 1.2 million in CY1992, increasing to 1.4 million by 1999. Since employee plan return forms were first initiated in 1978, there have been frequent law and administrative changes in the pension benefit plan area. For example, Form 5500EZ was filed for the first time in 1987. In 1989, an administrative change increased the pension plan asset threshold for filing from \$25,000 to \$100,000. This increase in the filing requirement reduced the return counts to about one-sixth their former level. In 1987,

703,000 Forms 5500EZ were filed, however, only 136,000 Forms 5500EZ are expected to be filed in 1992 [4].

## EXCISE TAX RETURNS

Total excise tax returns are the sum of the following four categories of returns: (1) Form 11C, *Special Tax Return and Application for Registry-Wagering*; (2) Form 720, *Quarterly Federal Excise Tax Return*; (3) Form 730, *Tax on Wagering*; and (4) Form 2290, *Heavy Vehicle Use Tax Return*. Form 720 and Form 2290 comprise the largest share of the total excise returns. These two forms together represent about 93 percent of the estimated 1.0 million total excise tax returns for 1991. They do not include returns filed to report excise taxes on alcohol, tobacco and firearms. These forms are filed with the Bureau of Alcohol, Tobacco and Firearms, rather than with the Internal Revenue Service.

*Heavy Vehicle Use Tax Return* (Form 2290) must be filed by all owners of heavy vehicles who use their vehicles on public roads. Since the performance of the trucking industry is closely tied to the state of the economy, the current model predicts that the number of Form 2290 returns filed will increase at the same rate as GNP (1982 dollars). The *Quarterly Federal Excise Tax Return* (Form 720) has been significantly impacted by major law changes in recent years. These include provisions of the Tax Reform Act of 1986, the Revenue Act of 1987, and the Omnibus Budget Reconciliation Act of 1990 (OBRA). The latter Act involved one-time filing requirements for gasoline and diesel fuel retailers on their inventory as of January 1, 1991, which temporarily raised total excise tax return filings in 1991 above normal levels. This is expected to be followed by a drop of 1.9 percent in 1992. The projected increase for total excise tax returns is then expected to average 2.0 percent through 1999.

## SUPPLEMENTAL DOCUMENTS

Supplemental Documents are comprised primarily of amended returns and requests for filing extensions. In 1991, 10.8 million total Supplemental returns are expected to be filed. While these Supplemental forms are only 5.3 percent of the grand total of all returns, changes in their levels nonetheless have an impact on the grand total volume. In particular, Form 4868 (one of the six forms comprising the Supplemental total) is impacted by a new system for handling first extensions of time in which to file individual income tax returns. Beginning in CY1993, the new system will apply a post-filing analysis to each individual taxpayer's account to determine if interest and penalties apply to returns filed after the April 15 deadline. Taxpayers in a refund situation would no longer need to file the Form 4868. This will result in approximately a 4.0 million return (or 65 percent) decline in Forms 4868 filed

in CY1993 relative to CY1992. This administrative change, in turn, largely accounts for the anticipated 0.1 percent decrease in the grand total of returns in CY1993.

## DATA SOURCES AND LIMITATIONS

The number of returns filed (as used in this article) represents returns processed at IRS service centers and posted to the Master File system during a calendar year. The IRS Master File system includes the Individual Master File (IMF), the Business Master File (BMF), and the Employee Plans Master File (EPMF). Most of the 1991 values are estimated from partial year filing results through the end of June.

## NOTES AND REFERENCES

- [1] All statistics are for the year in which the tax returns were processed by the Internal Revenue Service, stated on a calendar year basis, unless otherwise noted. Previous *Statistics of Income Bulletin* articles were analyzing the fiscal year counts (i.e., October through September); this year's article is written using calendar year data. The main calendar year projections discussed in this article are based on Internal Revenue Service, Research Division, *Calendar Year Projections: Number of Returns to be Filed For 1991- 1998*, Document 6186 (Rev. 10-91). Final actual counts for all of Calendar Year 1991 were incomplete at the time this article was written (see the Data Sources and Limitations section). For complete fiscal year counts, see U.S. Department of Treasury, Internal Revenue Service, *Annual Report, Commissioner and Chief Council, Fiscal Year 1991*, (in preparation), Publication 55.
- [2] For more discussion, see Internal Revenue Service, Research Division, *Projections: Information and Withholding Documents—Calendar Years 1991-98, United States and Service Centers*, Document 6961 Revised 4-91.
- [3] Household net worth was estimated by Data Resources Incorporated, June 1991.
- [4] In addition to the two examples mentioned in the article, Form 5500-C/R, Return/Report of Employee Benefit Plan, is filed by an administrator or employer for plans with fewer than 100 participants including owner-employee plans. Beginning in 1989, Form 5500C and Form 5500R were combined into one form, Form 5500-C/R. This form was combined to minimize the confusion that taxpayers had filing Form 5500R on a triennial basis.

## Projections of Tax Return Filings, 1992-1999

Table 1.—Number of Returns to be Filed with the Internal Revenue Service, Calendar Years 1990-1999

[Number of returns are in thousands]

Type of return	Actual 1990	Estimated 1991 <sup>2</sup>	Projected							
			1992	1993	1994	1995	1996	1997	1998	1999
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Grand total</b> <sup>1</sup>	<b>203,223</b>	<b>205,516</b>	<b>207,698</b>	<b>207,582</b>	<b>211,303</b>	<b>214,763</b>	<b>217,857</b>	<b>220,676</b>	<b>223,346</b>	<b>226,113</b>
<b>Primary returns, total</b>	<b>192,966</b>	<b>194,725</b>	<b>196,613</b>	<b>200,152</b>	<b>203,698</b>	<b>206,973</b>	<b>209,880</b>	<b>212,510</b>	<b>214,993</b>	<b>217,574</b>
Individual income tax, total	112,596	113,894	114,458	116,601	118,814	120,767	122,394	123,737	124,901	126,115
Forms 1040, 1040A, and 1040EZ, total	112,305	113,599	114,155	116,278	118,471	120,406	122,015	123,340	124,485	125,677
Form 1040	74,489	74,594	77,960	82,420	86,102	88,870	90,891	92,391	93,556	94,249
Form 1040A	18,380	21,688	19,635	17,980	16,991	16,528	16,395	16,465	16,464	16,692
Form 1040EZ	19,436	17,317	16,559	15,878	15,378	15,008	14,729	14,484	14,465	14,736
Other <sup>3</sup>	291	295	303	323	343	361	379	397	416	438
Individual estimated tax	39,363	39,609	40,398	41,211	42,027	42,843	43,659	44,474	45,290	46,106
Fiduciary income tax <sup>4</sup>	2,681	2,851	2,934	3,000	3,076	3,154	3,228	3,305	3,385	3,472
Fiduciary estimated tax	667	704	724	741	760	779	797	816	836	857
Partnership	1,751	1,734	1,724	1,715	1,705	1,696	1,686	1,677	1,667	1,658
Corporation income tax <sup>5</sup>	4,320	4,375	4,510	4,587	4,678	4,782	4,893	4,999	5,103	5,205
Estate tax	61	66	71	77	83	90	97	104	112	121
Gift tax	148	167	174	179	185	189	194	198	201	205
Employment tax <sup>6</sup>	28,911	28,665	28,909	29,202	29,460	29,700	29,897	30,105	30,339	30,613
Form 1042 <sup>7</sup>	22	23	24	24	25	26	27	28	30	31
Tax-exempt organization <sup>8</sup>	487	497	516	531	544	555	566	576	586	596
Employee plan <sup>9</sup>	1,108	1,133	1,183	1,224	1,258	1,291	1,322	1,353	1,384	1,416
Excise tax <sup>10</sup>	852	1,008	989	1,059	1,084	1,102	1,120	1,138	1,158	1,180
<b>Supplemental documents, total</b>	<b>10,257</b>	<b>10,791</b>	<b>11,086</b>	<b>7,430</b>	<b>7,605</b>	<b>7,790</b>	<b>7,978</b>	<b>8,165</b>	<b>8,352</b>	<b>8,539</b>
Form 1040X	1,393	1,799	1,638	1,564	1,525	1,498	1,478	1,462	1,447	1,433
Form 4868 <sup>11</sup>	5,278	5,314	5,672	1,985	2,094	2,200	2,304	2,407	2,508	2,608
Form 2686	1,623	1,651	1,695	1,744	1,793	1,842	1,889	1,934	1,978	2,021
Form 1120X	36	28	26	25	24	23	22	20	19	18
Form 7004	1,897	1,965	2,019	2,075	2,131	2,187	2,244	2,300	2,356	2,412
Form 1041A	31	35	35	37	38	39	41	42	44	46

<sup>1</sup> Excluded from all totals are the following "Non-Master File" returns: Form CT-2, 941M, 990BL, and 1120-IC-DISC. Also excluded are withholding and information documents, including Forms such as W-2 and the 1099 series and related forms.

<sup>2</sup> Estimate, including that for some corporations, is based on returns processed through part of 1991. The actual number filed in CY 1991 was unavailable when this table was compiled.

<sup>3</sup> Includes Forms 1040NR, 1040PR, 1040SS, and 1040C; Form 1040X is included under "Supplemental documents," below.

<sup>4</sup> Includes Forms 1041 and 1041S; Form 1041A is included under "Supplemental documents," below.

<sup>5</sup> Includes Forms 1120, 1120A, 1120F, 1120H, 1120L, 1120POL, 1120S, 1120DF, 1120FSC, 1120PC, 1120REIT, and 1120RIC; Form 1120X is included under "Supplemental documents," below.

<sup>6</sup> Includes Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 942, 942PR, 943, 943PR, and CT-1.

<sup>7</sup> Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

<sup>8</sup> Includes Forms 990, 990C, 990PF, 990T, 4720, 5227, and 990EZ.

<sup>9</sup> Includes Forms 5500, 5500C, 5500EZ, and 5500R.

<sup>10</sup> Includes Forms 11C, 720, 730, 2290, and (starting Calendar Year 1991) 8752; excludes Forms 11 and 5000.24 which are filed with the Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, instead of with the Internal Revenue Service.

<sup>11</sup> Form 4868 projections reflect the new APEX system to take place in CY 1993.

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

# Data Release

## Estate Tax Statistics for 1989 and 1990

The number of Federal estate tax returns filed for U.S. decedents with gross estates at or above the \$600,000 filing requirement was 45,695 in 1989 and 50,367 in 1990, a two year increase of 23 percent from 1988. The size of these decedents' combined estates grew to \$87 billion in 1990, which represents growth of almost 26 percent over the same period. Continuing a trend, corporate stock was the most significant asset in the portfolios of decedents in both years, followed by investments in real estate.

Reported tax also increased during both years, a break from the recent past, rising to almost \$9 billion in 1990, an increase of 43 percent over 1988. For estates reporting tax, the average reported tax as a percentage of gross estate increased from 15.8 percent in 1988 to 17.7 percent in 1990. The increase may be due in part to revisions in the tax codes which had an effect on both allowable deductions and the valuation of closely held businesses includable in gross estate. Approximately 45 percent of the returns filed in 1989 and 1990 reported a tax liability.

Table 1 on the following pages summarizes data on the assets, deductions, tax credits and estate tax for returns filed in 1989; Table 2 provides the same information for returns filed in 1990. Table 3 presents the gross estate, taxable estate, state death tax credit and estate tax, by state, for returns filed in 1990. More extensive data analysis for decedents dying in 1989, as well as for returns filed between 1989 and 1991, will be included in an upcoming article, "Estate Tax Returns, 1989-1991," by Barry Johnson, which will be included in a future issue of the *Statistics of Income Bulletin*.



**Table 1.--Returns Filed in 1989: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate**

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

Size of gross estate	Number of returns	Gross estate	Type of property									
			Real estate		Closely held stock		Other stock		Federal savings bonds		Other Federal bonds	
			Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
<b>All returns, total</b> .....	<b>45,695</b>	<b>77,997,246</b>	<b>38,921</b>	<b>18,538,751</b>	<b>5,793</b>	<b>5,561,423</b>	<b>36,819</b>	<b>18,975,558</b>	<b>6,899</b>	<b>363,344</b>	<b>13,581</b>	<b>2,527,240</b>
\$600,000 under \$1,000,000.....	23,927	18,089,359	19,774	5,161,534	1,895	348,716	18,294	3,750,340	3,815	128,048	6,910	699,310
\$1,000,000 under \$2,500,000.....	16,135	23,814,138	14,103	6,210,406	2,450	935,680	13,463	5,376,600	2,421	168,823	4,750	645,244
\$2,500,000 under \$5,000,000.....	3,872	13,190,981	3,424	2,969,414	884	799,707	3,468	3,527,957	489	33,726	1,274	411,773
\$5,000,000 under \$10,000,000.....	1,170	7,969,456	1,063	1,523,416	350	813,344	1,051	2,266,766	127	11,853	403	243,151
\$10,000,000 under \$20,000,000.....	401	5,430,575	377	894,986	138	601,147	370	1,635,480	39	2,637	156	210,233
\$20,000,000 or more.....	191	9,502,738	181	1,778,994	75	2,062,828	173	2,418,415	9	18,257	87	317,529
<b>Taxable returns, total</b> .....	<b>20,695</b>	<b>43,093,699</b>	<b>16,952</b>	<b>9,312,700</b>	<b>2,246</b>	<b>2,539,556</b>	<b>17,353</b>	<b>12,454,742</b>	<b>3,383</b>	<b>213,397</b>	<b>7,055</b>	<b>1,661,307</b>
\$600,000 under \$1,000,000.....	8,626	6,920,534	6,672	1,797,295	419	62,919	6,726	1,749,278	1,432	53,267	2,690	270,054
\$1,000,000 under \$2,500,000.....	8,633	12,754,490	7,231	3,073,329	1,013	398,906	7,442	3,347,451	1,552	115,830	3,008	439,959
\$2,500,000 under \$5,000,000.....	2,209	7,489,663	1,930	7,489,663	478	436,035	2,051	2,412,164	269	14,722	852	288,391
\$5,000,000 under \$10,000,000.....	803	5,489,339	724	981,928	200	443,542	738	1,687,880	89	9,388	308	195,974
\$10,000,000 under \$20,000,000.....	285	3,881,051	262	517,086	86	375,091	265	1,287,530	**40	**20,180	**197	**466,830
\$20,000,000 or more.....	140	6,558,622	133	1,345,048	50	823,063	129	1,970,439	**	**	**	**
<b>Nontaxable returns, total</b> .....	<b>25,000</b>	<b>34,903,547</b>	<b>21,969</b>	<b>9,226,051</b>	<b>3,548</b>	<b>3,021,867</b>	<b>19,466</b>	<b>6,520,816</b>	<b>3,516</b>	<b>149,947</b>	<b>6,526</b>	<b>865,933</b>
\$600,000 under \$1,000,000.....	15,301	11,168,825	13,103	3,364,240	1,476	285,797	11,567	2,001,062	2,382	74,781	4,221	429,256
\$1,000,000 under \$2,500,000.....	7,502	11,059,648	6,871	3,137,077	1,437	536,774	6,021	2,029,149	869	52,993	1,743	205,285
\$2,500,000 under \$5,000,000.....	1,663	5,701,318	1,494	1,371,400	407	363,672	1,417	1,115,793	219	19,004	422	123,382
\$5,000,000 under \$10,000,000.....	367	2,480,117	340	541,488	150	369,802	313	578,887	38	2,465	95	47,177
\$10,000,000 under \$20,000,000.....	117	1,549,524	115	377,901	52	226,056	104	347,949	**8	**704	**46	**68,833
\$20,000,000 or more.....	50	2,944,116	47	433,946	25	1,239,766	44	447,975	**	**	**	**

Size of gross estate	Type of property--Continued											
	State and local bonds		Corporate and foreign bonds		Cash		Notes and mortgages		Life insurance		Annuities	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns, total</b> .....	<b>24,082</b>	<b>8,469,938</b>	<b>14,214</b>	<b>1,037,780</b>	<b>45,299</b>	<b>9,114,333</b>	<b>14,153</b>	<b>2,033,209</b>	<b>24,895</b>	<b>2,563,662</b>	<b>14,223</b>	<b>2,309,823</b>
\$600,000 under \$1,000,000.....	10,324	1,415,438	7,044	354,557	23,712	3,449,787	6,541	540,384	12,598	699,662	6,717	538,164
\$1,000,000 under \$2,500,000.....	9,731	2,776,084	5,278	287,237	16,041	3,106,623	5,235	624,964	9,175	1,034,695	5,517	1,044,622
\$2,500,000 under \$5,000,000.....	2,714	1,618,611	1,281	137,360	3,796	1,206,793	1,491	296,056	2,099	541,758	1,386	453,099
\$5,000,000 under \$10,000,000.....	853	1,100,318	390	61,284	1,161	608,267	556	229,407	677	166,056	402	152,104
\$10,000,000 under \$20,000,000.....	310	802,085	149	48,182	400	373,050	213	156,849	230	57,326	141	76,002
\$20,000,000 or more.....	150	757,402	70	149,159	190	369,812	117	185,549	116	64,165	60	45,933
<b>Taxable returns, total</b> .....	<b>11,651</b>	<b>5,347,276</b>	<b>7,008</b>	<b>620,636</b>	<b>20,618</b>	<b>5,458,307</b>	<b>6,269</b>	<b>960,296</b>	<b>9,516</b>	<b>718,785</b>	<b>4,426</b>	<b>702,670</b>
\$600,000 under \$1,000,000.....	3,594	547,763	2,611	129,860	8,613	1,616,917	2,271	191,063	3,913	112,973	1,570	91,910
\$1,000,000 under \$2,500,000.....	5,415	1,583,034	3,156	173,696	8,593	1,996,513	2,648	298,074	4,040	308,906	2,036	342,940
\$2,500,000 under \$5,000,000.....	1,667	999,675	791	93,555	2,190	804,784	752	85,877	909	126,753	478	128,779
\$5,000,000 under \$10,000,000.....	626	886,120	284	37,943	797	451,644	371	155,268	419	86,673	221	71,152
\$10,000,000 under \$20,000,000.....	234	688,524	111	38,216	285	299,623	140	110,280	153	28,806	82	37,577
\$20,000,000 or more.....	115	642,159	55	147,365	139	288,825	86	119,735	82	54,673	38	30,311
<b>Nontaxable returns, total</b> .....	<b>12,431</b>	<b>3,122,662</b>	<b>7,206</b>	<b>417,144</b>	<b>24,682</b>	<b>3,656,025</b>	<b>7,885</b>	<b>1,072,913</b>	<b>15,379</b>	<b>1,844,877</b>	<b>9,797</b>	<b>1,607,253</b>
\$600,000 under \$1,000,000.....	6,730	867,675	4,433	224,697	15,099	1,832,870	4,270	349,321	8,685	596,689	5,147	446,254
\$1,000,000 under \$2,500,000.....	4,316	1,193,050	2,121	113,541	7,448	1,110,110	2,588	326,890	5,135	725,789	3,481	701,682
\$2,500,000 under \$5,000,000.....	1,048	618,936	491	43,805	1,606	402,009	738	210,179	1,190	415,005	908	324,320
\$5,000,000 under \$10,000,000.....	226	214,197	106	23,341	363	156,623	185	74,139	258	79,382	181	80,952
\$10,000,000 under \$20,000,000.....	77	113,561	39	9,966	116	73,427	73	46,569	78	28,520	59	38,424
\$20,000,000 or more.....	35	115,243	15	1,794	50	80,987	31	65,814	34	9,492	22	15,621

Footnotes at end of table.

**Table 1.—Returns Filed in 1989: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate—Continued**

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

Size of gross estate	Type of property—Continued								Total allowable		Type of deduction <sup>1</sup>	
	Noncorporate business assets		Farm assets		Limited partnerships		Other assets		deductions		Funeral expenses	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
<b>All returns, total.....</b>	<b>7,961</b>	<b>2,201,687</b>	<b>2,911</b>	<b>307,601</b>	<b>5,688</b>	<b>671,131</b>	<b>41,405</b>	<b>3,321,667</b>	<b>45,668</b>	<b>35,852,798</b>	<b>42,382</b>	<b>210,301</b>
\$600,000 under \$1,000,000.....	2,722	209,999	1,588	109,481	1,841	61,255	21,039	622,682	23,919	5,458,075	22,213	98,015
\$1,000,000 under \$2,500,000.....	3,269	479,434	987	64,648	2,460	159,404	14,898	899,674	16,135	10,049,758	14,880	77,439
\$2,500,000 under \$5,000,000.....	1,294	608,755	207	16,210	855	114,638	3,769	455,122	3,854	6,662,231	3,618	21,156
\$5,000,000 under \$10,000,000.....	414	300,444	80	22,126	334	116,567	1,120	354,353	1,170	4,157,712	1,111	8,232
\$10,000,000 under \$20,000,000.....	170	241,569	28	18,160	126	77,348	391	235,522	401	2,995,933	380	3,275
\$20,000,000 or more.....	91	361,487	22	754,975	72	141,919	187	754,314	190	6,529,089	180	2,183
<b>Taxable returns, total.....</b>	<b>2,963</b>	<b>890,055</b>	<b>1,148</b>	<b>140,296</b>	<b>2,127</b>	<b>321,253</b>	<b>18,862</b>	<b>1,752,424</b>	<b>20,668</b>	<b>10,988,234</b>	<b>20,185</b>	<b>100,138</b>
\$600,000 under \$1,000,000.....	640	41,228	452	13,587	403	12,078	7,594	230,343	8,617	470,552	8,417	36,195
\$1,000,000 under \$2,500,000.....	1,306	204,971	520	21,822	1,055	37,853	7,958	411,207	8,633	1,927,196	8,436	42,456
\$2,500,000 under \$5,000,000.....	585	189,844	85	3,333	319	50,070	2,115	257,665	2,192	1,651,750	2,145	12,000
\$5,000,000 under \$10,000,000.....	269	168,147	55	16,849	219	73,097	776	223,734	803	1,836,599	776	5,618
\$10,000,000 under \$20,000,000.....	106	120,099	19	10,850	80	28,390	282	166,760	285	1,497,628	277	2,318
\$20,000,000 or more.....	57	165,767	17	73,857	50	119,765	137	462,714	139	3,604,508	135	1,549
<b>Nontaxable returns, total.....</b>	<b>4,998</b>	<b>1,311,631</b>	<b>1,763</b>	<b>167,304</b>	<b>3,561</b>	<b>349,879</b>	<b>22,542</b>	<b>1,569,243</b>	<b>25,000</b>	<b>24,864,564</b>	<b>22,196</b>	<b>110,163</b>
\$600,000 under \$1,000,000.....	2,083	168,771	1,136	95,894	1,437	49,177	13,445	392,339	15,301	4,987,523	13,796	61,820
\$1,000,000 under \$2,500,000.....	1,963	274,462	467	42,827	1,405	121,551	6,941	488,467	7,502	8,122,562	6,444	34,983
\$2,500,000 under \$5,000,000.....	709	418,911	122	12,877	536	64,568	1,654	197,457	1,663	5,010,481	1,473	9,156
\$5,000,000 under \$10,000,000.....	145	132,297	25	5,277	115	43,470	345	130,619	367	2,321,113	335	2,613
\$10,000,000 under \$20,000,000.....	64	121,470	8	7,310	46	48,958	109	68,762	117	1,498,305	103	956
\$20,000,000 or more.....	34	195,720	5	3,118	22	22,154	49	291,600	50	2,924,581	44	634

Size of gross estate	Type of deduction <sup>1</sup> —Continued											
	Executors' commissions		Attorneys' fees		Other expenses and losses		Debts and mortgages		Charitable bequests		Bequests to surviving spouse	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All returns, total.....</b>	<b>17,278</b>	<b>757,312</b>	<b>27,999</b>	<b>707,345</b>	<b>32,740</b>	<b>737,589</b>	<b>38,076</b>	<b>3,468,962</b>	<b>8,471</b>	<b>4,925,373</b>	<b>20,788</b>	<b>25,034,779</b>
\$600,000 under \$1,000,000.....	7,784	136,352	14,217	178,383	16,703	117,122	19,313	647,179	3,558	488,860	9,431	3,791,965
\$1,000,000 under \$2,500,000.....	6,621	221,568	10,052	244,901	11,781	171,104	13,592	887,628	3,250	1,055,428	8,279	7,391,786
\$2,500,000 under \$5,000,000.....	1,899	168,397	2,470	123,245	2,866	105,341	3,512	678,315	1,038	948,754	2,056	4,614,337
\$5,000,000 under \$10,000,000.....	625	88,159	833	68,609	920	74,586	1,092	382,124	368	494,769	660	3,037,322
\$10,000,000 under \$20,000,000.....	239	59,430	290	40,159	321	45,558	386	273,299	165	428,671	242	2,142,490
\$20,000,000 or more.....	109	83,406	136	52,049	149	223,879	181	600,438	92	1,508,892	121	4,056,879
<b>Taxable returns, total.....</b>	<b>12,850</b>	<b>648,302</b>	<b>18,150</b>	<b>550,829</b>	<b>19,959</b>	<b>621,619</b>	<b>19,050</b>	<b>1,560,668</b>	<b>4,738</b>	<b>1,834,041</b>	<b>3,135</b>	<b>5,660,917</b>
\$600,000 under \$1,000,000.....	4,527	90,965	7,626	105,768	8,341	56,736	7,757	119,439	1,286	26,304	474	35,146
\$1,000,000 under \$2,500,000.....	5,758	193,790	7,485	196,953	8,326	143,477	8,068	374,318	2,238	227,429	1,521	748,065
\$2,500,000 under \$5,000,000.....	1,674	148,917	1,962	103,246	2,144	89,188	2,041	240,088	697	236,654	609	818,969
\$5,000,000 under \$10,000,000.....	569	82,516	707	61,409	754	67,932	775	233,911	298	264,716	328	1,116,584
\$10,000,000 under \$20,000,000.....	222	56,816	250	36,816	266	42,947	274	140,978	140	343,881	128	870,819
\$20,000,000 or more.....	100	75,298	119	46,636	127	221,338	135	451,934	77	735,057	75	2,071,333
<b>Nontaxable returns, total.....</b>	<b>4,427</b>	<b>109,010</b>	<b>9,849</b>	<b>156,516</b>	<b>12,781</b>	<b>115,970</b>	<b>19,025</b>	<b>1,908,314</b>	<b>3,733</b>	<b>3,091,332</b>	<b>17,654</b>	<b>19,373,862</b>
\$600,000 under \$1,000,000.....	3,257	45,387	6,590	72,615	8,362	60,386	11,556	527,740	2,272	462,556	8,958	3,756,819
\$1,000,000 under \$2,500,000.....	863	27,778	2,567	47,947	3,455	27,626	5,524	513,310	1,011	828,000	6,758	6,643,721
\$2,500,000 under \$5,000,000.....	225	19,480	509	16,152	722	16,152	1,471	438,226	340	712,100	1,447	3,795,367
\$5,000,000 under \$10,000,000.....	56	5,643	126	7,200	166	6,654	317	148,212	70	230,053	332	1,920,738
\$10,000,000 under \$20,000,000.....	16	2,614	40	3,342	54	2,611	111	132,322	25	84,789	114	1,271,671
\$20,000,000 or more.....	9	8,108	17	5,413	22	2,541	45	148,504	15	773,835	45	1,985,546

Footnotes at end of table.

**Table 1.--Returns Filed in 1989: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate--Continued**

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

Size of gross estate	Taxable estate		Adjusted taxable gifts		Adjusted taxable estate		Estate tax before credits	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
<b>All returns, total.....</b>	<b>41,895</b>	<b>42,161,330</b>	<b>4,521</b>	<b>865,402</b>	<b>41,926</b>	<b>43,026,733</b>	<b>41,920</b>	<b>16,619,009</b>
\$600,000 under \$1,000,000.....	21,721	12,684,992	1,343	128,689	21,723	12,813,682	21,721	4,158,268
\$1,000,000 under \$2,500,000.....	14,821	13,765,883	1,748	212,136	14,825	13,978,019	14,823	4,944,717
\$2,500,000 under \$5,000,000.....	3,647	6,513,859	788	181,714	3,665	6,695,573	3,665	2,777,961
\$5,000,000 under \$10,000,000.....	1,131	3,802,385	370	123,783	1,135	3,926,168	1,134	1,836,088
\$10,000,000 under \$20,000,000.....	391	2,421,774	173	75,211	393	2,496,985	392	1,263,280
\$20,000,000 or more.....	184	2,972,436	98	143,870	185	3,116,306	185	1,638,697
<b>Taxable returns, total.....</b>	<b>20,695</b>	<b>32,018,652</b>	<b>3,177</b>	<b>731,531</b>	<b>20,695</b>	<b>32,750,183</b>	<b>20,695</b>	<b>13,366,237</b>
\$600,000 under \$1,000,000.....	8,626	6,442,734	759	89,094	8,626	6,531,828	8,626	2,171,290
\$1,000,000 under \$2,500,000.....	8,633	10,796,973	1,269	158,871	8,633	10,955,845	8,633	3,987,210
\$2,500,000 under \$5,000,000.....	2,209	5,821,265	638	163,186	2,209	5,984,451	2,209	2,552,281
\$5,000,000 under \$10,000,000.....	803	3,636,712	295	110,616	803	3,747,328	803	1,779,297
\$10,000,000 under \$20,000,000.....	285	2,368,067	134	68,925	285	2,436,992	285	1,244,533
\$20,000,000 or more.....	140	2,952,900	82	140,839	140	3,093,740	140	1,631,626
<b>Nontaxable returns, total.....</b>	<b>21,200</b>	<b>10,142,678</b>	<b>1,344</b>	<b>133,872</b>	<b>21,231</b>	<b>10,276,549</b>	<b>21,225</b>	<b>3,252,773</b>
\$600,000 under \$1,000,000.....	13,095	6,242,258	585	39,595	13,097	6,281,853	13,095	1,986,978
\$1,000,000 under \$2,500,000.....	6,189	2,968,910	480	53,264	6,193	3,022,174	6,191	957,507
\$2,500,000 under \$5,000,000.....	1,438	692,594	150	18,528	1,456	711,122	1,456	225,679
\$5,000,000 under \$10,000,000.....	328	165,673	75	13,168	332	178,841	331	56,791
\$10,000,000 under \$20,000,000.....	106	53,707	39	6,286	108	59,993	107	18,747
\$20,000,000 or more.....	43	19,536	16	3,031	44	22,566	44	7,070

Size of gross estate	Allowable unified credit		Other tax credits		Estate tax after credits		Lifetime transfers	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
<b>All returns, total.....</b>	<b>41,920</b>	<b>7,184,483</b>	<b>24,799</b>	<b>1,967,669</b>	<b>20,695</b>	<b>7,466,848</b>	<b>10,970</b>	<b>12,797,378</b>
\$600,000 under \$1,000,000.....	21,721	3,618,798	11,699	196,620	8,626	342,846	4,580	2,100,623
\$1,000,000 under \$2,500,000.....	14,823	2,600,559	9,365	458,327	8,633	1,885,826	4,402	3,558,071
\$2,500,000 under \$5,000,000.....	3,665	648,017	2,416	348,885	2,209	1,781,057	1,272	2,549,320
\$5,000,000 under \$10,000,000.....	1,134	209,813	868	298,795	803	1,327,479	428	1,457,521
\$10,000,000 under \$20,000,000.....	392	73,313	305	262,909	285	927,058	190	1,297,390
\$20,000,000 or more.....	185	33,984	145	402,132	140	1,202,581	97	1,834,452
<b>Taxable returns, total.....</b>	<b>20,695</b>	<b>3,979,789</b>	<b>20,187</b>	<b>1,919,590</b>	<b>20,695</b>	<b>7,466,848</b>	<b>5,687</b>	<b>7,773,432</b>
\$600,000 under \$1,000,000.....	8,626	1,658,849	8,316	169,591	8,626	342,846	1,772	853,027
\$1,000,000 under \$2,500,000.....	8,633	1,659,191	8,501	442,189	8,633	1,885,826	2,631	2,089,520
\$2,500,000 under \$5,000,000.....	2,209	425,569	2,156	345,654	2,209	1,781,057	752	1,335,693
\$5,000,000 under \$10,000,000.....	803	154,359	794	297,458	803	1,327,479	315	1,101,451
\$10,000,000 under \$20,000,000.....	285	54,832	281	262,643	285	927,058	138	938,239
\$20,000,000 or more.....	140	26,990	139	402,055	140	1,202,581	79	1,455,501
<b>Nontaxable returns, total.....</b>	<b>21,225</b>	<b>3,204,694</b>	<b>4,611</b>	<b>48,079</b>	<b>--</b>	<b>--</b>	<b>5,283</b>	<b>5,023,947</b>
\$600,000 under \$1,000,000.....	13,095	1,959,949	3,383	27,030	--	--	2,808	1,247,596
\$1,000,000 under \$2,500,000.....	6,191	941,368	864	16,139	--	--	1,771	1,468,552
\$2,500,000 under \$5,000,000.....	1,456	222,448	260	3,231	--	--	520	1,213,627
\$5,000,000 under \$10,000,000.....	331	55,453	74	1,337	--	--	113	356,070
\$10,000,000 under \$20,000,000.....	107	18,481	24	266	--	--	52	359,151
\$20,000,000 or more.....	44	6,994	6	76	--	--	18	378,951

<sup>1</sup> Excludes ESOP (Employee Stock Ownership Plan) deductions, but may include some amounts which were disallowed for the purpose of tax computations.

\*\* Data combined to avoid disclosure of specific estate tax returns.

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

Table 2.—Returns Filed in 1990: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate

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

Table with columns: Size of gross estate, Number of returns, Gross estate, and Type of property (Real estate, Closely held stock, Other stock, Federal savings bonds, Other Federal bonds). Rows include All returns, Taxable returns, and Nontaxable returns, broken down by gross estate size (\$600,000 to over \$20,000,000).

Continuation of Table 2 with columns: Size of gross estate, Number, Amount, and Type of property--Continued (State and local bonds, Corporate and foreign bonds, Cash, Notes and mortgages, Life insurance, Annuities). Rows include All returns, Taxable returns, and Nontaxable returns, broken down by gross estate size.

Footnotes at end of table.

**Table 2.—Returns Filed in 1990: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate—Continued**

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

Size of gross estate	Type of property--Continued								Total allowable		Type of deduction <sup>1</sup>	
	Noncorporate business assets		Farm assets		Limited partnerships		Other assets		deductions		Funeral expenses	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
<b>All returns, total.....</b>	<b>8,552</b>	<b>2,479,436</b>	<b>3,754</b>	<b>238,630</b>	<b>6,487</b>	<b>824,867</b>	<b>45,621</b>	<b>3,828,974</b>	<b>50,333</b>	<b>38,915,108</b>	<b>46,508</b>	<b>250,215</b>
\$600,000 under \$1,000,000.....	2,814	258,668	2,151	88,836	2,101	67,586	22,944	639,880	26,067	5,939,531	24,046	119,499
\$1,000,000 under \$2,500,000.....	3,706	610,366	1,212	88,330	2,798	174,205	17,098	877,381	18,471	11,165,830	17,088	91,482
\$2,500,000 under \$5,000,000.....	1,191	401,518	239	20,867	897	175,272	3,608	449,384	3,768	7,004,082	3,469	22,228
\$5,000,000 under \$10,000,000.....	511	380,577	91	22,298	432	156,642	1,301	367,000	1,343	4,644,211	1,262	10,462
\$10,000,000 under \$20,000,000.....	193	254,871	38	6,154	163	109,834	429	293,623	440	3,282,242	414	3,835
\$20,000,000 or more.....	137	573,437	24	12,145	97	141,328	241	1,201,705	244	6,879,213	228	2,708
<b>Taxable returns, total.....</b>	<b>3,289</b>	<b>1,262,482</b>	<b>1,480</b>	<b>72,965</b>	<b>2,725</b>	<b>434,336</b>	<b>20,926</b>	<b>2,604,409</b>	<b>23,071</b>	<b>13,143,237</b>	<b>22,472</b>	<b>119,334</b>
\$600,000 under \$1,000,000.....	758	98,900	634	15,126	608	22,117	8,236	210,723	9,589	554,840	9,335	45,316
\$1,000,000 under \$2,500,000.....	1,413	204,694	601	25,546	1,229	75,082	9,120	452,450	9,819	1,980,042	9,583	48,736
\$2,500,000 under \$5,000,000.....	567	157,021	144	12,460	438	104,173	2,173	292,257	2,239	1,771,454	2,174	13,189
\$5,000,000 under \$10,000,000.....	311	212,283	59	10,476	260	68,384	883	256,741	902	1,908,226	879	6,899
\$10,000,000 under \$20,000,000.....	134	185,612	27	3,688	112	63,405	317	234,400	322	1,768,772	312	2,862
\$20,000,000 or more.....	106	403,972	15	5,669	78	101,176	197	1,157,837	199	5,159,902	190	2,332
<b>Nontaxable returns, total.....</b>	<b>5,263</b>	<b>1,216,954</b>	<b>2,274</b>	<b>165,664</b>	<b>3,762</b>	<b>390,531</b>	<b>24,695</b>	<b>1,224,565</b>	<b>27,262</b>	<b>25,771,872</b>	<b>24,035</b>	<b>130,880</b>
\$600,000 under \$1,000,000.....	2,056	159,768	1,517	73,710	1,492	45,469	14,708	429,158	16,478	5,384,692	14,711	74,183
\$1,000,000 under \$2,500,000.....	2,292	405,672	610	62,784	1,569	99,123	7,978	424,931	8,652	9,185,787	7,506	42,746
\$2,500,000 under \$5,000,000.....	624	244,497	95	8,407	459	71,099	1,435	157,127	1,529	5,232,628	1,295	9,039
\$5,000,000 under \$10,000,000.....	201	168,294	33	11,822	171	88,258	418	110,259	440	2,735,984	383	3,563
\$10,000,000 under \$20,000,000.....	59	69,259	11	2,466	51	46,430	112	59,223	118	1,513,470	102	974
\$20,000,000 or more.....	31	169,465	9	6,476	19	40,152	44	43,868	45	1,719,311	38	376

Size of gross estate	Type of deduction <sup>1</sup> --Continued											
	Executors' commissions		Attorneys' fees		Other expenses and losses		Debts and mortgages		Charitable bequests		Bequests to surviving spouse	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All returns, total.....</b>	<b>18,967</b>	<b>843,968</b>	<b>31,171</b>	<b>745,675</b>	<b>36,181</b>	<b>630,633</b>	<b>41,559</b>	<b>4,594,363</b>	<b>9,709</b>	<b>5,527,490</b>	<b>22,651</b>	<b>26,314,839</b>
\$600,000 under \$1,000,000.....	8,472	143,571	15,757	199,104	18,471	120,239	20,616	617,138	4,316	715,525	10,317	4,024,478
\$1,000,000 under \$2,500,000.....	7,566	258,435	11,510	260,394	13,314	186,716	15,713	1,239,026	3,600	1,044,597	9,168	8,085,189
\$2,500,000 under \$5,000,000.....	1,795	135,003	2,467	112,587	2,781	89,581	3,346	1,407,375	1,082	686,508	2,039	4,545,639
\$5,000,000 under \$10,000,000.....	727	101,393	944	75,087	1,058	73,312	1,234	450,370	433	551,500	735	3,379,332
\$10,000,000 under \$20,000,000.....	247	59,085	307	40,242	349	57,875	414	310,912	163	467,400	250	2,342,852
\$20,000,000 or more.....	159	146,481	186	58,261	207	102,911	236	569,542	115	2,061,959	141	3,937,349
<b>Taxable returns, total.....</b>	<b>14,623</b>	<b>739,233</b>	<b>20,345</b>	<b>581,626</b>	<b>22,117</b>	<b>528,586</b>	<b>20,934</b>	<b>1,665,798</b>	<b>5,595</b>	<b>2,991,022</b>	<b>3,105</b>	<b>6,510,347</b>
\$600,000 under \$1,000,000.....	5,307	96,647	8,350	116,097	9,090	71,334	8,322	124,496	1,849	50,097	505	50,852
\$1,000,000 under \$2,500,000.....	6,663	232,629	8,755	213,059	9,540	155,549	9,099	444,478	2,336	206,805	1,397	678,782
\$2,500,000 under \$5,000,000.....	1,631	124,889	2,012	94,330	2,148	80,212	2,136	276,357	833	323,963	628	853,384
\$5,000,000 under \$10,000,000.....	650	91,576	791	65,833	854	66,874	874	260,542	337	279,082	331	1,135,306
\$10,000,000 under \$20,000,000.....	226	55,233	269	36,891	298	55,297	310	170,634	136	335,945	144	1,111,870
\$20,000,000 or more.....	147	138,259	169	55,415	186	99,320	192	389,291	104	1,795,130	100	2,680,154
<b>Nontaxable returns, total.....</b>	<b>4,344</b>	<b>104,735</b>	<b>10,826</b>	<b>164,049</b>	<b>14,064</b>	<b>102,048</b>	<b>20,625</b>	<b>2,928,566</b>	<b>4,114</b>	<b>2,536,468</b>	<b>19,546</b>	<b>19,804,492</b>
\$600,000 under \$1,000,000.....	3,165	46,923	7,407	83,007	9,382	48,905	12,294	492,642	2,467	665,428	9,813	3,973,627
\$1,000,000 under \$2,500,000.....	904	25,806	2,756	47,335	3,774	31,167	6,614	794,548	1,264	837,793	7,771	7,406,407
\$2,500,000 under \$5,000,000.....	165	10,115	455	18,257	632	9,369	1,209	1,131,018	249	362,545	1,411	3,692,255
\$5,000,000 under \$10,000,000.....	77	9,817	153	9,254	204	6,438	360	189,828	96	272,418	404	2,244,026
\$10,000,000 under \$20,000,000.....	21	3,852	38	3,351	51	2,578	104	140,278	27	131,455	106	1,230,982
\$20,000,000 or more.....	12	8,222	17	2,846	21	3,591	44	180,252	11	266,829	41	1,257,185

Footnotes at end of table.

**Table 2.—Returns Filed in 1990: Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Size of Gross Estate—Continued**

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

Size of gross estate	Taxable estate		Adjusted taxable gifts		Adjusted taxable estate		Estate tax before credits	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
<b>All returns, total.....</b>	<b>46,464</b>	<b>48,566,417</b>	<b>4,855</b>	<b>1,152,548</b>	<b>46,516</b>	<b>49,718,965</b>	<b>46,469</b>	<b>19,463,342</b>
\$600,000 under \$1,000,000.....	23,864	13,949,734	1,331	139,191	23,879	14,088,925	23,854	4,576,557
\$1,000,000 under \$2,500,000.....	17,082	15,975,881	1,817	270,221	17,103	16,246,102	17,084	5,749,661
\$2,500,000 under \$5,000,000.....	3,546	6,555,621	866	248,635	3,553	6,804,255	3,553	2,824,921
\$5,000,000 under \$10,000,000.....	1,303	4,329,719	468	143,967	1,306	4,473,687	1,306	2,090,640
\$10,000,000 under \$20,000,000.....	428	2,679,910	235	150,591	434	2,830,501	432	1,416,589
\$20,000,000 or more.....	240	5,075,552	139	199,943	240	5,275,495	240	2,804,975
<b>Taxable returns, total.....</b>	<b>23,104</b>	<b>37,329,561</b>	<b>3,542</b>	<b>1,018,676</b>	<b>23,104</b>	<b>38,348,237</b>	<b>23,104</b>	<b>15,862,549</b>
\$600,000 under \$1,000,000.....	9,616	7,188,240	890	115,094	9,616	7,303,334	9,616	2,429,468
\$1,000,000 under \$2,500,000.....	9,824	12,459,315	1,315	219,360	9,824	12,678,676	9,824	4,619,421
\$2,500,000 under \$5,000,000.....	2,239	5,874,866	633	218,476	2,239	6,093,342	2,239	2,597,687
\$5,000,000 under \$10,000,000.....	902	4,121,263	382	130,458	902	4,251,721	902	2,019,814
\$10,000,000 under \$20,000,000.....	323	2,628,995	196	138,469	323	2,767,464	323	1,397,645
\$20,000,000 or more.....	199	5,056,881	127	196,819	199	5,253,700	199	2,798,514
<b>Nontaxable returns, total.....</b>	<b>23,361</b>	<b>11,236,856</b>	<b>1,313</b>	<b>133,872</b>	<b>23,412</b>	<b>11,370,729</b>	<b>23,365</b>	<b>3,600,793</b>
\$600,000 under \$1,000,000.....	14,248	6,761,494	441	24,097	14,263	6,785,591	14,238	2,147,088
\$1,000,000 under \$2,500,000.....	7,258	3,516,566	502	50,861	7,279	3,567,426	7,260	1,130,240
\$2,500,000 under \$5,000,000.....	1,307	680,755	233	30,159	1,314	710,914	1,314	227,234
\$5,000,000 under \$10,000,000.....	400	208,456	86	13,510	404	221,966	404	78,827
\$10,000,000 under \$20,000,000.....	105	50,915	39	12,123	111	63,037	109	18,943
\$20,000,000 or more.....	41	18,671	12	3,124	41	21,795	41	6,461

Size of gross estate	Allowable unified credit		Other tax credits		Estate tax after credits		Lifetime transfers	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
<b>All returns, total.....</b>	<b>46,469</b>	<b>7,989,898</b>	<b>27,334</b>	<b>2,474,982</b>	<b>23,104</b>	<b>8,998,645</b>	<b>11,674</b>	<b>14,738,577</b>
\$600,000 under \$1,000,000.....	23,855	3,964,413	12,648	220,624	9,616	391,710	5,167	2,426,771
\$1,000,000 under \$2,500,000.....	17,084	3,003,378	10,672	528,330	9,824	2,217,948	4,492	3,941,160
\$2,500,000 under \$5,000,000.....	3,553	653,606	2,501	368,321	2,239	1,802,993	1,174	2,057,205
\$5,000,000 under \$10,000,000.....	1,305	243,237	969	337,137	902	1,510,266	501	1,768,824
\$10,000,000 under \$20,000,000.....	432	80,574	341	292,468	323	1,043,547	204	1,434,614
\$20,000,000 or more.....	240	44,691	204	728,102	199	2,032,183	137	3,110,004
<b>Taxable returns, total.....</b>	<b>23,103</b>	<b>4,447,366</b>	<b>22,372</b>	<b>2,416,527</b>	<b>23,104</b>	<b>8,998,645</b>	<b>5,756</b>	<b>9,557,788</b>
\$600,000 under \$1,000,000.....	9,616	1,849,839	9,118	187,915	9,616	391,710	1,969	1,047,676
\$1,000,000 under \$2,500,000.....	9,824	1,892,485	9,632	508,983	9,824	2,217,948	2,382	2,161,152
\$2,500,000 under \$5,000,000.....	2,239	430,967	2,210	363,726	2,239	1,802,993	788	1,326,204
\$5,000,000 under \$10,000,000.....	901	173,535	893	336,012	902	1,510,266	337	1,199,990
\$10,000,000 under \$20,000,000.....	323	62,208	322	291,891	323	1,043,547	161	1,137,813
\$20,000,000 or more.....	199	38,331	196	728,000	199	2,032,183	118	2,684,954
<b>Nontaxable returns, total.....</b>	<b>23,366</b>	<b>3,542,532</b>	<b>4,962</b>	<b>58,455</b>	<b>--</b>	<b>--</b>	<b>5,918</b>	<b>5,180,789</b>
\$600,000 under \$1,000,000.....	14,239	2,114,574	3,529	32,709	--	--	3,197	1,379,095
\$1,000,000 under \$2,500,000.....	7,260	1,110,893	1,040	19,346	--	--	2,109	1,780,008
\$2,500,000 under \$5,000,000.....	1,314	222,639	291	4,595	--	--	386	731,001
\$5,000,000 under \$10,000,000.....	404	69,701	76	1,125	--	--	164	568,834
\$10,000,000 under \$20,000,000.....	109	18,366	19	577	--	--	43	296,801
\$20,000,000 or more.....	41	6,359	8	102	--	--	19	425,050

<sup>1</sup> Excludes ESOP (Employee Stock Ownership Plan) deductions, but may include some amounts which were disallowed for the purpose of tax computations.

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

Table 3.--Returns Filed in 1990: Gross Estate, Taxable Estate, and Estate Tax, by State

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

State	Gross estate		Taxable estate		Estate tax before credits		State death tax credit		Estate tax after credits	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All returns, total.....</b>	<b>50,367</b>	<b>87,116,955</b>	<b>46,464</b>	<b>48,566,417</b>	<b>46,469</b>	<b>19,463,342</b>	<b>27,286</b>	<b>2,400,396</b>	<b>23,104</b>	<b>8,998,645</b>
Alabama.....	439	764,078	396	429,909	397	176,538	227	18,324	186	89,664
Alaska.....	91	122,064	86	39,510	86	13,087	*21	*696	*20	*2,564
Arizona.....	507	761,306	479	444,297	474	168,331	273	16,749	237	66,643
Arkansas.....	272	417,228	249	230,016	249	91,073	120	9,135	120	43,859
California.....	8,948	15,154,813	8,314	8,662,005	8,312	3,419,926	4,544	395,236	4,096	1,531,780
Colorado.....	582	778,439	559	459,903	559	168,308	347	14,507	296	60,054
Connecticut.....	1,251	2,004,202	1,185	1,139,821	1,180	445,697	760	51,301	591	198,586
Delaware.....	163	265,499	155	174,441	155	69,565	101	8,341	74	36,677
District of Columbia.....	165	660,753	163	321,361	163	143,011	133	23,908	120	87,914
Florida.....	4,311	9,857,850	4,046	5,207,137	4,046	2,230,157	2,288	343,999	2,024	1,169,718
Georgia.....	830	1,448,595	752	754,968	755	299,678	378	34,642	358	135,236
Hawaii.....	326	556,511	288	352,361	288	146,848	220	20,613	193	72,226
Idaho.....	118	150,375	116	73,061	117	24,857	48	1,293	29	4,550
Illinois.....	2,545	4,073,530	2,370	2,314,950	2,369	904,385	1,155	98,124	1,142	389,097
Indiana.....	688	1,289,780	640	697,623	643	286,937	417	42,048	328	133,425
Iowa.....	665	738,827	618	455,295	618	164,993	309	13,831	194	53,639
Kansas.....	428	619,074	415	339,235	415	129,196	229	13,314	169	48,056
Kentucky.....	494	816,866	459	553,337	459	230,275	312	31,268	220	116,435
Louisiana.....	395	590,023	377	337,359	377	134,614	252	15,399	173	55,661
Maine.....	263	386,086	247	267,751	247	105,427	155	11,513	149	48,436
Maryland.....	1,087	1,609,359	941	925,649	940	355,737	627	39,245	457	153,334
Massachusetts.....	1,522	2,404,552	1,432	1,306,712	1,432	508,365	898	60,542	650	214,782
Michigan.....	1,052	1,636,067	959	950,307	959	359,872	679	38,020	549	150,927
Minnesota.....	709	1,089,182	691	686,798	700	284,108	386	38,023	331	132,335
Mississippi.....	255	391,932	229	223,925	229	87,197	115	9,329	100	40,323
Missouri.....	1,023	1,938,623	948	1,115,089	948	459,574	554	63,261	524	228,029
Montana.....	113	165,674	91	79,162	91	31,659	35	3,760	35	13,367
Nebraska.....	261	309,574	246	170,381	246	59,477	144	4,613	123	16,484
Nevada.....	187	303,016	165	171,362	165	70,363	85	9,054	81	31,295
New Hampshire.....	295	455,606	273	288,525	273	113,618	154	12,660	144	54,410
New Jersey.....	2,025	3,351,546	1,801	1,700,589	1,798	653,373	880	64,919	954	285,270
New Mexico.....	178	277,933	163	187,201	163	75,146	77	9,002	73	37,690
New York.....	4,808	9,512,891	4,255	4,747,043	4,252	1,951,662	2,852	264,328	2,237	971,500
North Carolina.....	1,087	1,710,139	995	949,057	996	361,942	666	35,412	547	149,718
North Dakota.....	136	133,367	135	76,489	135	24,934	42	1,144	38	3,509
Ohio.....	1,763	2,572,484	1,688	1,629,119	1,688	629,355	1,233	68,420	927	262,756
Oklahoma.....	485	763,171	447	497,262	447	203,975	290	30,617	234	99,204
Oregon.....	366	503,535	335	280,879	335	104,322	199	9,933	183	37,416
Pennsylvania.....	2,232	3,963,984	2,088	2,346,859	2,092	967,202	1,456	140,471	1,069	472,623
Rhode Island.....	198	307,192	175	182,610	175	71,134	155	8,439	86	30,246
South Carolina.....	587	754,380	501	423,886	505	157,001	302	14,658	268	57,081
South Dakota.....	164	155,752	136	81,918	136	27,112	*67	*1,319	*34	*2,761
Tennessee.....	627	1,187,138	589	643,672	587	260,500	279	35,818	247	123,445
Texas.....	2,534	4,459,888	2,338	2,493,588	2,336	1,008,526	1,168	120,948	1,053	479,070
Utah.....	163	274,533	160	174,094	160	73,278	107	9,636	57	36,011
Vermont.....	112	132,048	111	93,895	111	35,573	46	2,937	46	13,225
Virginia.....	1,197	2,181,848	1,087	1,132,686	1,088	452,997	628	51,272	534	210,799
Washington.....	715	1,399,831	660	836,990	660	359,472	343	49,938	295	183,881
West Virginia.....	274	332,204	231	190,347	231	68,961	146	6,171	146	21,748
Wisconsin.....	566	1,063,092	526	551,248	526	223,903	305	28,268	266	113,644
Wyoming.....	114	158,291	108	100,774	108	38,561	69	3,667	65	17,484
Other areas <sup>1</sup> .....	50	162,225	47	73,963	49	31,543	*8	*332	*32	*10,059

<sup>1</sup> In general, includes returns of decedents who were citizens living abroad.

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

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

# Data Release

## Tax-exempt Organization Business Income Tax Return Statistics for 1987

For 1987, 22,758 tax-exempt organizations, 2.5 percent of the total, reported \$2.5 billion of gross income from business activities that were unrelated to their exempt purposes. Total deductions taken against this income amounted to \$2.9 billion. Fifty-six percent of the organizations required to file Form 990-T, *Exempt Organization Business Income Tax Return*, were able to claim enough deductions to fully offset their unrelated business gross income (UBI). The remaining 44 percent reported \$283 million of unrelated business taxable income (UBTI) that was subject to an unrelated business income tax of \$83 million.

Over 19,000 organizations (84 percent of the total) reported UBI between \$1,000 (the filing threshold) and \$100,000. Although fewer than 750 organizations (3 percent) reported UBI of \$500,000 or more, these organizations accounted for 57 percent of total UBI and 68 percent of total tax.

About 85 percent of total UBI was reported by organizations granted tax-exemptions under Internal Revenue Code section 501(c), subsections (3), (6), (7), and (9). Religious, educational, charitable, scientific and literary organizations (section 501(c)(3)) were the largest single category, accounting for over one-fourth of all organizations and almost half of total UBI. The total tax they reported was about one-fourth of the total. Business leagues, chambers of commerce and real estate boards (section 501(c)(6)) represented the second largest category, with one-fifth of total UBI. Social and recreational clubs (section 501(c)(7)) reported less than 10 percent of total UBI. Employees' beneficiary associations exempt under section 501(c)(9), although accounting for fewer than 675 organizations (3 percent of the total), reported the highest percentage of tax liability, totalling \$29 million (35 percent of the total).

The tables on the following pages provide 1987 statistics on exempt organization business income tax returns by Internal Revenue Code section or subsection. The appendix following the tables provides general descriptions of the types of organizations covered by these sections or subsections. The data presented represent revisions to the preliminary estimates contained in the *Statistics of Income Compendium of Studies of Tax-Exempt Organizations, 1974-87*. (More information about this *Compendium* is contained in the description of Statistics of Income Division publications and tapes, at the beginning of this issue of the *Statistics of Income Bulletin*.) More comprehensive data for 1987, together with an analysis, explanations of technical terms used and of the sample on which the data were based, will be included in a future article, authored by Sara Boroshok, in the *Bulletin*. That article will also include data and other information for 1988.



## Tax-exempt Organizations, 1987

**Table 1.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Number of Returns, Gross UBI, Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Internal Revenue Code Section**

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

Internal Revenue Code section	Number of returns	Percentage of total	Gross UBI <sup>1</sup>		Total deductions		Unrelated business taxable income	Total tax	
			Amount	Percentage of total	Amount	Percentage of total		Amount	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections, total.....</b>	<b>22,758</b>	<b>100</b>	<b>2,478,225</b>	<b>100</b>	<b>2,907,309</b>	<b>100</b>	<b>-427,657</b>	<b>82,877</b>	<b>100</b>
401 (a).....	561	2	24,768	1	22,720	1	2,127	2,079	3
408 (e).....	364	2	3,253	( <sup>2</sup> )	1,324	( <sup>2</sup> )	1,929	560	1
501 (c), total.....	21,772	96	2,448,141	99	2,881,836	99	-432,347	80,110	97
2.....	170	1	13,427	1	16,448	1	-2,990	501	1
3.....	6,042	27	1,148,482	46	1,439,517	50	-290,384	20,942	25
4.....	1,143	5	78,440	3	87,637	3	-6,664	1,486	2
5.....	2,487	11	126,902	5	171,692	6	-47,597	1,074	1
6.....	3,801	17	503,649	20	538,321	19	-35,006	16,986	20
7.....	4,890	21	222,531	9	303,885	10	-80,264	8,018	10
8.....	861	4	32,219	1	37,135	1	-4,855	525	1
9.....	672	3	235,644	10	182,139	6	53,505	28,911	35
10.....	467	2	17,405	1	20,452	1	-3,030	155	( <sup>2</sup> )
11.....	19	( <sup>2</sup> )	183	( <sup>2</sup> )	281	( <sup>2</sup> )	-98	--	( <sup>2</sup> )
12.....	139	1	6,054	( <sup>2</sup> )	4,664	( <sup>2</sup> )	1,390	316	( <sup>2</sup> )
13.....	40	( <sup>2</sup> )	576	( <sup>2</sup> )	9,217	( <sup>2</sup> )	-8,628	--	( <sup>2</sup> )
14.....	79	( <sup>2</sup> )	8,760	( <sup>2</sup> )	13,828	( <sup>2</sup> )	-5,068	76	( <sup>2</sup> )
15.....	--	--	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--	--	--
17.....	27	( <sup>2</sup> )	1,622	( <sup>2</sup> )	790	( <sup>2</sup> )	833	311	( <sup>2</sup> )
18.....	103	( <sup>2</sup> )	2,322	( <sup>2</sup> )	2,120	( <sup>2</sup> )	207	294	( <sup>2</sup> )
19.....	789	3	48,431	2	52,008	2	-3,490	476	1
20.....	--	--	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--	--	--
22.....	19	( <sup>2</sup> )	71	( <sup>2</sup> )	19	( <sup>2</sup> )	52	6	( <sup>2</sup> )
23.....	44	( <sup>2</sup> )	1,422	( <sup>2</sup> )	1,683	( <sup>2</sup> )	-261	31	( <sup>2</sup> )
24.....	--	--	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--	--	--
501 (d).....	10	( <sup>2</sup> )	417	( <sup>2</sup> )	174	( <sup>2</sup> )	243	67	( <sup>2</sup> )
501 (e).....	5	( <sup>2</sup> )	380	( <sup>2</sup> )	229	( <sup>2</sup> )	150	23	( <sup>2</sup> )
501 (f).....	--	--	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--	--	--
Not allocable.....	46	( <sup>2</sup> )	1,266	( <sup>2</sup> )	1,026	( <sup>2</sup> )	240	39	( <sup>2</sup> )

<sup>1</sup> In general, gross unrelated business income less total deductions equal unrelated business taxable income. However, gross unrelated business taxable income is slightly understated due to reporting inconsistencies on the tax return form. If deductions exceed gross UBI, then unrelated business taxable income is negative.

<sup>2</sup> Less than 0.5 percent.

Note: Detail may not add to totals due to rounding.

**Table 2.—Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Components of Gross UBI , by Internal Revenue Code Section**

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

Internal Revenue Code section	Gross UBI		Components of gross UBI for returns with gross UBI over \$10,000				
	Total returns	Returns with gross UBI of \$10,000 or less	Gross profit (less loss)	Capital gain net income (less loss)	Net gain (less loss) from Form 4797 <sup>1</sup>	Capital loss deduction for trusts	Income (less loss) from partnerships
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All sections, total.....</b>	<b>2,478,225</b>	<b>38,442</b>	<b>881,295</b>	<b>48,461</b>	<b>1,133</b>	<b>-133</b>	<b>6,666</b>
401 (a).....	24,768	1,480	468	3,078	7	--	934
408 (e).....	3,253	867	109	--	--	-16	626
<b>501 (c), total.....</b>	<b>2,448,141</b>	<b>36,058</b>	<b>879,839</b>	<b>43,234</b>	<b>1,145</b>	<b>-118</b>	<b>5,105</b>
2.....	13,427	469	202	3	--	--	365
3.....	1,148,482	9,484	522,155	11,810	792	--	4,207
4.....	78,440	1,168	50,193	476	84	--	-4
5.....	126,902	4,431	25,942	--	1	--	-184
6.....	503,649	4,412	70,594	17,173	195	--	406
7.....	222,531	10,422	137,460	8,131	104	--	(?)
8.....	32,219	1,764	17,017	--	-14	--	--
9.....	235,644	730	843	5,142	-15	-103	218
10.....	17,405	949	11,090	--	--	--	--
11.....	183	183	--	--	--	--	--
12.....	6,054	279	1,992	--	--	--	--
13.....	576	150	183	--	--	--	--
14.....	8,760	95	3,215	--	--	--	--
15.....	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--
17.....	1,622	--	363	--	-3	--	--
18.....	2,322	210	421	428	--	-15	97
19.....	48,431	1,240	36,909	70	(?)	--	--
20.....	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--
22.....	71	71	--	--	--	--	--
23.....	1,422	--	1,260	--	--	--	--
24.....	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--
501 (d).....	417	--	267	150	--	--	--
501 (e).....	380	--	359	--	-19	--	--
501 (f).....	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--
Not allocable.....	1,266	35	253	--	--	--	--

Internal Revenue Code section	Components of gross UBI for returns with gross UBI over \$10,000--Continued						
	Rental income (less loss) <sup>2</sup>	Reportable unrelated debt-financed income	Investment income of a section 501(c) (7), (9), (17), or (20) organization	Reportable income from controlled organizations	Exploited exempt activity income <sup>4</sup>	Advertising income	Other income (less loss)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All sections, total.....</b>	<b>76,089</b>	<b>269,508</b>	<b>259,306</b>	<b>18,900</b>	<b>72,819</b>	<b>529,863</b>	<b>277,877</b>
401 (a).....	660	17,403	--	--	--	--	738
408 (e).....	122	1,545	--	--	--	--	--
<b>501 (c), total.....</b>	<b>74,831</b>	<b>250,560</b>	<b>259,306</b>	<b>18,900</b>	<b>72,819</b>	<b>529,402</b>	<b>277,059</b>
2.....	3,942	8,141	--	--	--	--	305
3.....	34,753	212,529	--	10,390	56,095	190,500	95,767
4.....	1,332	4,411	--	284	368	16,792	3,335
5.....	2,038	5,608	--	2,234	1,436	29,023	56,374
6.....	15,070	15,057	--	3,388	12,045	280,496	84,812
7.....	10,123	--	40,783	254	--	--	15,256
8.....	2,734	603	--	571	656	3,765	5,123
9.....	1,201	--	217,523	--	--	--	10,104
10.....	2,478	213	--	39	1,043	1,017	577
11.....	--	--	--	--	--	--	--
12.....	--	--	--	275	690	2,561	258
13.....	--	--	--	--	--	--	242
14.....	892	2,438	--	1,458	--	--	663
15.....	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--
17.....	--	--	1,000	--	--	--	262
18.....	--	1,048	--	--	--	--	132
19.....	241	513	--	8	486	5,248	3,714
20.....	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--
22.....	--	--	--	--	--	--	--
23.....	27	--	--	--	--	--	135
24.....	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--
501 (d).....	--	--	--	--	--	--	--
501 (e).....	39	--	--	--	--	--	--
501 (f).....	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--
Not allocable.....	437	--	--	--	--	461	80

<sup>1</sup> Gains or losses from sales or exchanges of assets used in trade or business, and involuntary conversions.

<sup>2</sup> Less than \$500.

<sup>3</sup> From real property and personal property leased with real property.

<sup>4</sup> Other than advertising income.

Note: Detail may not add to totals due to rounding.

Tax-exempt Organizations, 1987

Table 3.—Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Deductions, by Internal Revenue Code Section

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

Internal Revenue Code section	Total deductions	Organizations with gross UBI of \$10,000 or less		Organizations with gross UBI over \$10,000				
		Total deductions <sup>1</sup>	Specific deduction	Total deductions	Deductions directly connected to UBI			
					Total	Deductions directly connected to rental income from—		Deductions allocable to unrelated debt-financed income
						Real property	Personal property leased with real property	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<b>All sections, total</b> .....	<b>2,907,309</b>	<b>46,560</b>	<b>5,837</b>	<b>2,860,750</b>	<b>2,640,978</b>	<b>31,663</b>	<b>479</b>	<b>281,598</b>
401 (a).....	22,720	1,319	388	21,401	21,265	291	--	19,736
408 (e).....	1,324	469	334	855	817	--	--	606
<b>501 (c), total</b> .....	<b>2,881,836</b>	<b>44,751</b>	<b>5,095</b>	<b>2,837,085</b>	<b>2,617,816</b>	<b>31,361</b>	<b>479</b>	<b>261,256</b>
2.....	16,448	257	87	16,191	16,119	5,989	--	7,789
3.....	1,439,517	13,321	1,047	1,426,196	1,390,632	9,042	446	212,477
4.....	87,637	1,623	201	86,014	78,537	242	--	5,980
5.....	171,692	5,346	436	166,346	164,541	1,199	--	6,855
6.....	538,321	7,919	434	530,402	487,517	13,370	--	22,791
7.....	303,885	10,127	2,198	293,758	287,899	--	--	--
8.....	37,135	1,894	196	35,241	34,498	1,368	33	327
9.....	182,139	306	114	181,833	60,664	--	--	--
10.....	20,452	1,557	94	18,895	18,420	85	--	56
11.....	281	281	--	--	--	--	--	--
12.....	4,664	347	38	4,317	4,182	--	--	--
13.....	9,217	165	19	9,052	9,051	--	--	--
14.....	13,828	10	10	13,818	13,808	--	--	3,591
15.....	--	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--	--
17.....	790	--	--	790	766	--	--	--
18.....	2,120	84	84	2,036	2,014	--	--	855
19.....	52,008	1,495	117	50,513	47,487	66	--	536
20.....	--	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--	--
22.....	19	19	19	--	--	--	--	--
23.....	1,683	--	--	1,683	1,682	--	--	--
24.....	--	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--	--
501 (d).....	174	--	--	174	163	--	--	--
501 (e).....	229	--	--	229	229	11	--	--
501 (f).....	--	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--	--
Not allocable.....	1,026	21	21	1,005	687	--	--	--

Internal Revenue Code section	Organizations with gross UBI over \$10,000--Continued							
	Deductions directly connected to UBI--Continued							
	Deductions directly related to investment income of section 501 (c)(7), (9), (17), or (20) organization	Deductions allocable to income from controlled organizations <sup>1</sup>	Expenses directly connected to exploited exempt activity income	Direct advertising costs	Compensation of officers, directors and trustees	Salaries and wages	Repairs	Bad debts
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All sections, total</b> .....	<b>45,013</b>	<b>11,415</b>	<b>64,084</b>	<b>413,885</b>	<b>22,839</b>	<b>409,525</b>	<b>27,472</b>	<b>6,677</b>
401 (a).....	--	--	--	--	--	--	14	--
408 (e).....	--	--	--	--	--	--	--	--
<b>501 (c), total</b> .....	<b>45,013</b>	<b>11,415</b>	<b>64,084</b>	<b>413,735</b>	<b>22,819</b>	<b>409,362</b>	<b>27,409</b>	<b>6,676</b>
2.....	--	--	--	--	--	257	5	34
3.....	--	5,829	50,696	146,147	9,074	208,748	14,436	5,915
4.....	--	142	142	15,531	203	12,011	1,779	31
5.....	--	1,656	1,429	22,284	2,354	25,923	729	22
6.....	--	2,412	10,044	218,571	9,399	51,559	1,325	406
7.....	3,003	--	--	--	350	83,041	5,841	171
8.....	--	421	317	2,934	217	9,133	846	8
9.....	41,946	--	--	--	428	294	643	14
10.....	--	--	953	1,542	446	5,484	695	--
11.....	--	--	--	--	--	--	--	--
12.....	--	122	413	1,504	--	1,146	--	--
13.....	--	--	--	--	286	442	7	--
14.....	--	953	--	--	--	1,976	--	1
15.....	--	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--	--
17.....	64	--	--	--	19	--	14	--
18.....	--	--	--	--	--	112	4	--
19.....	--	--	89	5,222	43	9,028	1,084	72
20.....	--	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--	--
22.....	--	--	--	--	--	--	--	--
23.....	--	--	--	--	--	207	--	--
24.....	--	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--	--
501 (d).....	--	--	--	--	--	27	9	--
501 (e).....	--	--	--	--	--	113	--	--
501 (f).....	--	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--	--
Not allocable.....	--	--	--	149	20	24	40	1

Footnotes at end of table.

**Table 3.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Deductions, by Internal Revenue Code Section--Continued**

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

Internal Revenue Code section	Organizations with gross UBI over \$10,000--Continued						
	Deductions directly connected to UBI--Continued						
	Interest	Taxes	Depreciation	Depletion	Contributions to deferred compensation plans	Contributions to employee benefit plans	Net operating loss
	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>All sections, total.....</b>	<b>23,167</b>	<b>57,529</b>	<b>70,376</b>	<b>1,282</b>	<b>5,240</b>	<b>30,193</b>	<b>451,622</b>
401 (a).....	312	51	117	--	--	132	545
408 (e).....	--	17	--	--	--	--	132
<b>501 (c), total.....</b>	<b>22,804</b>	<b>57,284</b>	<b>70,163</b>	<b>1,282</b>	<b>5,240</b>	<b>30,061</b>	<b>450,942</b>
2.....	138	139	47	41	--	--	1,356
3.....	12,288	18,115	39,918	1,157	4,149	20,993	256,637
4.....	775	4,021	1,460	24	7	348	7,713
5.....	1,681	4,873	3,285	--	228	896	36,172
6.....	1,596	5,339	5,652	--	491	1,872	56,648
7.....	3,976	16,271	15,190	45	250	2,660	69,743
8.....	343	1,621	924	11	7	32	6,527
9.....	39	1,033	69	--	2	2,480	1,683
10.....	129	1,764	988	--	--	23	647
11.....	--	--	--	--	--	--	--
12.....	5	96	45	--	--	--	--
13.....	918	49	28	--	102	2	6,542
14.....	--	132	600	--	--	--	2,912
15.....	--	--	--	--	--	--	--
16.....	--	--	--	--	--	--	--
17.....	337	15	189	--	--	--	--
18.....	--	3	14	4	--	736	--
19.....	580	3,794	1,551	--	4	20	4,117
20.....	--	--	--	--	--	--	--
21.....	--	--	--	--	--	--	--
22.....	--	--	--	--	--	--	--
23.....	--	18	201	--	--	--	245
24.....	--	--	--	--	--	--	--
25.....	--	--	--	--	--	--	--
501 (d).....	--	90	--	--	--	--	--
501 (e).....	--	10	21	--	--	--	--
501 (f).....	--	--	--	--	--	--	--
521 (a).....	--	--	--	--	--	--	--
Not allocable.....	51	78	76	--	--	--	3

Internal Revenue Code section	Organizations with gross UBI over \$10,000--Continued							
	Deductions directly connected to UBI--Continued	Deductions not directly connected to UBI					Excess exempt expenses from--	
		Other	Total	Specific deduction	Contributions	Set-asides	Activities other than advertising	Advertising
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
<b>All sections, total.....</b>	<b>686,919</b>	<b>219,772</b>	<b>6,370</b>	<b>17,274</b>	<b>123,932</b>	<b>269</b>	<b>71,928</b>	
401 (a).....	68	137	136	1	--	--	--	
408 (e).....	63	38	38	--	--	--	--	
<b>501 (c), total.....</b>	<b>686,431</b>	<b>219,269</b>	<b>6,179</b>	<b>17,274</b>	<b>123,932</b>	<b>269</b>	<b>71,616</b>	
2.....	326	72	36	36	--	--	--	
3.....	374,566	35,564	1,579	4,690	--	16	29,279	
4.....	28,247	7,477	509	6,046	--	--	922	
5.....	54,953	1,805	707	231	--	39	829	
6.....	86,041	42,886	1,138	1,787	--	214	39,747	
7.....	87,357	5,859	1,439	419	4,001	--	--	
8.....	9,427	743	128	229	--	--	386	
9.....	12,033	121,169	234	1,004	119,931	--	--	
10.....	5,607	476	78	375	--	--	23	
11.....	--	--	--	--	--	--	--	
12.....	850	135	38	13	--	--	84	
13.....	675	1	1	--	--	--	--	
14.....	3,642	11	11	--	--	--	--	
15.....	--	--	--	--	--	--	--	
16.....	--	--	--	--	--	--	--	
17.....	129	24	24	--	--	--	--	
18.....	284	22	22	(*)	--	--	--	
19.....	21,282	3,026	236	2,444	--	--	346	
20.....	--	--	--	--	--	--	--	
21.....	--	--	--	--	--	--	--	
22.....	--	--	--	--	--	--	--	
23.....	1,010	1	1	--	--	--	--	
24.....	--	--	--	--	--	--	--	
25.....	--	--	--	--	--	--	--	
501 (d).....	37	11	11	--	--	--	--	
501 (e).....	75	--	--	--	--	--	--	
501 (f).....	--	--	--	--	--	--	--	
521 (a).....	--	--	--	--	--	--	--	
Not allocable.....	245	318	6	--	--	--	312	

\* Income from controlled organizations represent annuities, interest, rents, and royalties.

\*\* Less than \$500.

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

## Appendix

## Types of Exempt Organizations, by Internal Revenue Code Section

Code Section	Description of organization	General nature of activities
401(a).....	Qualified pension, profit sharing and stock bonus plans	Fiduciary agent for pensions, profit sharing and/or stock bonus plans
408(e).....	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)		
2...	Title holding corporation for an exempt organization	Holds title to property for an exempt organization
3...	Religious, educational, charitable, scientific, literary. Testing for public safety organizations. Also organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by description of the class of organization
4...	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare, charitable, educational or recreational activities
5...	Labor, agricultural and horticultural organizations	Educational or instructive the purpose being to improve products and efficiency
6...	Business leagues, chambers of commerce, real estate boards, etc.	Improvement of business conditions of one or more lines of business
7...	Social and recreational clubs	Pleasure, recreation, social activities
8...	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident or other benefits to members
9...	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Provides for payment of life, sickness, accident or other benefits to members
10...	Domestic fraternal societies and associations	Lodges, societies or associations devoting its net earnings to charitable, fraternal, and other specified purposes, without life, sickness or accident benefits to members
11...	Teachers' retirement fund associations	Teachers' fiduciary association for payment of retirement benefits
12...	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, etc.	Activities of a mutually beneficial nature similar to those implied by the description of class of organization
13...	Cemetery companies	Arranges for burials and incidental activities
14...	State chartered credit unions and mutual reserve funds	Provides loans to members (Tax exemptions for building and loan associations and cooperative banks repealed by Revenue Act of 1951, affecting all years after 1951)
15...	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Provides insurance to members substantially at cost
16...	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
17...	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
18...	Employee funded pension trust (created before June 25, 1959)	Payment of benefits under a pension plan funded by employees
19...	Post or organization of past or present members of the Armed Forces	Activities implied by nature of organization
20...	Prepaid legal service funds	Legal services provided exclusively to employees
21...	Black Lung benefit trusts	Funded by coal mine operations to satisfy their liability for disability or death due to Black Lung disease
22...	Withdrawal liability payment fund	To provide funds to meet the liability of employers withdrawing from a multi-employer pension fund
23...	Associations of past or present members of the Armed Forces founded before 1880	To provide insurance and other benefits to veterans or their dependents
24...	Trusts described in Section 4049 of the Employee Retirement Income Security Act of 1974	Provides funds for employee retirement income
25...	Title holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquires real property and remits all income earned from such property to one or more exempt organizations, pension etc. plans, or governmental units
501(d).....	Religious and apostolic associations	Regular business activities, communal religious activities, community activities
501(e).....	Cooperative hospital service organizations	Performs cooperative services for exempt hospitals
501(f).....	Cooperative service organizations of operating educational organizations	Performs collective investment services for exempt educational organizations
521(a).....	Cooperative farmers' organizations	Markets products or purchases supplies for farmers' organizations

# SOI Abstracts

The abstracts which follow are reprinted here to inform readers about methodological and analytical papers written by Statistics of Income (SOI) Division personnel (or about SOI data) that were presented at formal conferences or meetings and printed in "proceedings" or other published volumes. Copies of the papers may be obtained by writing to the Director, Statistics of Income Division R:S:P, Internal Revenue Service, P.O. Box 2608, Washington, D.C. 20013-2608 or calling the SOI Statistical Information Services Office on (202) 874-0410.

## *1991 Proceedings of the American Statistical Association, Section on Survey Research Methods :*

### **CORPORATE INCOME TAX DATA**

#### ■ **ANALYSIS OF SOI CRITICAL CASE PROCEDURE, Nina Shumofsky and Paula Karvounis**

In producing corporate income tax data, missing returns identified as critical to an industry are subjected to further research. This paper describes the methods involved in locating or otherwise compensating for these returns. It statistically compares different approaches to solving the problem of these missing critical cases and the effects each has on corporate tax return data. Finally, the paper also discusses the changes to the process that are currently being researched.

#### ■ **AN EVALUATION OF BOUNDED RAKING RATIO ESTIMATION IN THE STATISTICS OF INCOME CORPORATE PROGRAMS, H. Lock Oh, Jeri M. Mulrow and Richard W. Collins**

Bounded raking ratio estimation has been used regularly to produce and publish corporate statistics from the Internal Revenue Service's Statistics of Income (SOI) corporate files since 1980. Several modifications to the raking ratio estimation process have been made over the years. This paper investigates how these changes and other newly-proposed modifications affect population estimates.

### **INDIVIDUAL INCOME TAX DATA**

#### ■ **ALTERNATIVE DESIGNS FOR A CROSS-SECTIONAL SAMPLE OF INDIVIDUAL TAX RETURNS: THE OLD AND THE NEW, Allen L. Schirm and John L. Czajka**

The Statistics of Income Division of the Internal Revenue Service has undertaken a major redesign of its annual sample of individual tax returns. The principal objective is to enhance the sample's usefulness for tax policy modeling. Samples drawn under the new design, like those drawn under the old design, are highly stratified based on income. Income, however, is defined differently under the two designs. Moreover, the two designs treat returns differently depending on, for example, the composition of income and the presence of certain forms or schedules attached to the tax return. The new design seeks to identify and sample at higher rates returns that enhance the mix of returns available for policy modeling. This paper compares the old and the new sample designs and examines how returns are treated differently under the alternative stratification schemes. Using samples of tax returns from 1987 and 1988, the paper determines which returns would be sampled under one design but not under the other and which changes in sample design are responsible for the differences. The paper explores the effects of the redesign on the precision of aggregate estimates of income and tax components and on sample composition as it influences a sample's value in forming policy.

### ■ **CROSS-SECTIONAL WEIGHTING OF COMBINED PANEL AND CROSS-SECTIONAL OBSERVATIONS, John L. Czajka and Allen L. Schirm**

Implementation of the new design for the Statistics of Income (SOI) individual tax returns sample began with the designation of a base year panel from the 90,000 returns selected for the 1987 sample. Returns filed the following year by panel members, including spouses and dependents, were selected for the 1988 SOI sample, along with a cross-sectional sample of about 93,000 returns plus separately filing spouses and dependents. The overlap between the panel and cross-sectional samples is substantial for 1988 (about 70 percent), but it will decline with each passing year. Furthermore, the non-overlapping panel returns are not representative of their respective cross-sectional strata in that most have dropped from strata with higher selection probabilities and generally higher income levels. Weighting the combined sample as if all of the returns had been selected into the cross-sectional sample would be inappropriate and would yield biased estimates of most income aggregates. Pooling the returns requires a method of weighting that takes into account the differences that exist between the non-overlapping panel returns and the other returns selected into the same cross-sectional strata. This paper describes a weighting methodology that was developed to address this need and applied to the 1988 sample. The weights calculated for the combined sample incorporate joint selection probabilities for 1987 and 1988.

### **PARTNERSHIP DATA**

### ■ **FURTHER EXAMINATION OF TAX SHELTERS IN THE POST-REFORM WORLD, Tom Petska**

The Tax Reform Act (TRA) of 1986 was a major legislative change toward closing tax loopholes and restoring greater equity to the Federal tax code. Provisions of the Tax Reform Act were targeted at reducing tax shelter benefits. Initial examinations of data on tax shelters have indicated mixed results. While individual investors have shown a propensity to steer away from these tax shelters, loss-generating businesses in industries that have fostered tax shelters have continued to show large losses despite their diminished capability in sheltering income from taxes. This paper is an examination of both partnership and individual partner data through 1989, the third year affected by the provisions of TRA, to ascertain if the provisions are having an impact on loss-generating partnerships and the use of these losses by partners to shelter income from taxation.

### ■ **STATISTICS OF INCOME PARTNERSHIP STUDIES: SAMPLING PLAN REDESIGN II, Paul B. McMahon**

The Internal Revenue Service has published annual statistics on partnerships for over 30 years. A major stratifying variable for the sample is total assets, yet the administrative regulations permit, under certain conditions, smaller companies to avoid reporting these data. This paper examines the longitudinal stability of a set of asset class "predictors" used in place of missing asset data. It also discusses the distribution of the population and sample among the industry divisions.

### **OTHER PAPERS**

### ■ **ASSESSING THE TEST USED IN THE MEASUREMENT OF IRS TELEPHONE ACCURACY, Robin Lee and Mary Batcher**

Since 1988, the Internal Revenue Service (IRS) has operated a test call program — the Integrated Test Call Survey System (ITCSS) — to assess the accuracy of information given out during the filing season by the IRS toll-free telephone assistance service. Test questions are developed each year to reflect the nature and complexity of actual taxpayer inquiries to the greatest extent possible, within constraints imposed by the need to retain measurement control.

The overall measured accuracy rate at the national level improved from 1989 to 1990. However, simple measurement of the change in accuracy is confounded with the effects of changes in a fairly large percentage of the questions from one year to the next. Some traditional item analytic indices are presented for different versions of the test, along with an analysis of the reliability coefficients to determine whether or not the measurement characteristics of the tests are comparable from year-to-year.

**■ BOOTSTRAPPING POST-STRATIFICATION AND REGRESSION ESTIMATES FROM A HIGHLY SKEWED DISTRIBUTION, William Wong and Chih-Chin Ho**

Random samples from highly skewed distributions are apt to yield volatile results. The usual symmetric two sigma confidence intervals would not apply, since the distribution of sample results is likely to be skewed. This paper illustrates the volatility and skewness of sample estimates from one such distribution. To reduce the volatility, where possible, a regression model for the population was calculated from the sample. Where the regression model did not apply, post-stratification was used. Bootstrap sample estimates of both totals and ratios were then employed to analyze the distribution, quantify the results and compute confidence intervals.

**■ USING AUXILIARY INFORMATION TO INVESTIGATE NONRESPONSE BIAS, Louise Woodburn**

In sample surveys, adjustments to account for nonresponse have to be considered. Typically, the lack of information on the nonrespondents limits the extent of adjustments which can be considered. The introduction of auxiliary information on both respondents and nonrespondents makes more sophisticated adjustments feasible. This paper describes an investigation using administrative records to determine the extent of and possible adjustments for nonresponse in the Federal Reserve Board's 1989 Survey of Consumer Finances.

***Proceedings of the 1991 Annual Research Conference, U.S. Bureau of the Census, Washington, D.C.:*****■ REGRESSION ANALYSIS OF DATA FILES THAT ARE COMPUTER MATCHED, Fritz Scheuren and William Winkler**

This paper focuses on how to deal with record linkage errors when engaged in regression analysis. Recent work by Belin and Rubin (1991) and by Winkler and Thibaudeau (1991) provides the theory, computational algorithms, and software necessary for estimating matching probabilities. These advances allow the work of Neter, Maynes, and Ramanathan (1965) to be updated. Adjustment procedures are outlined and some successful simulations are described. The results are preliminary and intended largely to stimulate further work. The eventual goal of this research is to help link together estate tax returns as part of the Statistics of Income Intergenerational Wealth Study.

***1990 Proceedings of the American Statistical Association, Section on Survey Research Methods:*****CORPORATE INCOME TAX DATA****■ DESIGN AND USE OF AN IMBEDDED PANEL IN THE SOI CORPORATE SAMPLE, Susan Hinkins, Jeri Mulrow, and Richard Collins**

The Statistics of Income annual sample of corporate income tax returns is used for both economic analysis and revenue estimation and modeling. Of particular interest are year-to-year estimates of change. To facilitate this estimating process, an imbedded panel consisting of the same corporations year after year is included in the annual sample. This paper focuses on the method of selection of the panel. A description and evaluation of the algorithm used is presented. Also, included is a historical tracing of the panel corporations.



■ **AN INVESTIGATION OF STRATIFICATION ERRORS, Jeri M. Mulrow and Louise Woodburn**

In stratified random sampling, the initial values of the stratifying variables are very important to the sampling and estimation process. Population counts and sample selection depend on this information. Errors in the stratifying variables can cause problems with the whole sampling and estimation process. This paper presents a simulation study using corporation income tax return data to show the effect of stratification errors on the estimates. Several techniques which can be used to adjust for such errors are considered.

■ **THE ALTERNATIVE MINIMUM TAX: AN ANALYSIS OF ITS EFFECTS ON CORPORATIONS IN 1987, Patrice Treubert and Amy Pavelko**

In the Tax Reform Act of 1986, the alternative minimum tax (AMT) for corporations was significantly altered. Minimum tax provisions attempt to deter taxpayers with significant incomes from avoiding the income tax. The revised AMT has a wider base of taxable income and a higher rate of taxation (20 percent for 1987 versus 15 percent for 1986).

This paper examines the sources of alternative minimum taxable income. Specifically, items that have produced the most alternative minimum taxable income are analyzed. The paper also focuses on certain industries most affected by the revised tax. Finally, a summary discusses some possible effects of AMT, in particular the complexity of AMT bookkeeping and tax-planning methods that may be used by targeted corporations.

**INDIVIDUAL INCOME TAX DATA**

■ **CHOOSING THE APPROPRIATE INCOME STRATIFIER FOR ECONOMIC TAX MODELING, Susan Hostetter, John L. Czajka, Allen L. Schirm, and Karen O'Connor**

Which income tax returns are interesting, and, conversely, which returns are uninteresting for tax modeling and developing tax policy? How do you resolve the conflict of including returns in the Statistics of Income sample that are interesting for tax policy, while maintaining adequate precision to meet publication criteria? This paper describes the IRS individual statistics program strata redesign and the new, innovative income concept. The sources of income and methodology for the new stratifier were developed over many months in a data-driven process with IRS and Treasury's Office of Tax Analysis staff. The new income stratifier is more inclusive, even including nontaxable income. It improves the treatment of many sources of positive and negative income and the selection of key returns for purposes of tax policy analysis.

■ **INTERTEMPORAL STABILITY IN TOTAL INCOME AND OVERLAP IN ANNUAL SAMPLES OF TAX RETURNS, Allen L. Schirm and John L. Czajka**

The Statistics of Income Division of the Internal Revenue Service has undertaken a major redesign of its annual sample of individual tax returns. The principal objective is to enhance the sample's usefulness for tax policy modeling. An issue of concern is the year-to-year overlap in the cross-sectional sample. For returns filed under the same primary social security number in consecutive years, sample selection procedures imply that departures from complete overlap are caused entirely by movement among sampling strata. Overlap under the current design is about 70 percent, and it is desirable to maintain at least this level of overlap under the new design. This paper identifies the sources of intertemporal instability in total income and, therefore, stratum membership under the new sample design, focusing on two questions. First, how does the placement of stratum boundaries affect overlap? Second, how does the specification of sampling rates affect overlap? The paper also assesses the potential contributions of various income sources to instability and considers differential weighting of more versus less stable income sources as a method for enhancing stability.

■ **OVERLAPPING MEMBERSHIP IN ANNUAL SAMPLES OF INDIVIDUAL TAX RETURNS, John L. Czajka and Allen L. Schirm**

Substantial overlap in the membership of repeated cross-sectional samples, such as in the Bureau of the Census' Current Population Survey, is desirable because it improves the precision of estimates of change between periods. The annual Statistics of Income (SOI) sample of individual tax returns, a prime resource for income and tax statistics, incorporates a selection mechanism that yields considerable overlap between consecutive years and even across several years. The overlap is not controlled, however, and is affected by demographic events, filing behavior, and economic characteristics. If not for changes in taxpayer characteristics and behavior, the year-to-year overlap would be 100 percent, given fixed stratum boundaries and sampling rates and unchanging tax law. This paper examines the degree of overlap in SOI sample membership over the 1984-1986 period and seeks to attribute changes in membership to alternative, dynamic factors in the population, including changes in filing status and income class.

**PARTNERSHIP DATA**

■ **PARTNERSHIPS AND TAX SHELTERS: AN ANALYSIS OF THE IMPACT OF TAX REFORM, Sue Nelson and Tom Petska**

The partnership form of enterprise has been effectively used by individual partners to shelter income from other sources from taxation. Recent studies have shown that partnership losses were the single largest means by which high income individuals substantially reduced their tax bills. The Tax Reform Act (TRA) of 1986 was a major legislative change toward closing tax loopholes and restoring greater equity to the Federal tax code. Provisions of the Tax Reform Act were targeted at reducing these tax shelter benefits of partnerships. This paper is an analysis of time series data on partnerships through 1988 to see what impact provisions of TRA are having.

■ **STATISTICS OF INCOME PARTNERSHIP STUDIES: SAMPLING PLAN RE-DESIGN, Paul B. McMahon, Karen Vlasek O'Connor and Richard Collins**

The Internal Revenue Service has published statistics on partnership returns annually since 1957. The population has gone through many changes, the most recent due to the 1986 Tax Reform Act. This paper examines the effect of these changes on the current sample design and the modifications that have become necessary in this changing environment, which involves a review of the stratifying variables and the stratum boundaries. A preliminary outline of the revised design is also presented.

**OTHER SOI PAPERS**

■ **THE IRS TEST CALL PROGRAM: DESIGN AND ESTIMATION ISSUES, Mary Batcher and Fritz Scheuren**

The Internal Revenue Service offers free telephone assistance to taxpayers seeking information about filing their individual income tax returns. For the last 3 years, the Service has operated a test call program to assess the accuracy of the information provided to the public by the telephone assistance service. This paper presents results for the 3 years of the test call program and details some of the design and estimation issues and changes that have arisen.

■ **COGNITIVE PSYCHOLOGY APPROACHES IN EVALUATING INFORMATION EXCHANGE PROCESSES,**  
**Marie van Melis-Wright, Mary Batcher and Fritz Scheuren**

This paper presents the development and implementation of a series of experiments conducted by the IRS and the Bureau of Labor Statistics' Collection Procedures Research Laboratory. The purpose of the experiments was to evaluate the effects of the application of cognitive psychology principles (which examine what influences respondents to respond) on interview and information-exchange processes. This paper describes the approaches used and the effects on interviewer-respondent behaviors, including changes in and patterns of information accuracy rates.

■ **PRIVATE FOUNDATIONS AS INVESTORS AND DISTRIBUTORS OF TAX-EXEMPT CHARITABLE DOLLARS, 1974-87,** Alicia L. Meckstroth

Current Federal tax law requires that a private foundation, recognized as tax-exempt under the Internal Revenue Code subsection 501(c)(3), distribute a fixed percentage of its asset base to charity each year. The charitable distributions, or "qualifying distributions," consist of a combination of contributions and grants, and, in some cases, the operation of unique programs. In order to fund charitable distributions, foundations rely on a growing asset base, income from investments, and contributions which they receive from wealthy donors and the public.

Based on an examination of financial data and legislative and economic forces from 1974-87, this analysis discusses private foundation trends. Of particular interest are the changes following the passage of the Economic Recovery Tax Act of 1981 (ERTA). ERTA changed the way that foundations calculate the required charitable payout amount. Although foundations distributed fewer charitable dollars in the years immediately following 1981, by 1987 charitable distributions had increased significantly. Since ERTA, foundations have realized real increases in assets and charitable distributions of 56 and 38 percent, respectively. This paper examines the differences between the different sizes of foundations in terms of asset and distribution growth, charitable payout rates, rates of total return, and income yields. Larger foundations typically have lower payout rates and higher rates of total return. Since ERTA, the largest foundations, after realizing the greatest gains in the value of their endowments, have also increased charitable distributions at the greatest rate.

Different versions of this paper were also published in the Independent Sector's *1991 Spring Research Forum Working Papers*, and in *Trusts and Estates*, August 1991.

## Selected Historical and Other Data

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### NOTICE

**Data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.**

## Selected Historical and Other Data

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1970–1989

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

Item	1970	1975	1980	1985	1987	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All returns.....</b>	<b>74,279,831</b>	<b>82,229,332</b>	<b>93,902,469</b>	<b>101,660,287</b>	<b>106,996,270</b>	<b>109,708,280</b>	<b>112,135,673</b>
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	71,032,103	71,359,242	71,563,456
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,446,685	19,066,165	20,478,063
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	18,517,482	19,282,873	20,094,154
<b>Adjusted gross income (AGI)<sup>1</sup>.....</b>	<b>631,692,540</b>	<b>947,784,873</b>	<b>1,613,731,497</b>	<b>2,305,951,483</b>	<b>2,773,824,198</b>	<b>3,083,019,783</b>	<b>3,256,358,156</b>
Salaries and wages:							
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	90,984,304	93,257,370	95,487,922
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,163,905,509	2,337,984,129	2,449,530,553
Taxable interest received:							
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	67,933,810	69,421,338	69,881,648
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	168,966,067	186,981,636	220,015,823
Dividends in AGI: <sup>2</sup>							
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	22,324,321	22,903,155	23,079,592
Amount.....	15,806,924	21,892,126	38,761,253	55,046,351	66,791,158	77,329,507	81,309,036
Business or profession net income:							
Number of returns.....	4,827,064	5,434,857	6,305,794	8,640,701	9,884,338	10,491,980	11,017,545
Amount.....	33,542,837	44,861,623	66,995,010	98,775,563	123,782,540	145,517,755	152,416,377
Business or profession net loss: <sup>3</sup>							
Number of returns.....	1,332,921	1,807,685	2,575,325	3,259,640	3,117,717	3,079,460	3,143,151
Amount.....	2,988,636	5,440,145	11,865,856	20,002,986	18,321,913	19,194,505	19,678,697
Net capital gain in AGI: <sup>4</sup>							
Number of returns.....	5,488,224	5,798,724	8,015,377	9,991,808	11,713,723	9,678,528	10,722,512
Amount.....	10,655,553	16,034,430	33,092,772	72,183,321	144,176,315	161,874,539	153,513,725
Net capital loss in AGI:							
Number of returns.....	2,474,439	2,513,399	1,955,544	2,667,409	3,753,877	4,630,707	4,337,150
Amount.....	1,648,870	1,727,272	3,063,698	3,905,541	6,774,029	8,106,330	7,882,795
Pensions and annuities in AGI: <sup>5</sup>							
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	16,497,586	16,481,248	16,816,830
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	124,754,833	138,785,886	147,358,442
Unemployment compensation in AGI: <sup>6</sup>							
Number of returns.....	N/A	N/A	1,798,210	4,771,546	7,370,742	6,974,262	7,175,322
Amount.....	N/A	N/A	2,028,456	6,355,539	12,286,674	11,626,600	12,095,062
Social security benefits in AGI:							
Number of returns.....	N/A	N/A	N/A	2,956,073	3,637,211	4,024,093	4,675,100
Amount.....	N/A	N/A	N/A	9,594,182	12,524,112	14,361,470	17,347,058
Rent net income: <sup>7</sup>							
Number of returns.....	3,595,041	3,737,264	3,653,996	3,541,964	3,601,804	3,722,828	3,766,547
Amount.....	4,884,370	8,053,918	13,664,671	16,340,908	18,721,293	21,139,837	23,912,182
Rent net loss: <sup>7</sup>							
Number of returns.....	2,456,606	2,834,547	3,809,821	5,390,750	5,257,231	5,157,554	5,245,122
Amount.....	2,457,918	4,621,220	13,464,274	36,163,023	34,482,957	33,004,254	33,301,182
Royalty net income: <sup>8</sup>							
Number of returns.....	473,160	547,192	707,018	960,701	978,531	1,066,348	1,104,224
Amount.....	877,106	1,867,085	4,213,345	7,243,748	3,792,149	3,804,387	4,047,260
Royalty net loss: <sup>8</sup>							
Number of returns.....	32,691	24,809	37,297	77,189	45,330	83,318	61,368
Amount.....	70,741	97,700	308,361	385,360	120,014	91,684	99,096
Partnership and S Corporation net income:							
Number of returns.....	2,200,000 <sup>9</sup>	2,500,000 <sup>9</sup>	3,200,000 <sup>9</sup>	2,477,459	2,558,674	2,902,129	3,098,635
Amount.....	12,637,912 <sup>9</sup>	12,811,091 <sup>9</sup>	10,099,346 <sup>9</sup>	48,477,552	72,370,252	100,918,463	107,373,738
Partnership and S Corporation net loss:							
Number of returns.....	( <sup>9</sup> )	( <sup>9</sup> )	( <sup>9</sup> )	3,010,212	3,015,858	2,997,094	2,829,653
Amount.....	( <sup>9</sup> )	( <sup>9</sup> )	( <sup>9</sup> )	51,004,143	48,056,182 <sup>10</sup>	43,838,237 <sup>10</sup>	44,281,682 <sup>10</sup>
Estate or trust net income:							
Number of returns.....	573,700	676,691	865,381	1,075,119	679,413	529,013	470,841
Amount.....	1,533,321	2,740,733	4,974,127	10,328,599	5,048,869	4,559,070	4,502,464
Estate or trust net loss:							
Number of returns.....	41,473	56,990	40,916	73,534	116,547	67,540	81,656
Amount.....	84,521	186,410	414,096	652,621	724,886	464,811	543,568
Farm net income:							
Number of returns.....	1,792,438	1,340,485	1,123,085	891,562	1,053,695	992,432	1,029,336
Amount.....	5,688,226	10,112,147	9,938,950	6,493,117	10,714,192	11,241,087	11,498,065
Farm net loss:							
Number of returns.....	1,234,092	1,414,556	1,485,345	1,729,299	1,366,491	1,375,095	1,330,382
Amount.....	2,899,513	6,548,822	11,731,416	18,498,600	12,037,656 <sup>11</sup>	12,417,624 <sup>11</sup>	11,712,004 <sup>11</sup>
Total statutory adjustments:							
Number of returns <sup>12</sup> .....	6,370,552	9,024,255	13,148,919	37,763,418	11,620,127	10,747,370	9,926,729
Total amount <sup>12</sup> .....	7,665,251	15,101,999	28,614,061	95,082,299	30,116,329	28,201,888	24,572,969
Individual Retirement Arrangements: <sup>13</sup>							
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	7,318,727	6,361,421	5,824,914
Amount.....	N/A	1,436,443	3,430,894	38,211,574	14,065,722	11,881,754	10,828,694
Self-employed retirement plans:							
Number of returns.....	591,655	595,892	568,936	675,822	759,083	814,586	822,353
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,183,441	6,626,908	6,326,156
Married couples who both work:							
Number of returns.....	N/A	N/A	N/A	24,835,278	N/A	N/A	N/A
Amount.....	N/A	N/A	N/A	24,614,983	N/A	N/A	N/A

**Table 1. (Continued)—Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1970–1989**

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

Item	1970	1975	1980	1985	1987	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Exemptions:</b>							
Number of exemptions, total <sup>14</sup>	204,126,402	212,202,596	227,925,098	244,180,202	217,495,163	221,884,006	223,756,252
Number, age 65 or over	8,904,331	9,937,208	11,847,168	16,748,810	N/A	N/A	N/A
Amount <sup>14</sup>	127,531,202	159,140,845	227,569,280	253,720,447	408,773,173	430,771,177	447,129,806
<b>Total deductions:</b>							
Number of returns <sup>15</sup>	73,862,448	81,585,541	88,491,251	96,848,626	106,005,861	108,819,935	111,311,212
Amount <sup>15</sup>	120,549,755	233,181,778	346,000,155	554,733,523	607,223,513	685,954,065	740,409,033
<b>Standard deductions:<sup>16</sup></b>							
Number of returns, total	38,432,401	55,511,480	59,540,969	57,000,442	69,099,180	76,471,827	79,338,895
Total Amount	32,371,271	100,921,181	127,972,016	149,709,998	212,066,815	289,564,223	309,431,034
<b>Returns with additional standard deductions for age 65 or blindness:</b>							
Number of returns	N/A	N/A	N/A	N/A	10,111,806	10,292,748	10,551,521
Amount	N/A	N/A	N/A	N/A	8,996,598	9,222,833	9,452,043
<b>Itemized deductions:</b>							
Number of returns <sup>17</sup>	35,430,047	26,074,061	28,950,282	39,848,184	35,627,790	31,902,985	31,972,317
Total amount <sup>17</sup>	88,178,487	122,260,601	218,028,139	405,023,525	392,020,128	395,216,456	430,977,999
<b>Medical and dental expense:<sup>18</sup></b>							
Number of returns	27,437,549	19,483,273	19,458,318	10,777,296	5,356,057	4,810,032	5,128,338
Amount	10,585,749	11,422,312	14,972,082	22,926,214	17,151,819	17,993,829	20,920,881
<b>Taxes paid:<sup>19</sup></b>							
Number of returns	35,160,636	25,929,082	28,749,278	39,548,023	34,866,323	31,327,781	31,392,533
Amount	32,014,673	44,141,289	69,404,275	128,084,618	119,388,068	120,628,182	131,299,652
<b>Interest paid:<sup>20</sup></b>							
Number of returns	29,205,679	23,385,461	26,676,836	36,286,822	33,125,737	29,631,009	29,437,522
Amount	23,929,477	38,885,282	91,187,006	180,094,578	179,942,422	179,737,720	193,186,034
<b>Contributions:</b>							
Number of returns	33,633,601	24,642,672	26,601,428	36,162,178	32,229,545	29,110,570	29,132,486
Amount	12,892,732	15,393,331	25,809,608	47,962,848	49,623,907	50,949,273	55,459,205
<b>Taxable income:<sup>21</sup></b>							
Number of returns	59,593,598	65,852,602	88,104,696	96,124,046	90,079,102	90,281,729	92,313,789
Amount	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,850,597,119	2,069,966,980	2,173,345,881
<b>Income tax before credits:<sup>22,23</sup></b>							
Number of returns	59,596,755	65,854,734	76,135,819	85,994,216	89,717,924	90,218,979	92,246,065
Amount	84,156,695	132,452,044	256,294,315	332,165,333	373,857,125	418,889,165	438,240,138
<b>Total tax credits:</b>							
Number of returns <sup>24</sup>	n.a.	n.a.	19,674,483	20,995,285	12,901,020	14,099,023	12,034,697
Total amount <sup>24</sup>	396,610	8,069,846	7,215,839	10,248,044	6,329,438	7,047,140	6,131,134
<b>Child care credit:</b>							
Number of returns	n.a.	n.a.	4,230,757	8,417,522	8,519,523	9,023,458	6,028,094
Amount	n.a.	n.a.	956,439	3,127,702	3,438,314	3,812,849	2,439,471
<b>Credit for the elderly and disabled:</b>							
Number of returns	1,357,266	784,808	561,918	462,548	354,308	356,973	319,758
Amount	167,656	128,968	134,993	108,642	66,633	68,904	64,490
<b>Residential energy credit:</b>							
Number of returns	N/A	N/A	n.a.	n.a.	N/A	N/A	N/A
Amount	N/A	N/A	562,141	811,675	N/A	N/A	N/A
<b>Foreign tax credit:</b>							
Number of returns	200,397	n.a.	393,074	453,863	559,555	559,217	641,557
Amount	169,623	381,985	1,341,675	782,561	1,099,484	1,087,203	1,311,742
<b>Investment credit:<sup>25</sup></b>							
Number of returns	n.a.	n.a.	n.a.	( <sup>25</sup> )	( <sup>25</sup> )	( <sup>25</sup> )	( <sup>25</sup> )
Amount	30,554	1,593,150	3,288,415	( <sup>25</sup> )	( <sup>25</sup> )	( <sup>25</sup> )	( <sup>25</sup> )
<b>General business credit:<sup>25</sup></b>							
Number of returns	N/A	N/A	N/A	4,614,307	514,112	364,169	332,419
Amount	N/A	N/A	N/A	4,791,132	1,018,624	718,209	593,192
<b>Income tax after credits:</b>							
Number of returns	59,314,011	61,483,928	73,840,395	82,762,130	86,694,480	87,120,969	89,162,747
Amount	83,787,323	124,382,197	249,078,475	321,917,289	367,527,687	411,842,025	432,109,004
<b>Total income tax:<sup>26</sup></b>							
Number of returns	59,317,371	61,490,737	73,906,244	82,846,420	86,723,796	87,135,332	89,178,355
Amount	83,909,311	124,526,297	250,341,440	325,710,254	369,202,757	412,869,909	432,939,998
<b>Overpayments, total:<sup>27</sup></b>							
Number of returns	55,273,385	63,825,188	69,868,451	77,424,003	79,804,878	79,143,548	80,908,202
Total amount	15,727,692	29,363,945	49,458,344	76,220,146	79,108,896	78,837,972	81,252,232
<b>Overpayment refunds:</b>							
Number of returns	53,126,294	62,660,424	68,232,903	74,914,665	77,608,482	76,414,800	78,271,544
Amount	14,043,494	27,252,870	46,680,072	68,933,993	69,627,753	68,990,260	71,735,083
<b>Tax due at time of filing:<sup>28</sup></b>							
Number of returns	16,478,813	15,842,400	21,755,516	21,210,194	23,776,240	27,185,438	28,044,448
Amount	8,725,671	14,208,747	32,843,576	39,091,228	49,921,337	61,507,880	60,156,928

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>UNITED STATES 2/</b>								
Number of returns.....	113,242,080	47,712,287	28,878,414	20,778,918	10,028,345	2,949,224	2,104,698	790,194
Number of exemptions.....	244,351,038	71,665,193	65,809,897	57,711,036	30,836,764	9,169,557	6,633,874	2,524,717
Adjusted gross income.....	3,250,669,292	278,070,847	627,215,508	806,270,986	601,590,121	251,165,126	277,539,475	408,817,228
Salaries and wages:								
Number of returns.....	95,374,189	37,185,837	25,005,533	18,946,317	9,202,390	2,635,877	1,767,596	630,639
Amount.....	2,451,493,264	253,763,444	503,602,901	671,968,165	492,915,102	190,149,541	174,969,934	164,124,176
Interest income:								
Number of returns.....	70,190,273	20,590,628	17,791,610	16,849,273	9,273,270	2,843,079	2,058,814	783,599
Amount.....	219,055,532	36,437,158	40,204,514	38,803,193	29,207,671	14,465,129	20,222,004	39,715,863
Dividends:								
Number of returns.....	23,112,757	4,864,251	4,696,186	5,631,683	4,207,635	1,653,133	1,422,389	637,480
Amount.....	80,080,288	7,044,447	9,169,377	11,368,468	10,671,190	6,544,348	10,916,886	24,365,572
Net capital gain (less loss):								
Number of returns.....	12,991,868	2,404,413	2,461,609	2,923,210	2,343,214	1,100,009	1,156,842	602,571
Amount.....	143,433,451	7,931,729	4,361,924	7,766,128	10,204,813	8,476,465	19,995,304	84,697,089
Taxable pensions and annuities:								
Number of returns.....	16,698,852	5,039,266	4,709,972	3,656,549	2,081,074	640,384	428,888	142,719
Amount.....	145,966,450	25,616,246	40,339,183	35,491,670	23,087,964	8,879,353	7,598,736	4,953,298
Unemployment compensation:								
Number of returns.....	7,023,685	2,453,409	2,276,557	1,632,983	527,986	91,037	36,800	4,913
Amount.....	12,325,280	3,863,005	4,265,676	2,917,506	988,615	188,653	88,044	13,783
Total itemized deductions:								
Number of returns.....	33,014,609	2,302,176	6,089,171	11,042,633	8,107,706	2,700,395	2,000,926	771,602
Amount.....	442,391,630	23,920,365	50,960,556	105,708,761	102,478,310	47,087,425	51,974,767	60,261,447
Taxable income:								
Number of returns.....	92,610,860	27,662,664	28,380,064	20,720,295	10,013,977	2,944,892	2,100,532	788,436
Amount.....	2,176,335,173	95,495,578	362,570,205	544,806,645	430,479,401	185,496,252	212,841,943	344,645,149
Total tax liability:								
Number of returns.....	94,081,688	29,102,358	28,397,208	20,726,801	10,017,363	2,946,206	2,102,315	789,437
Amount.....	453,493,931	16,945,399	58,620,047	94,390,236	85,878,539	42,614,364	56,603,475	98,441,872
Average (whole dollars).....	4,820	582	2,064	4,554	8,573	14,464	26,924	124,699
Earned income credit:								
Number of returns.....	11,918,403	8,970,621	2,947,782	--	--	--	--	--
Amount.....	6,695,917	6,050,240	645,677	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	8,349,978	7,883,950	466,028	--	--	--	--	--
Amount.....	4,710,515	4,619,404	91,111	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>ALABAMA</b>								
Number of returns.....	1,670,001	792,494	417,445	283,324	121,839	29,296	18,328	7,275
Number of exemptions.....	3,799,991	1,338,980	1,060,363	839,823	385,401	92,408	58,906	24,110
Adjusted gross income.....	40,953,727	5,223,104	9,025,644	10,951,053	7,263,457	2,484,704	2,412,069	3,593,696
Salaries and wages:								
Number of returns.....	1,453,083	657,776	371,038	263,494	113,387	26,272	15,198	5,918
Amount.....	32,106,421	4,493,178	7,485,218	9,411,243	6,059,700	1,838,808	1,409,755	1,408,520
Interest income:								
Number of returns.....	835,775	245,749	216,130	211,350	109,623	27,880	17,822	7,221
Amount.....	2,214,259	416,275	441,868	408,385	299,869	139,921	185,467	322,475
Dividends:								
Number of returns.....	242,620	46,703	48,854	62,957	48,497	16,718	12,827	6,064
Amount.....	689,094	58,877	73,552	98,072	98,127	60,477	97,148	202,841
Net capital gain (less loss):								
Number of returns.....	132,562	23,645	25,419	31,438	25,516	10,798	10,168	5,578
Amount.....	1,191,934	53,378	47,134	77,875	96,624	73,958	166,351	676,614
Taxable pensions and annuities:								
Number of returns.....	233,863	73,406	67,110	51,781	28,117	7,769	4,361	1,319
Amount.....	2,133,809	405,473	610,917	532,969	339,236	123,399	88,192	33,623
Unemployment compensation:								
Number of returns.....	146,455	65,534	45,888	28,246	5,952	679	145	11
Amount.....	145,261	67,572	44,970	25,952	5,727	763	263	14
Total itemized deductions:								
Number of returns.....	412,869	30,313	90,184	145,527	96,172	26,179	17,316	7,178
Amount.....	4,482,163	242,802	734,466	1,251,823	1,067,868	390,092	368,932	426,180
Taxable income:								
Number of returns.....	1,283,854	412,497	411,841	282,938	121,750	29,264	18,306	7,258
Amount.....	25,934,242	1,361,633	4,897,073	7,392,243	5,327,947	1,903,266	1,927,937	3,124,144
Total tax liability:								
Number of returns.....	1,306,866	435,925	411,328	282,987	121,768	29,278	18,314	7,266
Amount.....	5,158,165	239,456	780,718	1,227,383	1,050,518	439,497	518,843	901,750
Average (whole dollars).....	3,946	549	1,898	4,337	8,627	15,011	28,330	124,105
Earned income credit:								
Number of returns.....	295,661	235,404	60,257	--	--	--	--	--
Amount.....	175,570	162,019	13,551	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	222,291	213,072	9,219	--	--	--	--	--
Amount.....	130,989	129,182	1,807	--	--	--	--	--
<b>ALASKA</b>								
Number of returns.....	313,505	152,542	55,921	49,471	33,905	13,135	6,954	1,577
Number of exemptions.....	524,906	105,921	118,589	128,043	103,503	41,586	22,305	4,959
Adjusted gross income.....	8,367,174	494,828	1,229,254	1,936,395	2,067,010	1,119,105	884,997	635,583
Salaries and wages:								
Number of returns.....	217,878	70,832	49,994	45,506	31,941	12,316	6,103	1,186
Amount.....	6,447,903	445,598	983,643	1,594,200	1,725,830	911,877	579,207	207,548
Interest income:								
Number of returns.....	169,705	54,254	30,348	35,636	29,003	12,195	6,707	1,562
Amount.....	292,624	35,252	33,365	50,784	54,126	32,593	38,906	47,597
Dividends:								
Number of returns.....	73,040	22,617	12,944	14,109	11,852	6,202	4,145	1,171
Amount.....	118,875	17,758	14,581	18,872	19,337	12,288	16,276	19,762
Net capital gain (less loss):								
Number of returns.....	28,949	4,250	3,883	5,939	6,690	3,975	3,149	1,063
Amount.....	181,265	7,689	5,398	11,415	18,079	17,757	37,244	83,682
Taxable pensions and annuities:								
Number of returns.....	27,235	4,059	6,091	6,885	5,920	2,672	1,364	244
Amount.....	357,628	23,820	63,039	95,896	92,066	46,998	28,521	7,287
Unemployment compensation:								
Number of returns.....	28,763	6,692	8,167	7,807	4,713	1,108	253	23
Amount.....	58,208	11,138	16,581	17,193	10,411	2,303	541	42
Total itemized deductions:								
Number of returns.....	72,968	3,999	8,743	19,746	22,456	10,712	5,969	1,343
Amount.....	888,388	36,722	72,289	190,255	270,490	156,452	116,895	45,286
Taxable income:								
Number of returns.....	281,357	121,470	54,965	49,380	33,881	13,130	6,954	1,577
Amount.....	6,054,250	237,363	744,626	1,366,076	1,538,480	868,564	719,518	579,624
Total tax liability:								
Number of returns.....	285,996	125,743	55,302	49,397	33,890	13,133	6,954	1,577
Amount.....	1,302,720	42,102	125,851	252,729	320,067	201,389	193,656	166,925
Average (whole dollars).....	4,555	334	2,275	5,116	9,444	15,334	27,848	105,849
Earned income credit:								
Number of returns.....	15,757	10,583	5,174	--	--	--	--	--
Amount.....	7,721	6,631	1,090	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	9,385	8,704	681	--	--	--	--	--
Amount.....	4,514	4,389	125	--	--	--	--	--

See notes following Table 20.



## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>ARIZONA</b>								
Number of returns.....	1,573,126	696,583	406,250	274,492	126,775	35,470	24,684	8,872
Number of exemptions.....	3,608,609	1,190,457	999,816	800,686	398,764	111,141	78,689	29,056
Adjusted gross income.....	41,173,935	3,935,051	8,782,053	10,632,531	7,595,492	3,018,355	3,255,058	3,955,396
Salaries and wages:								
Number of returns.....	1,296,936	546,999	339,913	241,340	111,881	30,349	19,674	6,780
Amount.....	30,870,207	3,814,178	6,797,699	8,509,488	5,956,876	2,172,143	1,946,382	1,673,441
Interest income:								
Number of returns.....	921,322	271,617	249,772	218,047	115,153	33,915	24,032	8,786
Amount.....	3,211,156	563,172	632,821	590,841	440,270	217,194	311,471	455,387
Dividends:								
Number of returns.....	318,450	71,661	74,164	77,742	52,800	19,470	15,966	6,647
Amount.....	1,138,208	128,743	177,243	199,124	169,965	94,516	138,895	229,723
Net capital gain (less loss):								
Number of returns.....	215,024	45,110	47,466	49,360	35,836	15,457	14,870	6,925
Amount.....	1,782,197	170,777	55,238	118,385	162,937	126,058	287,396	861,407
Taxable pensions and annuities:								
Number of returns.....	264,039	76,634	79,222	59,317	31,627	9,280	6,086	1,873
Amount.....	2,593,281	408,382	732,704	672,492	420,609	154,021	123,022	82,052
Unemployment compensation:								
Number of returns.....	73,535	31,346	23,010	13,564	4,173	892	499	51
Amount.....	113,361	47,609	35,945	20,775	6,416	1,503	997	116
Total itemized deductions:								
Number of returns.....	531,081	54,735	125,349	176,243	109,269	32,993	23,748	8,744
Amount.....	6,650,872	534,181	1,041,015	1,747,218	1,436,371	592,071	636,468	663,549
Taxable income:								
Number of returns.....	1,233,863	370,536	394,655	273,435	126,496	35,363	24,568	8,810
Amount.....	26,205,459	1,301,753	4,751,184	6,904,303	5,319,340	2,208,104	2,475,047	3,245,728
Total tax liability:								
Number of returns.....	1,256,396	391,670	395,644	273,660	126,564	35,395	24,622	8,841
Amount.....	5,299,806	228,630	762,633	1,175,348	1,045,768	503,966	655,619	927,841
Average (whole dollars).....	4,218	583	1,927	4,294	8,262	14,238	26,627	104,947
Earned income credit:								
Number of returns.....	200,235	154,243	45,992	--	--	--	--	--
Amount.....	114,078	103,853	10,224	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	150,230	140,004	10,226	--	--	--	--	--
Amount.....	86,201	84,113	2,087	--	--	--	--	--
<b>ARKANSAS</b>								
Number of returns.....	953,523	474,506	255,503	148,210	51,289	11,750	8,888	3,377
Number of exemptions.....	2,216,969	848,646	679,848	450,160	161,971	36,835	28,520	10,989
Adjusted gross income.....	20,693,073	2,815,611	5,500,382	5,681,701	3,039,701	998,887	1,179,942	1,476,850
Salaries and wages:								
Number of returns.....	796,596	378,640	220,216	133,131	45,308	9,585	6,950	2,766
Amount.....	15,692,974	2,569,730	4,355,432	4,615,977	2,299,666	613,773	599,726	638,671
Interest income:								
Number of returns.....	487,987	165,864	139,626	112,679	46,507	11,281	8,687	3,343
Amount.....	1,480,415	311,753	345,733	283,886	185,059	83,989	105,021	164,975
Dividends:								
Number of returns.....	138,973	32,339	34,895	35,460	20,738	6,761	6,057	2,723
Amount.....	365,652	41,550	53,119	57,523	47,923	27,352	43,321	94,863
Net capital gain (less loss):								
Number of returns.....	97,690	23,218	24,480	22,943	13,922	5,241	5,311	2,575
Amount.....	597,964	42,764	48,744	65,194	67,161	47,896	95,137	231,068
Taxable pensions and annuities:								
Number of returns.....	132,572	45,685	42,412	27,873	11,617	2,767	1,681	537
Amount.....	1,105,926	234,500	360,830	280,363	141,121	42,556	29,151	17,405
Unemployment compensation:								
Number of returns.....	75,678	34,194	27,042	12,382	1,813	173	62	12
Amount.....	109,538	46,204	40,512	18,969	3,322	374	121	38
Total itemized deductions:								
Number of returns.....	192,869	17,545	43,423	69,301	40,275	10,543	8,458	3,324
Amount.....	2,097,720	130,104	327,923	597,310	446,508	160,365	189,429	246,081
Taxable income:								
Number of returns.....	716,814	241,464	252,116	148,015	51,243	11,738	8,870	3,368
Amount.....	12,691,394	793,206	2,930,692	3,826,318	2,228,160	763,767	936,738	1,212,514
Total tax liability:								
Number of returns.....	741,760	266,450	252,059	148,011	51,249	11,740	8,880	3,371
Amount.....	2,506,137	150,272	478,305	642,168	448,318	181,773	255,041	350,259
Average (whole dollars).....	3,378	563	1,897	4,338	8,747	15,483	28,720	103,903
Earned income credit:								
Number of returns.....	168,592	131,332	37,260	--	--	--	--	--
Amount.....	97,414	89,158	8,256	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	122,023	116,613	5,410	--	--	--	--	--
Amount.....	69,283	68,242	1,041	--	--	--	--	--

See notes following Table 20.

**Selected Historical and Other Data**

89

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)**

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>CALIFORNIA</b>								
Number of returns.....	13,485,607	5,439,925	3,318,065	2,444,280	1,344,960	467,426	345,352	125,599
Number of exemptions.....	30,021,266	9,204,004	7,579,561	6,399,298	3,995,139	1,407,471	1,046,921	388,872
Adjusted gross income.....	428,913,734	28,906,334	72,262,471	95,049,286	81,284,747	39,885,494	45,492,041	66,033,363
Salaries and wages:								
Number of returns.....	11,267,260	4,242,768	2,841,411	2,179,605	1,212,371	412,550	282,939	95,616
Amount.....	317,298,054	30,620,128	58,196,249	77,820,334	65,703,350	30,202,325	28,181,015	26,574,653
Interest income:								
Number of returns.....	8,090,726	2,054,742	1,955,877	1,939,853	1,230,181	448,769	336,914	124,390
Amount.....	29,425,323	3,850,673	4,451,741	4,835,589	4,072,155	2,285,819	3,380,096	6,549,250
Dividends:								
Number of returns.....	2,524,442	460,781	475,883	583,458	479,616	225,260	207,956	91,488
Amount.....	9,650,911	803,561	1,085,317	1,369,474	1,278,911	824,980	1,359,675	2,928,994
Net capital gain (less loss):								
Number of returns.....	1,593,259	243,495	264,908	339,678	304,563	164,974	183,024	92,617
Amount.....	24,275,118	1,384,101	506,899	1,092,211	1,688,069	1,591,060	4,000,298	14,012,481
Taxable pensions and annuities:								
Number of returns.....	1,743,407	434,943	476,225	396,699	257,123	91,643	65,973	20,801
Amount.....	17,544,010	2,369,193	4,413,737	4,402,915	3,157,467	1,295,533	1,155,736	749,428
Unemployment compensation:								
Number of returns.....	901,552	376,745	256,442	168,837	72,643	17,276	8,523	1,086
Amount.....	1,413,989	558,907	434,892	263,766	110,943	27,724	15,362	2,395
Total itemized deductions:								
Number of returns.....	4,598,759	347,978	800,108	1,405,418	1,138,235	444,793	337,882	124,345
Amount.....	80,699,929	4,542,052	8,396,984	16,771,567	18,073,664	9,595,239	10,914,966	12,405,458
Taxable income:								
Number of returns.....	10,778,652	2,879,660	3,197,312	2,425,742	1,340,487	466,046	344,197	125,208
Amount.....	280,934,637	10,416,147	40,647,561	61,731,856	54,702,297	27,565,701	32,669,873	53,201,199
Total tax liability:								
Number of returns.....	10,980,027	3,063,684	3,206,147	2,431,379	1,342,071	466,569	344,741	125,436
Amount.....	60,679,215	1,904,668	6,626,031	11,049,260	10,950,625	6,289,209	8,642,991	15,216,431
Average (whole dollars).....	5,526	621	2,066	4,544	8,159	13,479	25,070	121,308
Earned income credit:								
Number of returns.....	1,538,104	1,207,813	330,291	--	--	--	--	--
Amount.....	905,554	833,228	72,325	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	1,180,800	1,094,959	85,841	--	--	--	--	--
Amount.....	695,681	678,170	17,512	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>COLORADO</b>								
Number of returns.....	1,533,471	639,626	387,563	288,916	141,176	40,366	27,262	8,562
Number of exemptions.....	3,247,365	900,596	871,727	800,546	434,236	126,068	87,021	27,171
Adjusted gross income.....	42,447,900	3,276,904	8,443,242	11,220,263	8,465,077	3,433,560	3,579,014	4,029,840
Salaries and wages:								
Number of returns.....	1,294,121	499,326	336,010	263,231	129,787	36,180	22,896	6,691
Amount.....	32,607,937	3,380,072	6,746,229	9,299,096	6,927,135	2,580,642	2,226,457	1,448,307
Interest income:								
Number of returns.....	999,984	295,677	254,517	243,451	132,048	39,067	26,725	8,499
Amount.....	2,661,973	453,883	475,098	485,525	365,103	187,007	255,038	440,320
Dividends:								
Number of returns.....	350,405	74,866	72,334	88,695	64,636	24,089	18,808	6,977
Amount.....	994,378	109,035	128,562	160,423	145,947	87,778	138,443	224,190
Net capital gain (less loss):								
Number of returns.....	224,934	45,121	44,493	52,613	40,895	18,007	16,864	6,941
Amount.....	1,838,829	143,924	55,350	104,137	133,005	114,799	258,866	1,028,747
Taxable pensions and annuities:								
Number of returns.....	219,957	58,297	62,819	52,781	30,128	9,107	5,420	1,405
Amount.....	2,162,926	324,436	597,440	585,328	374,836	136,633	100,929	43,324
Unemployment compensation:								
Number of returns.....	71,768	24,400	24,992	16,503	4,756	785	305	27
Amount.....	129,809	41,100	46,653	30,641	9,014	1,691	646	65
Total itemized deductions:								
Number of returns.....	546,575	44,727	115,895	189,617	123,485	38,033	26,374	8,444
Amount.....	6,716,515	397,124	936,731	1,902,013	1,610,562	659,844	653,220	557,019
Taxable income:								
Number of returns.....	1,262,335	376,818	380,115	288,284	141,044	40,320	27,207	8,547
Amount.....	28,015,253	1,284,151	4,771,542	7,329,457	5,926,779	2,520,350	2,759,007	3,423,967
Total tax liability:								
Number of returns.....	1,287,433	400,781	381,061	288,382	141,081	40,335	27,239	8,554
Amount.....	5,772,313	234,242	780,771	1,265,476	1,170,623	578,082	736,188	1,006,931
Average (whole dollars).....	4,483	584	2,048	4,388	8,297	14,332	27,026	117,714
Earned income credit:								
Number of returns.....	141,033	103,942	37,091	--	--	--	--	--
Amount.....	77,446	69,382	8,064	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	96,420	90,133	6,287	--	--	--	--	--
Amount.....	52,856	51,649	1,207	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)**

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>CONNECTICUT</b>								
Number of returns.....	1,677,947	561,582	417,775	341,613	209,907	70,117	54,259	22,694
Number of exemptions.....	3,293,984	626,049	766,448	832,654	612,347	213,530	170,191	72,765
Adjusted gross income.....	63,645,158	3,268,658	9,201,550	13,383,993	12,663,170	5,979,326	7,224,300	11,924,161
Salaries and wages:								
Number of returns.....	1,417,795	417,223	363,347	310,962	194,670	64,644	47,851	19,098
Amount.....	48,179,431	2,729,619	7,413,281	11,091,012	10,586,825	4,832,391	5,119,981	6,406,323
Interest income:								
Number of returns.....	1,267,727	328,165	292,300	300,543	201,590	68,884	53,659	22,586
Amount.....	4,281,208	625,472	706,824	814,080	650,066	287,633	386,100	811,034
Dividends:								
Number of returns.....	476,661	96,255	84,235	106,741	91,486	40,293	38,411	19,240
Amount.....	1,878,668	141,255	179,220	262,915	265,501	152,339	270,956	606,482
Net capital gain (less loss):								
Number of returns.....	239,074	37,306	36,000	49,524	46,317	24,115	28,759	17,053
Amount.....	3,128,064	96,737	51,798	115,134	189,063	171,376	444,759	2,059,198
Taxable pensions and annuities:								
Number of returns.....	259,909	68,423	67,364	57,650	38,808	13,171	10,127	4,366
Amount.....	2,165,259	308,887	491,426	491,873	364,186	154,516	163,353	191,018
Unemployment compensation:								
Number of returns.....	101,976	22,400	32,873	29,153	13,918	2,363	1,090	179
Amount.....	209,905	46,395	69,935	58,533	26,401	4,982	2,803	856
Total itemized deductions:								
Number of returns.....	552,126	30,652	74,926	159,015	151,431	61,841	51,859	22,402
Amount.....	8,735,338	383,708	698,373	1,639,151	1,932,653	1,041,740	1,380,567	1,659,146
Taxable income:								
Number of returns.....	1,493,859	386,799	410,924	339,898	209,456	70,007	54,117	22,658
Amount.....	46,038,200	1,360,789	5,886,060	9,392,202	9,271,804	4,487,117	5,511,411	10,128,816
Total tax liability:								
Number of returns.....	1,504,884	395,471	412,568	340,329	209,590	70,044	54,193	22,689
Amount.....	10,167,402	233,125	957,587	1,701,313	1,883,113	1,032,993	1,466,944	2,892,327
Average (whole dollars).....	6,756	589	2,321	4,999	8,984	14,747	27,068	127,477
Earned income credit:								
Number of returns.....	72,663	48,648	24,015	--	--	--	--	--
Amount.....	36,747	31,651	5,096	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	42,283	39,566	2,717	--	--	--	--	--
Amount.....	22,235	21,715	520	--	--	--	--	--
<b>DELAWARE</b>								
Number of returns.....	324,166	125,860	81,557	63,006	34,609	10,377	6,705	2,052
Number of exemptions.....	670,521	166,395	171,068	167,164	105,844	32,436	21,149	6,465
Adjusted gross income.....	9,842,474	829,774	1,765,656	2,457,128	2,082,477	882,585	873,143	951,711
Salaries and wages:								
Number of returns.....	282,644	101,980	72,227	58,531	32,657	9,636	5,951	1,662
Amount.....	7,563,578	690,736	1,419,061	2,048,472	1,745,932	700,494	579,360	379,524
Interest income:								
Number of returns.....	201,687	53,143	47,453	50,419	32,050	10,030	6,554	2,038
Amount.....	519,528	82,477	100,396	99,622	78,494	38,150	48,297	72,091
Dividends:								
Number of returns.....	86,141	15,073	16,142	22,164	18,507	7,260	5,206	1,789
Amount.....	358,429	20,196	30,452	42,422	42,400	27,541	45,664	149,755
Net capital gain (less loss):								
Number of returns.....	34,856	5,060	5,616	7,658	7,230	3,898	3,802	1,592
Amount.....	329,554	7,474	9,043	20,288	29,689	27,178	62,703	173,177
Taxable pensions and annuities:								
Number of returns.....	52,521	14,268	14,544	12,009	7,529	2,314	1,433	424
Amount.....	507,934	75,516	133,753	126,198	89,972	34,691	29,086	18,718
Unemployment compensation:								
Number of returns.....	17,674	4,032	4,664	6,109	2,473	324	65	7
Amount.....	27,580	6,209	8,368	8,911	3,443	499	134	16
Total itemized deductions:								
Number of returns.....	105,257	4,717	16,309	35,828	29,838	9,961	6,576	2,028
Amount.....	1,319,511	39,742	119,436	320,632	356,755	161,795	161,509	159,642
Taxable income:								
Number of returns.....	278,511	81,159	80,743	62,909	34,585	10,371	6,694	2,050
Amount.....	6,657,873	293,349	1,069,507	1,688,790	1,497,312	656,565	671,851	780,499
Total tax liability:								
Number of returns.....	279,240	81,899	80,694	62,923	34,594	10,376	6,702	2,052
Amount.....	1,351,750	48,117	170,297	290,557	293,872	148,356	176,574	223,977
Average (whole dollars).....	4,840	587	2,110	4,617	8,494	14,297	26,346	109,150
Earned income credit:								
Number of returns.....	27,786	20,193	7,593	--	--	--	--	--
Amount.....	15,339	13,652	1,687	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	18,524	17,608	916	--	--	--	--	--
Amount.....	10,493	10,315	177	--	--	--	--	--

See notes following Table 20.

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)**

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
DISTRICT OF COLUMBIA								
Number of returns.....	322,628	124,636	103,626	51,450	21,986	8,747	8,405	3,778
Number of exemptions.....	583,492	184,343	195,532	100,112	49,048	21,217	22,122	11,118
Adjusted gross income.....	10,030,094	696,145	2,231,098	1,964,180	1,328,530	748,594	1,123,479	1,938,067
Salaries and wages:								
Number of returns.....	270,801	97,176	92,478	45,394	18,924	7,414	6,789	2,626
Amount.....	7,071,012	740,022	1,904,894	1,603,033	1,021,327	538,273	679,387	584,077
Interest income:								
Number of returns.....	162,072	36,508	48,189	37,809	19,373	8,282	8,159	3,752
Amount.....	621,318	53,551	61,884	79,402	71,759	46,499	81,088	227,134
Dividends:								
Number of returns.....	52,489	7,985	9,484	11,795	8,945	5,000	5,999	3,281
Amount.....	358,737	13,446	18,581	30,083	36,084	28,773	65,401	166,370
Net capital gain (less loss):								
Number of returns.....	27,887	3,140	3,536	5,408	4,953	3,224	4,615	3,011
Amount.....	690,309	61,626	6,127	13,366	21,587	24,165	83,307	480,130
Taxable pensions and annuities:								
Number of returns.....	47,009	12,794	14,049	9,954	5,177	2,170	2,055	810
Amount.....	737,852	98,962	188,501	178,283	118,720	58,962	62,626	31,798
Unemployment compensation:								
Number of returns.....	10,031	4,970	3,404	1,129	374	82	66	6
Amount.....	26,961	11,984	10,189	3,266	1,083	246	175	18
Total itemized deductions:								
Number of returns.....	99,196	6,418	22,070	30,812	19,503	8,396	8,241	3,756
Amount.....	1,701,339	97,672	172,706	302,481	272,187	162,273	257,536	436,483
Taxable income:								
Number of returns.....	270,050	73,527	102,531	51,230	21,901	8,729	8,375	3,757
Amount.....	6,911,151	296,177	1,389,661	1,397,262	956,821	546,292	826,548	1,498,390
Total tax liability:								
Number of returns.....	268,305	72,575	101,680	51,236	21,914	8,735	8,391	3,774
Amount.....	1,513,769	46,969	214,062	259,332	205,229	130,792	223,426	433,959
Average (whole dollars).....	5,641	647	2,105	5,061	9,365	14,973	26,626	114,986
Earned income credit:								
Number of returns.....	40,659	28,179	12,480	--	--	--	--	--
Amount.....	21,827	19,098	2,729	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	26,817	24,884	1,933	--	--	--	--	--
Amount.....	15,141	14,778	363	--	--	--	--	--
FLORIDA								
Number of returns.....	5,970,839	2,663,179	1,601,891	983,103	436,656	129,528	105,403	51,079
Number of exemptions.....	12,972,987	4,352,189	3,723,750	2,702,327	1,313,929	396,199	325,568	159,025
Adjusted gross income.....	169,688,335	16,593,941	34,388,320	37,961,303	26,163,295	11,046,507	14,086,023	29,448,946
Salaries and wages:								
Number of returns.....	4,752,691	2,054,218	1,297,110	825,187	362,717	102,131	75,740	35,588
Amount.....	110,066,825	14,614,358	25,408,993	28,429,740	18,761,339	7,014,793	7,077,201	8,760,403
Interest income:								
Number of returns.....	3,502,161	1,081,712	972,747	774,139	396,502	123,750	102,697	50,614
Amount.....	17,286,456	2,504,963	3,130,658	2,939,082	2,149,147	1,080,632	1,663,807	3,818,167
Dividends:								
Number of returns.....	1,316,861	315,083	321,728	298,316	193,582	74,390	72,481	41,281
Amount.....	7,246,028	665,498	954,845	1,083,344	932,373	545,029	938,268	2,126,671
Net capital gain (less loss):								
Number of returns.....	862,967	177,744	191,785	190,168	135,053	60,349	66,685	41,183
Amount.....	12,700,493	550,086	245,399	554,750	783,952	656,476	1,564,073	8,345,756
Taxable pensions and annuities:								
Number of returns.....	1,052,932	306,308	324,360	228,190	119,181	36,067	27,090	11,736
Amount.....	10,982,789	1,582,945	3,018,236	2,787,889	1,789,006	654,621	597,733	552,358
Unemployment compensation:								
Number of returns.....	190,349	74,280	62,653	37,738	11,892	2,460	1,145	181
Amount.....	337,168	116,612	116,149	70,732	24,341	5,734	3,077	523
Total itemized deductions:								
Number of returns.....	1,544,586	165,958	361,211	469,628	305,976	103,846	90,424	47,543
Amount.....	19,786,065	1,670,392	3,025,594	4,439,074	3,661,601	1,656,374	2,104,088	3,228,942
Taxable income:								
Number of returns.....	4,798,471	1,524,092	1,573,820	979,739	435,659	129,172	105,088	50,901
Amount.....	116,522,150	5,551,979	19,558,534	26,113,183	19,437,637	8,550,169	11,345,104	25,965,541
Total tax liability:								
Number of returns.....	4,888,055	1,611,872	1,574,567	980,252	435,877	129,282	105,205	51,000
Amount.....	25,034,769	986,454	3,148,960	4,503,706	3,932,796	1,995,632	3,058,989	7,408,229
Average (whole dollars).....	5,121	611	1,999	4,594	9,022	15,436	29,076	145,259
Earned income credit:								
Number of returns.....	697,369	534,231	163,138	--	--	--	--	--
Amount.....	404,053	367,620	36,432	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	494,586	468,576	26,010	--	--	--	--	--
Amount.....	283,859	278,706	5,152	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>GEORGIA</b>								
Number of returns.....	2,820,274	1,226,772	729,592	490,579	238,519	69,338	48,459	17,015
Number of exemptions.....	6,085,284	1,879,225	1,673,432	1,372,630	733,158	216,985	154,517	55,337
Adjusted gross income.....	76,935,880	7,565,733	15,746,609	19,015,050	14,310,303	5,903,552	6,384,654	8,009,977
Salaries and wages:								
Number of returns.....	2,500,366	1,039,868	659,871	457,399	223,553	63,658	42,021	13,996
Amount.....	61,374,791	7,309,692	13,377,155	16,299,840	12,069,070	4,658,154	4,244,313	3,416,567
Interest income:								
Number of returns.....	1,397,545	361,558	344,386	351,180	210,881	65,583	47,093	16,864
Amount.....	3,930,982	617,008	670,648	694,726	551,337	281,578	412,108	703,579
Dividends:								
Number of returns.....	447,701	76,056	81,013	110,931	94,465	38,741	32,724	13,771
Amount.....	1,333,806	99,396	125,447	171,755	186,913	121,786	208,212	420,297
Net capital gain (less loss):								
Number of returns.....	250,366	39,070	41,650	55,699	49,660	24,740	26,467	13,080
Amount.....	2,910,973	258,946	90,781	160,018	211,174	180,530	424,241	1,585,284
Taxable pensions and annuities:								
Number of returns.....	345,654	83,332	95,095	86,627	52,262	15,799	9,679	2,860
Amount.....	3,126,022	438,795	830,033	832,963	569,097	210,443	166,303	78,388
Unemployment compensation:								
Number of returns.....	180,679	69,387	57,537	40,366	11,096	1,649	592	52
Amount.....	204,891	74,700	63,459	47,280	15,426	2,750	1,167	108
Total itemized deductions:								
Number of returns.....	840,012	50,238	162,139	287,140	209,466	66,609	47,531	16,889
Amount.....	10,990,837	463,536	1,386,832	2,756,681	2,682,899	1,189,625	1,275,114	1,236,150
Taxable income:								
Number of returns.....	2,266,476	685,299	718,826	489,486	238,241	69,263	48,379	16,982
Amount.....	49,768,987	2,401,947	8,909,438	12,629,811	10,058,835	4,282,714	4,813,816	6,672,427
Total tax liability:								
Number of returns.....	2,296,244	715,060	718,450	489,703	238,324	69,288	48,412	17,007
Amount.....	10,116,957	416,487	1,427,648	2,140,550	1,970,401	972,415	1,274,201	1,915,256
Average (whole dollars).....	4,405	582	1,987	4,371	8,267	14,034	26,319	112,615
Earned income credit:								
Number of returns.....	415,852	319,436	96,416	--	--	--	--	--
Amount.....	240,054	218,352	21,702	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	298,208	283,954	14,254	--	--	--	--	--
Amount.....	172,909	170,156	2,753	--	--	--	--	--
<b>HAWAII</b>								
Number of returns.....	542,943	215,976	147,699	96,448	53,223	15,753	10,225	3,619
Number of exemptions.....	1,120,071	279,369	315,592	266,091	167,138	49,262	31,494	11,125
Adjusted gross income.....	15,851,813	1,224,813	3,182,649	3,748,463	3,206,430	1,338,860	1,352,584	1,798,014
Salaries and wages:								
Number of returns.....	463,687	170,133	131,348	87,883	49,086	14,146	8,380	2,711
Amount.....	11,617,774	1,195,986	2,606,984	3,024,794	2,534,960	945,348	721,904	587,798
Interest income:								
Number of returns.....	396,550	117,113	112,366	86,547	51,372	15,475	10,074	3,603
Amount.....	879,035	128,976	154,189	165,812	142,729	67,690	84,913	134,726
Dividends:								
Number of returns.....	113,021	21,737	24,309	26,521	22,066	8,787	6,795	2,806
Amount.....	333,059	27,238	36,243	51,268	51,970	32,032	51,290	83,020
Net capital gain (less loss):								
Number of returns.....	60,537	8,796	10,637	13,648	12,446	6,220	6,005	2,785
Amount.....	1,064,861	74,868	20,950	48,351	77,337	77,274	183,196	582,885
Taxable pensions and annuities:								
Number of returns.....	80,881	20,143	23,162	18,478	11,721	3,850	2,607	920
Amount.....	936,935	107,658	233,454	249,895	186,112	71,885	55,563	32,368
Unemployment compensation:								
Number of returns.....	19,676	5,224	6,735	5,238	2,028	284	143	24
Amount.....	31,699	8,532	11,229	7,962	3,123	498	305	51
Total itemized deductions:								
Number of returns.....	163,183	8,924	29,079	52,287	44,659	14,781	9,902	3,551
Amount.....	2,333,700	83,637	238,731	540,513	623,125	271,054	271,484	305,157
Taxable income:								
Number of returns.....	461,745	137,502	145,422	96,128	53,143	15,727	10,207	3,616
Amount.....	10,579,739	519,004	1,883,940	2,491,707	2,219,961	969,911	1,022,315	1,472,902
Total tax liability:								
Number of returns.....	467,371	142,665	145,752	96,201	53,177	15,741	10,217	3,618
Amount.....	2,177,174	88,340	302,591	434,807	437,966	222,271	273,713	417,485
Average (whole dollars).....	4,658	619	2,076	4,519	8,236	14,120	26,789	115,391
Earned income credit:								
Number of returns.....	36,535	23,852	12,683	--	--	--	--	--
Amount.....	18,301	15,567	2,734	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,662	19,838	1,824	--	--	--	--	--
Amount.....	11,008	10,655	353	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)**

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>IDAHO</b>								
Number of returns.....	409,201	185,618	110,306	74,831	26,330	6,134	4,434	1,548
Number of exemptions.....	1,002,399	311,383	311,757	248,155	89,494	20,881	15,498	5,231
Adjusted gross income.....	9,649,104	925,199	2,405,399	2,876,162	1,561,339	522,586	588,542	769,876
Salaries and wages:								
Number of returns.....	338,044	144,005	93,759	67,414	23,300	5,030	3,367	1,169
Amount.....	7,133,529	950,074	1,847,746	2,317,809	1,169,924	313,719	282,724	251,532
Interest income:								
Number of returns.....	247,961	83,244	68,623	59,941	24,345	5,932	4,337	1,539
Amount.....	677,208	148,411	155,466	131,931	85,308	37,603	52,016	66,474
Dividends:								
Number of returns.....	76,470	18,740	18,471	19,911	11,665	3,562	2,914	1,207
Amount.....	214,508	26,938	32,572	34,361	27,243	14,233	21,438	57,723
Net capital gain (less loss):								
Number of returns.....	60,431	15,020	14,881	14,453	8,827	3,149	2,855	1,246
Amount.....	458,478	41,508	37,174	50,569	48,706	33,110	61,203	186,208
Taxable pensions and annuities:								
Number of returns.....	58,661	19,837	18,625	12,811	5,225	1,171	744	248
Amount.....	483,114	101,534	159,032	123,704	60,365	17,767	13,722	6,989
Unemployment compensation:								
Number of returns.....	38,636	13,792	15,438	7,900	1,284	138	73	11
Amount.....	56,865	17,839	24,184	12,268	2,119	268	160	26
Total itemized deductions:								
Number of returns.....	116,854	10,515	27,547	45,079	22,436	5,595	4,163	1,519
Amount.....	1,281,657	85,346	209,643	406,441	270,984	91,853	102,457	114,933
Taxable income:								
Number of returns.....	323,534	102,860	107,558	74,705	26,315	6,129	4,422	1,545
Amount.....	5,990,660	322,353	1,238,549	1,841,359	1,098,470	388,540	456,264	645,126
Total tax liability:								
Number of returns.....	333,362	112,325	107,974	74,652	26,309	6,131	4,424	1,547
Amount.....	1,201,016	62,485	205,859	312,801	219,948	92,421	123,364	184,138
Average (whole dollars).....	3,602	556	1,906	4,190	8,360	15,074	27,885	119,029
Earned income credit:								
Number of returns.....	49,972	36,126	13,846	—	—	—	—	—
Amount.....	27,560	24,581	2,979	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	33,683	31,091	2,592	—	—	—	—	—
Amount.....	18,557	18,049	508	—	—	—	—	—
<b>ILLINOIS</b>								
Number of returns.....	5,295,982	2,121,656	1,322,953	1,027,982	523,604	146,934	108,652	44,201
Number of exemptions.....	11,362,690	3,021,442	2,899,555	2,856,823	1,633,374	461,113	346,225	144,158
Adjusted gross income.....	162,700,520	12,388,586	28,836,030	40,024,829	31,384,559	12,506,097	14,379,570	23,180,849
Salaries and wages:								
Number of returns.....	4,476,508	1,633,274	1,146,589	946,093	487,096	133,179	93,633	36,644
Amount.....	122,658,970	10,523,109	23,162,743	33,755,732	26,200,917	9,624,882	9,462,752	9,928,836
Interest income:								
Number of returns.....	3,524,438	1,042,637	851,533	851,071	487,505	141,716	106,130	43,846
Amount.....	11,125,563	1,908,484	2,036,667	1,967,548	1,483,342	695,341	958,760	2,075,421
Dividends:								
Number of returns.....	1,230,441	267,657	241,405	292,392	226,899	87,476	77,554	37,058
Amount.....	4,347,031	374,875	483,582	615,752	596,174	365,043	596,144	1,315,461
Net capital gain (less loss):								
Number of returns.....	621,320	106,101	108,292	139,600	118,392	54,735	60,045	34,155
Amount.....	7,340,688	320,884	162,590	326,520	461,046	385,845	967,217	4,716,585
Taxable pensions and annuities:								
Number of returns.....	830,719	270,466	227,449	175,733	100,824	29,071	19,816	7,360
Amount.....	6,174,249	1,234,477	1,710,232	1,423,002	894,222	341,067	314,351	256,897
Unemployment compensation:								
Number of returns.....	283,410	88,559	91,175	72,767	25,290	3,743	1,651	225
Amount.....	607,649	174,847	212,159	155,036	52,151	8,526	4,316	613
Total itemized deductions:								
Number of returns.....	1,452,266	86,114	230,915	475,648	386,648	127,900	101,519	43,522
Amount.....	18,394,210	1,020,068	1,933,455	4,294,775	4,422,511	1,953,938	2,236,315	2,533,147
Taxable income:								
Number of returns.....	4,432,374	1,277,857	1,305,390	1,026,403	523,219	146,819	108,536	44,150
Amount.....	113,869,446	4,296,046	17,292,518	27,719,182	23,138,160	9,576,853	11,463,414	20,383,274
Total tax liability:								
Number of returns.....	4,469,615	1,316,492	1,303,537	1,026,625	523,341	146,852	108,584	44,184
Amount.....	24,165,951	740,816	2,782,325	4,837,782	4,650,619	2,219,225	3,076,513	5,858,669
Average (whole dollars).....	5,406	562	2,134	4,712	8,886	15,111	28,333	132,597
Earned income credit:								
Number of returns.....	481,993	357,685	124,308	—	—	—	—	—
Amount.....	262,665	235,785	26,879	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	333,510	314,497	19,013	—	—	—	—	—
Amount.....	184,724	180,986	3,738	—	—	—	—	—

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>INDIANA</b>								
Number of returns.....	2,490,485	1,061,382	620,406	497,659	219,421	50,325	30,029	11,263
Number of exemptions.....	5,485,826	1,539,131	1,474,658	1,470,136	702,433	163,019	98,834	37,615
Adjusted gross income.....	65,784,634	6,441,419	13,493,098	19,356,684	13,072,714	4,255,505	3,952,744	5,212,471
Salaries and wages:								
Number of returns.....	2,123,656	831,230	540,369	465,322	206,422	45,610	25,239	9,464
Amount.....	51,678,444	5,324,033	10,897,638	16,763,210	11,089,402	3,208,574	2,271,082	2,124,505
Interest income:								
Number of returns.....	1,535,032	476,159	372,707	395,175	201,950	48,434	29,416	11,191
Amount.....	3,828,686	805,678	861,770	756,904	511,981	216,962	267,684	407,706
Dividends:								
Number of returns.....	472,940	101,254	94,271	125,621	92,517	29,176	20,861	9,240
Amount.....	1,221,365	120,384	159,070	187,856	170,596	98,420	153,890	331,148
Net capital gain (less loss):								
Number of returns.....	241,287	46,917	47,807	59,442	44,900	17,531	16,321	8,369
Amount.....	1,593,034	109,510	86,944	146,698	168,291	115,276	241,217	725,097
Taxable pensions and annuities:								
Number of returns.....	414,523	150,085	112,708	85,858	46,508	11,702	5,813	1,849
Amount.....	2,819,941	731,467	871,805	615,288	344,955	117,193	85,107	54,127
Unemployment compensation:								
Number of returns.....	122,542	39,144	40,726	32,190	9,147	1,106	209	20
Amount.....	132,651	44,191	46,738	31,976	8,438	954	320	34
Total itemized deductions:								
Number of returns.....	603,605	34,844	99,565	222,780	162,319	44,604	28,403	11,090
Amount.....	6,442,482	464,422	721,602	1,811,481	1,668,282	608,443	572,097	596,155
Taxable income:								
Number of returns.....	2,045,069	622,940	613,955	497,257	219,352	50,308	30,004	11,253
Amount.....	44,026,453	2,083,454	7,804,591	13,352,247	9,745,330	3,304,154	3,187,417	4,549,261
Total tax liability:								
Number of returns.....	2,068,785	646,558	614,041	497,228	219,369	50,315	30,015	11,259
Amount.....	8,742,593	358,135	1,256,535	2,257,801	1,937,429	764,336	862,142	1,306,215
Average (whole dollars).....	4,225	553	2,046	4,540	8,831	15,191	28,723	116,015
Earned income credit:								
Number of returns.....	237,619	173,545	64,074	--	--	--	--	--
Amount.....	130,371	116,413	13,957	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	157,959	150,524	7,435	--	--	--	--	--
Amount.....	88,209	86,815	1,393	--	--	--	--	--
<b>IOWA</b>								
Number of returns.....	1,248,721	552,506	325,588	238,806	92,795	20,610	13,881	4,535
Number of exemptions.....	2,792,255	798,840	817,911	740,631	305,290	68,003	46,416	15,164
Adjusted gross income.....	30,584,442	3,116,454	7,117,078	9,218,220	5,501,591	1,749,336	1,828,646	2,053,117
Salaries and wages:								
Number of returns.....	999,443	405,730	266,524	212,837	82,386	17,133	11,048	3,785
Amount.....	21,988,402	2,465,276	5,181,705	7,275,221	4,186,247	1,108,585	972,477	798,891
Interest income:								
Number of returns.....	900,810	324,847	238,093	210,391	89,090	20,179	13,704	4,506
Amount.....	2,546,756	567,018	641,330	532,074	328,074	133,311	160,262	184,687
Dividends:								
Number of returns.....	287,745	74,959	69,640	73,695	43,034	12,746	9,889	3,782
Amount.....	667,337	81,423	108,298	117,818	97,683	52,877	76,359	132,878
Net capital gain (less loss):								
Number of returns.....	192,547	47,975	49,529	46,506	27,082	9,535	8,418	3,502
Amount.....	1,023,797	85,354	120,942	148,937	119,043	71,530	117,154	360,837
Taxable pensions and annuities:								
Number of returns.....	189,984	68,615	56,041	39,355	18,288	4,313	2,556	816
Amount.....	1,152,367	290,048	377,855	257,097	133,165	42,797	34,841	16,564
Unemployment compensation:								
Number of returns.....	72,462	23,021	27,614	17,725	3,717	275	99	11
Amount.....	113,973	35,615	46,222	26,527	4,914	445	221	29
Total itemized deductions:								
Number of returns.....	323,369	31,118	65,020	116,699	73,924	18,809	13,308	4,491
Amount.....	3,370,312	330,324	457,118	934,001	769,305	272,165	292,373	315,027
Taxable income:								
Number of returns.....	1,031,980	340,178	321,401	238,638	92,756	20,603	13,874	4,530
Amount.....	19,871,024	1,054,764	4,016,754	6,250,547	4,049,826	1,340,405	1,448,041	1,710,688
Total tax liability:								
Number of returns.....	1,056,142	364,308	321,524	238,535	92,761	20,603	13,877	4,534
Amount.....	3,971,919	196,333	674,649	1,078,452	821,510	318,712	392,400	489,864
Average (whole dollars).....	3,760	538	2,098	4,521	8,856	15,469	28,277	108,042
Earned income credit:								
Number of returns.....	98,520	69,557	28,963	--	--	--	--	--
Amount.....	51,701	45,554	6,147	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	61,204	57,720	3,484	--	--	--	--	--
Amount.....	31,772	31,116	656	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

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Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>KANSAS</b>								
Number of returns.....	1,098,337	462,883	285,197	210,753	93,516	23,706	16,401	5,881
Number of exemptions.....	2,477,207	681,885	709,666	635,451	299,536	76,507	54,352	19,810
Adjusted gross income.....	29,761,093	2,568,979	6,221,465	8,159,756	5,585,327	2,015,571	2,157,086	3,052,909
Salaries and wages:								
Number of returns.....	903,706	350,053	240,892	189,696	84,375	20,448	13,443	4,799
Amount.....	21,782,735	2,250,855	4,761,968	6,581,812	4,397,878	1,404,088	1,271,729	1,114,405
Interest income:								
Number of returns.....	718,234	228,003	183,909	174,041	87,347	22,978	16,104	5,852
Amount.....	2,296,895	441,804	496,789	445,861	313,374	135,296	179,428	284,343
Dividends:								
Number of returns.....	235,048	50,471	52,087	60,944	41,267	13,988	11,405	4,886
Amount.....	815,932	62,077	83,865	99,418	94,949	53,573	85,237	336,813
Net capital gain (less loss):								
Number of returns.....	150,611	31,238	33,416	36,238	25,308	10,089	9,629	4,693
Amount.....	1,253,159	78,195	61,966	91,293	95,439	61,297	126,171	738,799
Taxable pensions and annuities:								
Number of returns.....	171,147	51,284	49,578	39,725	20,738	5,540	3,306	976
Amount.....	1,201,876	225,741	355,539	302,999	180,836	62,380	47,532	26,849
Unemployment compensation:								
Number of returns.....	62,219	22,064	21,805	14,140	3,576	462	152	20
Amount.....	114,090	37,480	41,418	27,017	6,757	971	371	75
Total itemized deductions:								
Number of returns.....	304,736	22,597	57,063	107,087	74,990	21,506	15,685	5,808
Amount.....	3,525,115	218,300	439,468	930,746	853,977	336,079	360,234	386,312
Taxable income:								
Number of returns.....	906,611	275,760	280,928	210,515	93,462	23,691	16,386	5,869
Amount.....	19,803,237	897,373	3,489,177	5,502,041	4,063,714	1,524,154	1,692,712	2,634,067
Total tax liability:								
Number of returns.....	924,765	293,647	281,169	210,506	93,474	23,701	16,392	5,876
Amount.....	4,154,205	164,383	576,106	945,765	816,765	357,000	456,031	838,156
Average (whole dollars).....	4,492	559	2,048	4,492	8,737	15,062	27,820	142,640
Earned Income credit:								
Number of returns.....	97,835	68,745	29,090	--	--	--	--	--
Amount.....	51,784	45,532	6,252	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	62,807	58,593	4,214	--	--	--	--	--
Amount.....	33,742	32,933	809	--	--	--	--	--
State and item	All returns	Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>KENTUCKY</b>								
Number of returns.....	1,496,099	704,736	382,169	262,140	101,141	22,823	16,311	6,779
Number of exemptions.....	3,351,305	1,155,957	950,647	776,803	320,218	72,724	52,837	22,119
Adjusted gross income.....	36,215,257	4,374,837	8,289,268	10,120,247	5,999,924	1,936,815	2,164,797	3,329,368
Salaries and wages:								
Number of returns.....	1,264,401	553,692	335,374	243,435	93,389	19,923	13,163	5,425
Amount.....	27,527,568	3,655,984	6,688,934	8,600,038	4,888,694	1,344,784	1,171,855	1,177,279
Interest income:								
Number of returns.....	812,442	258,628	215,814	201,682	91,862	21,845	15,899	6,712
Amount.....	2,229,332	479,505	491,927	424,866	279,871	122,828	166,372	263,964
Dividends:								
Number of returns.....	231,836	48,581	50,020	60,857	41,739	13,551	11,535	5,553
Amount.....	719,978	65,361	82,573	103,254	98,930	59,840	106,448	203,572
Net capital gain (less loss):								
Number of returns.....	135,685	28,280	28,738	32,196	22,870	9,048	9,444	5,109
Amount.....	1,475,131	94,144	64,544	97,657	109,681	83,136	171,219	854,750
Taxable pensions and annuities:								
Number of returns.....	212,672	76,679	61,379	44,350	20,894	5,067	3,190	1,113
Amount.....	1,604,982	385,174	504,817	374,660	200,458	61,748	48,911	29,215
Unemployment compensation:								
Number of returns.....	127,399	43,279	46,427	30,139	6,749	601	181	23
Amount.....	162,262	57,182	60,977	35,239	7,585	899	333	48
Total itemized deductions:								
Number of returns.....	363,067	24,861	75,391	137,524	82,401	20,762	15,519	6,609
Amount.....	3,945,118	309,310	544,206	1,151,731	905,802	314,603	336,852	382,615
Taxable income:								
Number of returns.....	1,165,266	378,286	378,180	261,870	101,067	22,805	16,292	6,766
Amount.....	23,189,251	1,267,896	4,590,440	6,842,432	4,378,986	1,473,609	1,726,340	2,909,548
Total tax liability:								
Number of returns.....	1,204,463	417,104	378,520	261,869	101,083	22,812	16,302	6,773
Amount.....	4,644,028	236,122	746,747	1,147,304	868,864	344,469	467,887	832,636
Average (whole dollars).....	3,855	566	1,972	4,381	8,595	15,100	28,701	122,934
Earned Income credit:								
Number of returns.....	202,806	155,443	47,363	--	--	--	--	--
Amount.....	114,347	103,935	10,412	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	142,068	136,481	5,587	--	--	--	--	--
Amount.....	78,089	77,048	1,041	--	--	--	--	--

See notes following Table 20.



## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>LOUISIANA</b>								
Number of returns.....	1,646,453	813,268	400,992	266,500	112,050	27,042	18,792	7,809
Number of exemptions.....	3,863,229	1,439,157	1,059,959	818,146	368,615	88,663	62,299	26,390
Adjusted gross income.....	38,354,212	4,375,730	8,661,534	10,314,033	6,674,578	2,295,986	2,498,508	3,533,842
Salaries and wages:								
Number of returns.....	1,402,186	659,582	351,265	244,810	102,643	23,418	14,580	5,888
Amount.....	29,971,375	4,425,742	7,054,821	8,696,223	5,428,224	1,630,688	1,337,606	1,398,071
Interest income:								
Number of returns.....	843,995	271,031	218,212	202,388	100,743	25,670	18,238	7,713
Amount.....	2,436,438	459,920	484,240	457,317	326,094	153,511	213,762	341,595
Dividends:								
Number of returns.....	246,955	50,828	52,935	64,709	44,602	15,089	12,569	6,223
Amount.....	696,300	66,108	82,483	105,720	99,615	58,414	103,554	180,407
Net capital gain (less loss):								
Number of returns.....	132,877	25,700	25,417	31,498	24,302	9,964	10,152	5,844
Amount.....	1,070,256	52,491	30,943	58,163	75,134	56,434	127,940	669,149
Taxable pensions and annuities:								
Number of returns.....	219,479	68,000	63,099	50,034	26,420	6,603	3,981	1,342
Amount.....	2,014,882	388,772	587,197	503,013	310,104	103,397	79,612	42,788
Unemployment compensation:								
Number of returns.....	99,123	43,107	32,665	18,462	4,203	510	155	21
Amount.....	147,816	58,338	52,164	29,029	6,962	957	329	39
Total itemized deductions:								
Number of returns.....	328,660	25,362	69,528	112,611	75,471	21,583	16,506	7,599
Amount.....	3,689,592	216,977	622,996	980,773	808,938	312,625	340,315	406,967
Taxable income:								
Number of returns.....	1,224,608	398,685	394,286	266,096	111,971	27,018	18,759	7,793
Amount.....	24,788,929	1,272,705	4,648,437	6,995,704	4,966,790	1,794,380	2,031,930	3,078,983
Total tax liability:								
Number of returns.....	1,252,078	426,421	393,978	266,103	111,979	27,024	18,772	7,801
Amount.....	5,018,008	232,671	746,677	1,179,012	994,404	420,754	557,955	886,535
Average (whole dollars).....	4,007	545	1,895	4,430	8,880	15,569	29,722	113,643
Earned income credit:								
Number of returns.....	317,394	257,312	60,082	--	--	--	--	--
Amount.....	186,837	173,383	13,455	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	245,544	235,190	10,354	--	--	--	--	--
Amount.....	142,474	140,431	2,043	--	--	--	--	--
<b>MAINE</b>								
Number of returns.....	568,388	243,251	157,785	109,328	40,082	8,788	6,780	2,374
Number of exemptions.....	1,196,936	332,441	360,581	320,840	125,824	27,878	21,887	7,485
Adjusted gross income.....	14,337,811	1,591,068	3,419,646	4,218,571	2,370,487	747,761	900,198	1,090,080
Salaries and wages:								
Number of returns.....	484,019	194,260	138,284	100,678	36,289	7,368	5,302	1,838
Amount.....	10,659,068	1,289,440	2,735,425	3,516,107	1,853,967	475,995	442,800	345,333
Interest income:								
Number of returns.....	377,093	120,997	106,425	93,519	38,394	8,669	6,720	2,369
Amount.....	924,418	175,610	203,822	189,847	124,019	56,081	79,832	95,206
Dividends:								
Number of returns.....	105,596	25,171	25,396	26,798	16,308	5,161	4,804	1,958
Amount.....	372,829	35,974	51,049	65,118	58,831	34,359	57,164	70,335
Net capital gain (less loss):								
Number of returns.....	57,421	11,260	12,674	14,146	9,599	3,814	4,092	1,836
Amount.....	632,125	33,588	37,877	62,961	76,451	52,701	109,548	258,999
Taxable pensions and annuities:								
Number of returns.....	78,999	25,227	24,521	17,591	7,884	1,925	1,404	447
Amount.....	655,241	125,749	212,552	169,051	89,167	26,337	23,106	9,278
Unemployment compensation:								
Number of returns.....	40,941	16,313	14,306	8,555	1,512	186	60	9
Amount.....	61,963	24,737	22,125	12,077	2,328	358	314	23
Total itemized deductions:								
Number of returns.....	146,323	9,840	29,345	56,204	33,707	8,307	6,579	2,341
Amount.....	1,696,311	91,066	226,279	508,376	401,356	139,318	164,237	165,680
Taxable income:								
Number of returns.....	475,504	152,534	155,938	109,099	40,015	8,780	6,769	2,369
Amount.....	9,201,489	540,352	1,977,148	2,828,026	1,695,908	553,780	695,047	911,227
Total tax liability:								
Number of returns.....	484,885	161,488	156,299	109,118	40,048	8,783	6,776	2,373
Amount.....	1,808,122	96,304	323,071	476,296	334,994	129,471	187,344	260,642
Average (whole dollars).....	3,728	596	2,067	4,364	8,364	14,741	27,648	109,836
Earned income credit:								
Number of returns.....	50,529	35,521	15,008	--	--	--	--	--
Amount.....	26,529	23,296	3,233	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	30,845	29,167	1,678	--	--	--	--	--
Amount.....	15,782	15,464	318	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MARYLAND</b>								
Number of returns.....	2,314,426	827,341	587,743	451,154	271,863	96,517	60,977	18,831
Number of exemptions.....	4,704,697	1,035,370	1,165,943	1,136,709	811,579	299,762	193,206	62,128
Adjusted gross income.....	76,934,281	5,079,017	12,797,203	17,620,024	16,462,428	8,225,831	7,909,272	8,840,507
Salaries and wages:								
Number of returns.....	2,001,509	657,425	520,915	412,406	252,440	89,278	53,688	15,357
Amount.....	59,294,346	4,483,292	10,642,077	14,783,300	13,804,773	6,641,761	5,359,449	3,579,693
Interest income:								
Number of returns.....	1,508,413	365,244	348,584	369,651	252,538	93,600	60,073	18,723
Amount.....	4,190,846	541,617	594,806	698,876	628,280	356,970	477,774	892,523
Dividends:								
Number of returns.....	491,616	86,496	80,207	112,658	104,688	50,776	41,312	15,479
Amount.....	1,628,709	115,516	149,273	223,820	246,714	170,405	274,328	448,653
Net capital gain (less loss):								
Number of returns.....	244,167	32,657	33,466	50,350	51,595	30,386	31,387	14,326
Amount.....	3,129,822	158,675	61,202	126,676	202,803	191,217	479,013	1,910,239
Taxable pensions and annuities:								
Number of returns.....	347,191	80,191	88,429	81,819	57,792	21,813	13,760	3,387
Amount.....	4,124,128	464,345	893,661	1,055,349	876,909	399,108	320,087	114,670
Unemployment compensation:								
Number of returns.....	91,142	28,892	29,126	21,701	8,990	1,725	632	76
Amount.....	167,850	53,500	55,442	37,329	16,366	3,550	1,466	196
Total itemized deductions:								
Number of returns.....	900,742	41,226	143,817	293,162	248,760	94,641	60,395	18,741
Amount.....	13,122,700	445,515	1,195,134	3,068,170	3,459,996	1,781,834	1,643,874	1,528,177
Taxable income:								
Number of returns.....	2,011,174	533,993	579,614	449,907	271,547	96,436	60,885	18,792
Amount.....	51,674,421	1,897,784	7,744,083	11,710,751	11,335,340	5,873,365	5,902,273	7,210,826
Total tax liability:								
Number of returns.....	2,019,035	541,967	579,089	450,118	271,636	96,475	60,932	18,818
Amount.....	10,720,245	316,685	1,228,362	2,037,117	2,210,702	1,312,575	1,542,432	2,072,372
Average (whole dollars).....	5,309	584	2,121	4,525	8,138	13,605	25,313	110,127
Earned income credit:								
Number of returns.....	186,960	131,139	55,821	--	--	--	--	--
Amount.....	100,430	88,294	12,136	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	119,522	112,233	7,289	--	--	--	--	--
Amount.....	66,046	64,664	1,382	--	--	--	--	--

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MASSACHUSETTS</b>								
Number of returns.....	2,956,473	1,045,236	805,027	586,417	320,583	99,438	74,001	25,771
Number of exemptions.....	5,770,456	1,240,202	1,481,079	1,474,447	954,669	304,078	233,018	82,963
Adjusted gross income.....	96,339,543	6,063,542	17,604,856	22,819,808	19,308,373	8,472,177	9,757,232	12,313,554
Salaries and wages:								
Number of returns.....	2,525,377	794,279	708,366	543,860	301,178	91,557	64,825	21,312
Amount.....	73,551,332	5,324,094	14,330,270	19,260,734	16,311,088	6,716,335	6,476,172	5,132,638
Interest income:								
Number of returns.....	2,212,082	606,117	580,968	520,199	308,013	97,743	73,346	25,696
Amount.....	6,585,471	997,304	1,176,877	1,192,522	926,235	461,640	665,079	1,165,815
Dividends:								
Number of returns.....	672,455	138,403	131,657	153,399	123,573	53,956	50,142	21,325
Amount.....	2,355,787	183,919	226,789	300,000	303,609	209,417	391,633	740,420
Net capital gain (less loss):								
Number of returns.....	333,139	52,216	52,852	69,811	64,793	34,373	39,589	19,505
Amount.....	4,186,823	186,846	88,014	173,144	279,524	259,410	706,122	2,493,763
Taxable pensions and annuities:								
Number of returns.....	441,713	130,040	126,735	93,273	56,007	18,121	13,078	4,459
Amount.....	3,499,169	633,043	1,015,447	809,244	507,112	206,529	193,908	133,887
Unemployment compensation:								
Number of returns.....	225,708	56,561	73,425	62,086	26,206	4,964	2,173	293
Amount.....	624,918	132,779	215,813	179,065	74,345	14,808	7,109	999
Total itemized deductions:								
Number of returns.....	967,404	58,149	150,174	300,204	265,688	94,754	72,817	25,618
Amount.....	13,986,978	624,877	1,317,167	3,118,306	3,473,177	1,675,882	1,929,817	1,847,751
Taxable income:								
Number of returns.....	2,606,938	711,721	792,181	584,097	320,081	99,283	73,848	25,727
Amount.....	67,128,704	2,605,726	11,202,753	15,703,767	13,721,770	6,192,645	7,385,826	10,316,217
Total tax liability:								
Number of returns.....	2,630,568	731,451	795,144	584,713	320,234	99,340	73,927	25,759
Amount.....	14,139,090	447,660	1,818,244	2,807,001	2,743,673	1,416,456	1,956,417	2,949,639
Average (whole dollars).....	5,374	612	2,286	4,800	8,567	14,258	26,464	114,509
Earned income credit:								
Number of returns.....	151,178	103,095	48,083	--	--	--	--	--
Amount.....	77,302	67,093	10,209	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	90,417	84,545	5,872	--	--	--	--	--
Amount.....	47,362	46,230	1,132	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MICHIGAN</b>								
Number of returns.....	4,144,719	1,704,800	951,453	821,780	444,382	126,635	71,897	23,772
Number of exemptions.....	8,777,674	2,279,394	2,101,103	2,282,538	1,397,826	406,545	232,974	77,294
Adjusted gross income.....	121,711,416	10,499,033	20,741,215	32,152,713	26,719,976	10,745,148	9,350,197	11,503,134
Salaries and wages:								
Number of returns.....	3,521,530	1,315,376	812,832	767,255	422,198	118,896	64,245	20,728
Amount.....	95,557,258	7,955,212	16,102,524	27,514,565	23,005,400	8,791,655	6,542,208	5,645,695
Interest income:								
Number of returns.....	2,724,237	808,951	615,991	671,469	411,901	122,050	70,266	23,609
Amount.....	6,770,961	1,244,642	1,370,389	1,233,028	952,291	451,837	556,322	962,451
Dividends:								
Number of returns.....	1,052,114	208,914	192,309	272,193	225,559	80,938	52,248	19,953
Amount.....	2,805,782	273,408	360,873	422,640	397,881	232,506	334,772	783,702
Net capital gain (less loss):								
Number of returns.....	501,095	90,739	92,213	118,531	99,684	43,693	38,141	18,094
Amount.....	3,248,711	162,906	149,896	254,655	314,977	237,766	450,852	1,677,659
Taxable pensions and annuities:								
Number of returns.....	758,276	252,858	188,705	157,659	104,651	33,445	16,607	4,351
Amount.....	5,691,153	1,381,046	1,676,573	1,203,704	762,068	307,311	237,853	122,599
Unemployment compensation:								
Number of returns.....	409,105	93,437	116,629	135,125	53,149	8,831	1,788	146
Amount.....	834,058	176,854	281,005	259,000	96,176	16,108	4,466	448
Total itemized deductions:								
Number of returns.....	1,369,697	75,951	213,702	478,584	385,242	121,919	70,667	23,632
Amount.....	15,356,052	669,205	1,546,650	4,002,363	4,221,536	1,834,220	1,600,484	1,481,595
Taxable income:								
Number of returns.....	3,456,089	1,026,843	941,848	821,032	444,185	126,577	71,848	23,756
Amount.....	82,677,001	3,469,337	12,333,171	22,119,566	19,474,886	8,098,922	7,302,851	9,878,267
Total tax liability:								
Number of returns.....	3,488,858	1,058,692	942,661	821,020	444,243	126,598	71,875	23,769
Amount.....	16,806,803	589,796	1,985,447	3,809,905	3,848,824	1,831,811	1,923,084	2,817,937
Average (whole dollars).....	4,817	557	2,106	4,640	8,663	14,469	26,755	118,555
Earned income credit:								
Number of returns.....	308,556	226,429	82,127	--	--	--	--	--
Amount.....	163,306	145,669	17,637	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	205,310	195,505	9,805	--	--	--	--	--
Amount.....	109,445	107,590	1,855	--	--	--	--	--
<b>MINNESOTA</b>								
Number of returns.....	1,994,366	798,177	509,433	404,198	187,890	48,363	34,897	11,408
Number of exemptions.....	4,261,461	1,022,728	1,131,820	1,190,512	606,175	157,142	115,809	37,275
Adjusted gross income.....	57,353,862	4,655,997	11,129,418	15,721,317	11,206,133	4,116,256	4,605,247	5,919,495
Salaries and wages:								
Number of returns.....	1,682,679	614,039	434,875	372,889	175,973	44,223	30,857	9,823
Amount.....	43,707,855	3,899,515	8,574,295	13,063,301	9,360,272	3,172,898	3,178,290	2,459,283
Interest income:								
Number of returns.....	1,432,450	455,407	359,051	347,943	177,331	47,018	34,347	11,353
Amount.....	3,593,479	709,806	755,853	663,469	440,416	199,509	277,716	546,709
Dividends:								
Number of returns.....	473,876	106,001	101,303	119,992	83,400	29,062	24,658	9,460
Amount.....	1,268,336	142,224	164,059	185,976	158,800	91,352	149,728	376,195
Net capital gain (less loss):								
Number of returns.....	306,902	64,236	67,233	72,009	51,653	21,406	21,233	9,132
Amount.....	2,199,131	151,437	144,585	186,396	173,788	121,443	256,649	1,164,833
Taxable pensions and annuities:								
Number of returns.....	273,456	87,554	83,120	58,660	28,478	7,882	5,769	1,993
Amount.....	2,098,688	405,572	673,408	511,338	269,786	94,067	86,643	57,873
Unemployment compensation:								
Number of returns.....	123,832	31,592	43,963	35,363	10,579	1,570	662	103
Amount.....	279,892	56,834	105,917	86,378	24,734	3,983	1,740	306
Total itemized deductions:								
Number of returns.....	708,931	43,601	136,171	264,708	171,581	47,020	34,482	11,368
Amount.....	8,784,436	387,606	1,054,808	2,443,973	2,134,753	831,726	939,059	992,510
Taxable income:								
Number of returns.....	1,715,854	527,939	502,097	403,553	187,727	48,305	34,847	11,386
Amount.....	37,623,366	1,738,454	6,493,569	10,299,161	7,808,193	2,975,522	3,444,371	4,864,096
Total tax liability:								
Number of returns.....	1,744,696	555,894	502,967	403,459	187,773	48,325	34,876	11,402
Amount.....	7,643,842	312,006	1,072,287	1,764,979	1,524,028	677,262	905,168	1,388,112
Average (whole dollars).....	4,381	561	2,131	4,374	8,116	14,014	25,953	121,742
Earned income credit:								
Number of returns.....	125,594	87,083	38,511	--	--	--	--	--
Amount.....	65,011	56,857	8,154	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	76,160	71,095	5,065	--	--	--	--	--
Amount.....	38,368	37,417	951	--	--	--	--	--

See notes following Table 20.

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)**

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MISSISSIPPI</b>								
Number of returns.....	995,697	529,960	241,690	146,013	54,583	11,890	8,370	3,191
Number of exemptions.....	2,341,712	983,551	651,702	452,850	177,108	38,477	27,484	10,540
Adjusted gross income.....	20,784,199	3,284,622	5,191,752	5,618,636	3,237,759	1,008,828	1,112,691	1,329,911
Salaries and wages:								
Number of returns.....	872,768	452,144	216,729	135,001	49,818	10,134	6,474	2,468
Amount.....	16,424,800	3,068,044	4,332,924	4,743,318	2,577,210	663,545	540,444	499,316
Interest income:								
Number of returns.....	422,884	134,335	114,182	103,756	48,096	11,238	8,113	3,164
Amount.....	1,186,652	238,129	259,794	233,674	163,675	69,748	97,722	123,910
Dividends:								
Number of returns.....	119,789	25,457	26,688	31,742	20,926	6,646	5,719	2,611
Amount.....	297,333	28,896	37,224	46,332	43,268	25,991	45,309	70,312
Net capital gain (less loss):								
Number of returns.....	67,968	13,547	14,086	16,512	12,031	4,636	4,756	2,400
Amount.....	512,645	37,897	31,977	50,154	59,142	41,120	87,969	204,385
Taxable pensions and annuities:								
Number of returns.....	113,842	35,715	33,938	26,700	12,497	2,784	1,695	513
Amount.....	948,753	189,373	286,464	251,682	140,612	39,851	28,588	12,183
Unemployment compensation:								
Number of returns.....	74,777	41,227	21,029	10,555	1,746	169	45	6
Amount.....	90,090	49,333	25,839	12,108	2,440	280	84	5
Total itemized deductions:								
Number of returns.....	194,861	14,539	43,438	71,876	43,273	10,669	7,923	3,143
Amount.....	2,067,816	145,323	328,567	613,673	473,985	155,868	169,884	180,516
Taxable income:								
Number of returns.....	707,624	245,967	237,853	145,846	54,544	11,869	8,358	3,187
Amount.....	12,431,349	779,426	2,731,186	3,756,658	2,369,775	774,322	890,197	1,129,784
Total tax liability:								
Number of returns.....	724,282	263,100	237,361	145,837	54,548	11,879	8,366	3,191
Amount.....	2,432,710	140,764	439,265	626,034	472,849	183,080	243,080	327,637
Average (whole dollars).....	3,358	535	1,850	4,292	8,668	15,412	29,055	102,675
Earned income credit:								
Number of returns.....	243,888	203,062	40,826	--	--	--	--	--
Amount.....	147,891	138,639	9,252	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	194,273	187,484	6,789	--	--	--	--	--
Amount.....	115,841	114,492	1,349	--	--	--	--	--
<b>MISSOURI</b>								
Number of returns.....	2,268,576	994,018	577,356	420,436	185,991	47,671	31,295	11,809
Number of exemptions.....	4,961,608	1,489,831	1,377,320	1,214,267	587,286	152,017	101,840	39,047
Adjusted gross income.....	59,895,558	5,954,273	12,536,082	16,281,445	11,106,570	4,050,987	4,123,391	5,842,810
Salaries and wages:								
Number of returns.....	1,897,829	774,250	491,338	383,647	170,873	42,222	25,918	9,581
Amount.....	45,350,406	5,005,990	9,776,218	13,575,853	9,097,131	2,998,792	2,496,824	2,399,598
Interest income:								
Number of returns.....	1,414,103	445,654	364,473	342,983	172,585	45,988	30,684	11,736
Amount.....	4,344,811	843,848	967,384	832,963	571,442	255,963	324,057	549,154
Dividends:								
Number of returns.....	485,151	101,684	104,948	127,522	88,453	29,811	22,743	9,990
Amount.....	1,612,658	134,075	191,319	230,740	212,921	131,674	215,550	496,379
Net capital gain (less loss):								
Number of returns.....	281,687	59,454	61,947	66,805	46,697	19,314	18,229	9,241
Amount.....	2,007,645	131,308	114,427	164,988	181,391	131,415	268,826	1,015,290
Taxable pensions and annuities:								
Number of returns.....	357,700	117,318	106,147	75,613	39,048	10,777	6,582	2,215
Amount.....	2,654,571	556,444	829,982	627,008	354,957	124,601	99,787	61,791
Unemployment compensation:								
Number of returns.....	166,722	65,210	51,947	38,469	9,686	1,063	301	46
Amount.....	238,656	92,264	77,607	53,173	13,448	1,549	532	84
Total itemized deductions:								
Number of returns.....	572,963	36,464	103,838	205,041	143,745	42,645	29,605	11,625
Amount.....	6,362,874	327,829	777,821	1,731,149	1,559,866	627,451	634,747	704,013
Taxable income:								
Number of returns.....	1,849,839	582,656	570,625	419,964	185,896	47,643	31,265	11,790
Amount.....	39,967,890	1,943,710	7,181,944	11,173,846	8,199,769	3,108,684	3,290,994	5,068,944
Total tax liability:								
Number of returns.....	1,886,457	618,856	570,961	420,000	185,916	47,647	31,276	11,801
Amount.....	8,124,862	346,864	1,169,278	1,910,680	1,638,529	721,339	885,695	1,452,476
Average (whole dollars).....	4,306	560	2,047	4,549	8,813	15,139	28,318	123,080
Earned income credit:								
Number of returns.....	244,393	181,992	62,401	--	--	--	--	--
Amount.....	134,914	121,311	13,603	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	166,192	158,409	7,783	--	--	--	--	--
Amount.....	91,551	90,055	1,495	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MONTANA</b>								
Number of returns.....	349,307	172,423	89,095	59,438	19,933	4,241	3,130	1,047
Number of exemptions.....	792,811	277,813	236,261	186,514	64,858	13,675	10,278	3,412
Adjusted gross income.....	7,517,876	758,305	1,938,107	2,286,516	1,173,557	361,366	413,841	586,182
Salaries and wages:								
Number of returns.....	272,552	125,299	72,655	51,873	16,733	3,137	2,137	718
Amount.....	5,196,262	781,728	1,397,506	1,747,406	805,220	179,020	160,271	125,112
Interest income:								
Number of returns.....	234,650	91,123	64,798	51,598	18,869	4,151	3,073	1,038
Amount.....	676,809	149,374	156,218	137,989	88,944	37,816	45,314	61,152
Dividends:								
Number of returns.....	84,281	25,457	21,796	20,732	10,300	2,829	2,294	873
Amount.....	310,994	33,498	40,413	41,474	32,664	14,621	21,810	126,515
Net capital gain (less loss):								
Number of returns.....	62,087	19,268	15,714	14,113	7,443	2,486	2,215	848
Amount.....	458,696	44,357	40,492	51,488	49,417	30,583	53,642	188,716
Taxable pensions and annuities:								
Number of returns.....	52,328	19,698	16,566	10,362	4,021	940	569	172
Amount.....	431,380	98,832	146,799	108,771	49,773	13,890	9,835	3,479
Unemployment compensation:								
Number of returns.....	23,879	9,016	9,214	4,804	739	73	28	5
Amount.....	36,772	12,564	15,253	7,602	1,158	125	61	10
Total itemized deductions:								
Number of returns.....	94,855	12,157	24,538	34,629	15,901	3,717	2,895	1,018
Amount.....	987,426	90,503	177,424	298,491	179,527	57,495	66,750	117,235
Taxable income:								
Number of returns.....	267,509	92,427	87,420	59,343	19,911	4,236	3,126	1,046
Amount.....	4,741,272	286,953	1,031,806	1,505,783	850,576	276,261	327,227	462,666
Total tax liability:								
Number of returns.....	277,896	102,737	87,527	59,312	19,909	4,238	3,127	1,046
Amount.....	979,813	56,745	173,513	258,730	173,678	67,149	90,095	159,902
Average (whole dollars).....	3,525	552	1,982	4,362	8,723	15,844	28,811	152,869
Earned income credit:								
Number of returns.....	40,760	30,744	10,016	--	--	--	--	--
Amount.....	22,158	19,986	2,172	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	27,734	26,146	1,588	--	--	--	--	--
Amount.....	14,379	14,075	304	--	--	--	--	--
<b>NEBRASKA</b>								
Number of returns.....	721,760	324,465	190,066	133,404	50,680	11,814	8,232	3,099
Number of exemptions.....	1,609,601	464,670	482,375	417,879	167,451	39,229	27,663	10,334
Adjusted gross income.....	17,773,115	1,811,264	4,136,297	5,135,601	3,006,321	1,005,593	1,085,827	1,592,212
Salaries and wages:								
Number of returns.....	588,644	247,699	159,217	118,317	44,531	9,859	6,492	2,529
Amount.....	12,745,257	1,594,395	3,118,293	4,030,826	2,241,442	634,589	563,477	562,234
Interest income:								
Number of returns.....	496,410	176,525	133,803	115,172	48,201	11,525	8,099	3,085
Amount.....	1,425,758	299,824	337,076	297,867	179,757	73,270	91,482	146,481
Dividends:								
Number of returns.....	156,676	37,777	37,920	41,335	24,068	7,251	5,741	2,584
Amount.....	390,201	45,131	58,246	67,393	56,963	29,581	47,966	84,922
Net capital gain (less loss):								
Number of returns.....	106,486	25,924	26,370	25,723	15,363	5,534	5,108	2,464
Amount.....	721,048	54,955	64,594	81,920	70,262	42,901	85,056	321,360
Taxable pensions and annuities:								
Number of returns.....	90,174	29,063	27,045	19,834	9,459	2,511	1,638	624
Amount.....	649,916	118,027	192,655	164,301	100,124	31,563	24,235	19,010
Unemployment compensation:								
Number of returns.....	26,558	10,735	9,604	5,208	877	98	36	--
Amount.....	33,246	13,078	12,473	6,344	1,126	171	54	--
Total itemized deductions:								
Number of returns.....	177,546	14,263	36,581	66,205	39,485	10,300	7,657	3,055
Amount.....	1,942,222	126,841	275,594	565,062	442,488	159,770	170,524	201,944
Taxable income:								
Number of returns.....	594,779	200,398	187,309	133,289	50,652	11,807	8,226	3,098
Amount.....	11,567,783	649,635	2,299,511	3,434,413	2,186,453	764,525	861,589	1,371,657
Total tax liability:								
Number of returns.....	609,210	214,968	187,249	133,200	50,657	11,810	8,227	3,099
Amount.....	2,349,704	120,100	385,170	593,622	443,916	181,214	233,450	392,233
Average (whole dollars).....	3,856	558	2,056	4,456	8,763	15,344	28,376	126,567
Earned income credit:								
Number of returns.....	65,244	46,426	18,818	--	--	--	--	--
Amount.....	34,740	30,693	4,047	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	42,041	39,181	2,860	--	--	--	--	--
Amount.....	22,139	21,592	547	--	--	--	--	--

See notes following Table 20.

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)**

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>NEVADA</b>								
Number of returns.....	583,408	240,764	159,933	108,588	48,335	12,434	8,906	4,448
Number of exemptions.....	1,207,556	350,714	341,277	293,024	145,642	37,200	26,542	13,157
Adjusted gross income.....	17,175,259	1,341,776	3,449,688	4,206,187	2,888,366	1,054,951	1,185,048	3,049,243
Salaries and wages:								
Number of returns.....	500,805	194,568	142,044	99,474	44,086	10,725	6,746	3,162
Amount.....	12,368,874	1,452,506	2,853,834	3,523,058	2,323,865	737,120	618,011	860,481
Interest income:								
Number of returns.....	302,569	79,021	80,849	76,447	41,723	11,628	8,524	4,377
Amount.....	1,197,441	141,851	170,099	171,079	134,517	74,392	118,301	387,203
Dividends:								
Number of returns.....	93,080	18,441	20,463	23,418	16,427	5,917	5,188	3,226
Amount.....	388,933	32,006	40,832	50,138	43,758	26,203	46,425	149,571
Net capital gain (less loss):								
Number of returns.....	65,634	11,850	13,322	15,179	11,455	5,094	5,242	3,492
Amount.....	1,133,332	38,854	20,853	47,954	65,253	56,276	138,000	766,140
Taxable pensions and annuities:								
Number of returns.....	81,146	21,410	23,995	19,090	10,788	3,104	1,986	773
Amount.....	835,404	120,532	227,938	219,959	141,719	50,559	39,846	34,851
Unemployment compensation:								
Number of returns.....	33,763	10,674	10,805	8,751	2,929	403	176	25
Amount.....	54,116	17,243	18,300	13,175	4,293	692	364	49
Total itemized deductions:								
Number of returns.....	160,911	13,969	35,196	54,107	35,702	10,287	7,610	4,040
Amount.....	2,024,628	126,469	290,789	526,017	435,230	169,135	175,344	301,646
Taxable income:								
Number of returns.....	483,050	143,326	157,424	108,317	48,255	12,417	8,878	4,433
Amount.....	12,064,381	559,392	2,024,320	2,864,747	2,109,862	806,282	955,528	2,744,251
Total tax liability:								
Number of returns.....	489,002	149,107	157,497	108,372	48,277	12,423	8,888	4,438
Amount.....	2,562,152	94,772	323,943	496,067	422,496	188,132	260,523	776,219
Average (whole dollars).....	5,239	635	2,056	4,577	8,751	15,143	29,311	174,902
Earned income credit:								
Number of returns.....	54,497	39,266	15,231	--	--	--	--	--
Amount.....	30,167	26,753	3,415	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	36,674	34,140	2,534	--	--	--	--	--
Amount.....	20,645	20,145	500	--	--	--	--	--
<b>NEW HAMPSHIRE</b>								
Number of returns.....	553,090	200,021	145,982	115,589	60,541	16,488	11,035	3,434
Number of exemptions.....	1,135,396	238,913	292,083	319,600	186,760	52,002	35,283	10,755
Adjusted gross income.....	17,145,953	1,058,794	3,179,243	4,517,214	3,629,342	1,403,626	1,441,435	1,916,298
Salaries and wages:								
Number of returns.....	478,651	158,326	129,551	107,248	56,601	14,902	9,299	2,724
Amount.....	13,233,940	1,064,651	2,617,155	3,839,137	3,060,182	1,080,807	903,984	668,025
Interest income:								
Number of returns.....	397,170	107,897	100,280	100,216	58,150	16,254	10,950	3,423
Amount.....	1,092,120	173,110	196,975	207,806	160,361	79,473	115,467	158,929
Dividends:								
Number of returns.....	122,491	24,848	24,270	29,937	24,030	9,165	7,450	2,791
Amount.....	451,617	33,208	46,730	59,193	60,715	39,160	71,536	141,074
Net capital gain (less loss):								
Number of returns.....	64,457	10,396	11,203	14,584	13,163	6,207	6,244	2,660
Amount.....	1,011,381	29,001	25,747	48,088	68,316	58,006	136,791	645,432
Taxable pensions and annuities:								
Number of returns.....	73,109	19,542	20,349	16,929	10,285	3,140	2,171	693
Amount.....	610,969	89,012	155,722	150,411	106,208	43,695	40,092	25,829
Unemployment compensation:								
Number of returns.....	29,461	6,766	10,075	8,817	3,108	501	173	21
Amount.....	47,182	9,382	15,589	14,237	6,209	1,185	520	61
Total itemized deductions:								
Number of returns.....	176,576	11,905	29,710	58,968	47,739	14,751	10,232	3,271
Amount.....	2,293,261	132,175	265,130	604,995	620,716	254,400	243,863	171,980
Taxable income:								
Number of returns.....	481,045	131,206	143,281	115,177	60,474	16,469	11,016	3,422
Amount.....	11,905,662	469,763	1,930,139	3,029,898	2,582,009	1,040,767	1,128,112	1,724,974
Total tax liability:								
Number of returns.....	487,507	136,730	144,055	115,296	60,494	16,476	11,025	3,431
Amount.....	2,463,817	82,259	316,340	525,238	510,809	238,471	300,082	490,617
Average (whole dollars).....	5,053	601	2,195	4,555	8,443	14,473	27,218	142,995
Earned income credit:								
Number of returns.....	31,858	21,455	10,403	--	--	--	--	--
Amount.....	16,469	14,221	2,248	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	18,454	17,200	1,254	--	--	--	--	--
Amount.....	9,594	9,365	229	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>NEW JERSEY</b>								
Number of returns.....	3,832,302	1,348,922	963,858	739,872	453,802	162,713	120,149	42,986
Number of exemptions.....	7,834,394	1,704,248	1,899,675	1,845,884	1,353,672	505,252	384,642	141,021
Adjusted gross income.....	137,226,543	8,251,670	21,088,580	28,881,828	27,490,474	13,884,327	15,794,358	21,835,306
Salaries and wages:								
Number of returns.....	3,250,817	1,013,796	837,204	677,676	425,574	151,812	107,853	36,902
Amount.....	105,132,049	6,795,193	17,023,367	24,185,969	23,340,886	11,422,069	11,382,000	10,982,566
Interest income:								
Number of returns.....	2,717,645	717,319	637,300	623,057	423,529	156,763	117,106	42,571
Amount.....	9,043,111	1,281,174	1,500,148	1,565,205	1,258,876	648,224	892,888	1,896,597
Dividends:								
Number of returns.....	1,015,983	206,183	177,468	222,012	198,837	92,586	83,263	35,634
Amount.....	3,573,844	305,126	392,805	514,537	503,898	309,655	509,061	1,038,763
Net capital gain (less loss):								
Number of returns.....	470,388	73,440	69,961	93,761	91,173	50,938	59,245	31,870
Amount.....	5,566,659	164,299	84,833	192,783	311,392	304,136	813,400	3,695,815
Taxable pensions and annuities:								
Number of returns.....	580,645	156,442	154,475	123,715	85,198	31,086	22,486	7,243
Amount.....	4,786,630	732,288	1,211,417	1,111,779	812,810	342,953	331,431	243,951
Unemployment compensation:								
Number of returns.....	249,533	74,342	74,275	59,888	30,663	6,775	3,147	443
Amount.....	602,190	166,212	192,057	144,077	72,577	17,114	8,883	1,269
Total itemized deductions:								
Number of returns.....	1,378,967	82,021	211,893	397,581	374,519	153,118	117,151	42,684
Amount.....	21,044,345	861,374	1,997,467	4,157,332	5,061,261	2,763,439	3,128,025	3,075,448
Taxable income:								
Number of returns.....	3,348,313	887,065	945,915	736,821	453,111	162,501	119,978	42,922
Amount.....	95,770,250	3,078,885	12,949,462	19,756,840	19,448,119	10,102,357	11,923,951	18,510,635
Total tax liability:								
Number of returns.....	3,370,562	905,552	948,340	737,704	453,363	162,585	120,064	42,954
Amount.....	20,772,128	523,315	2,086,771	3,541,068	3,886,729	2,289,189	3,135,734	5,309,322
Average (whole dollars).....	6,162	577	2,200	4,800	8,573	14,079	26,117	123,604
Earned income credit:								
Number of returns.....	271,824	194,190	77,634	--	--	--	--	--
Amount.....	147,271	130,340	16,931	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	174,789	163,698	11,091	--	--	--	--	--
Amount.....	96,249	94,094	2,156	--	--	--	--	--
<b>NEW MEXICO</b>								
Number of returns.....	643,490	319,576	160,374	100,646	42,302	11,155	7,283	2,154
Number of exemptions.....	1,499,527	574,167	421,269	305,983	133,889	34,776	22,832	6,611
Adjusted gross income.....	14,547,844	1,851,743	3,455,041	3,878,275	2,523,119	948,470	950,379	940,817
Salaries and wages:								
Number of returns.....	540,483	256,762	138,766	90,076	37,838	9,623	5,830	1,588
Amount.....	11,029,527	1,693,827	2,768,040	3,138,200	1,965,885	660,350	522,156	281,069
Interest income:								
Number of returns.....	343,237	111,864	93,379	79,101	38,801	10,780	7,171	2,141
Amount.....	936,294	171,761	192,657	185,970	136,708	67,386	82,985	98,826
Dividends:								
Number of returns.....	109,694	24,404	24,727	28,146	18,819	6,711	5,143	1,744
Amount.....	331,670	35,497	43,532	55,677	48,477	28,264	51,338	68,884
Net capital gain (less loss):								
Number of returns.....	70,858	15,369	15,211	16,782	12,107	5,040	4,608	1,741
Amount.....	521,010	33,490	24,476	43,063	51,360	40,175	87,246	241,200
Taxable pensions and annuities:								
Number of returns.....	93,329	28,609	27,600	21,367	10,541	2,953	1,817	442
Amount.....	988,440	165,067	281,332	271,309	159,828	56,692	38,436	15,775
Unemployment compensation:								
Number of returns.....	32,994	16,597	10,588	4,564	1,010	166	60	9
Amount.....	56,759	27,768	18,899	7,794	1,800	350	125	23
Total itemized deductions:								
Number of returns.....	153,097	13,628	34,450	52,526	33,439	10,072	6,880	2,102
Amount.....	1,749,381	112,448	267,765	488,493	403,986	164,443	162,896	149,350
Taxable income:								
Number of returns.....	473,788	153,440	157,102	100,434	42,260	11,139	7,267	2,146
Amount.....	8,979,847	512,911	1,839,461	2,571,436	1,818,680	713,110	743,705	780,544
Total tax liability:								
Number of returns.....	487,895	167,496	157,094	100,470	42,268	11,143	7,274	2,150
Amount.....	1,772,913	93,631	295,840	434,983	361,841	164,310	198,417	223,890
Average (whole dollars).....	3,633	559	1,883	4,329	8,560	14,745	27,277	104,134
Earned income credit:								
Number of returns.....	112,334	88,731	23,603	--	--	--	--	--
Amount.....	63,871	58,611	5,260	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	85,682	81,077	4,605	--	--	--	--	--
Amount.....	47,766	46,835	931	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>NEW YORK</b>								
Number of returns.....	8,179,689	3,127,528	2,166,342	1,524,625	803,123	269,166	202,233	86,672
Number of exemptions.....	16,822,971	4,365,816	4,543,344	3,862,688	2,367,027	811,199	608,178	264,719
Adjusted gross income.....	275,422,642	18,800,349	47,221,195	59,272,391	48,394,693	22,965,026	26,767,047	52,001,942
Salaries and wages:								
Number of returns.....	6,869,647	2,329,619	1,892,567	1,402,506	749,423	248,061	176,840	70,631
Amount.....	201,341,991	15,934,172	38,348,364	49,752,784	40,405,305	18,244,175	17,921,856	20,735,336
Interest income:								
Number of returns.....	5,676,244	1,604,353	1,451,324	1,311,714	762,309	262,212	198,355	85,977
Amount.....	20,934,791	3,134,268	3,361,014	3,331,237	2,593,637	1,316,137	1,882,544	5,315,951
Dividends:								
Number of returns.....	1,884,260	401,748	363,924	432,089	334,367	145,048	135,202	71,882
Amount.....	8,135,689	594,448	741,258	927,653	891,992	568,159	1,032,008	3,380,170
Net capital gain (less loss):								
Number of returns.....	969,020	163,610	163,312	206,002	176,552	90,735	103,269	65,540
Amount.....	13,987,477	515,189	229,251	433,788	611,816	557,225	1,438,397	10,201,812
Taxable pensions and annuities:								
Number of returns.....	1,197,888	370,117	332,506	245,834	147,324	50,232	37,130	14,745
Amount.....	10,135,372	1,795,131	2,714,675	2,312,928	1,552,870	633,929	596,104	529,737
Unemployment compensation:								
Number of returns.....	516,745	171,509	163,326	116,458	49,262	10,708	4,703	779
Amount.....	1,100,132	326,737	375,149	250,518	107,797	25,041	12,533	2,359
Total itemized deductions:								
Number of returns.....	2,891,307	166,806	507,476	944,771	723,582	262,431	199,904	86,337
Amount.....	46,494,439	1,952,432	4,313,976	9,314,986	9,679,282	4,951,131	5,934,119	10,348,515
Taxable income:								
Number of returns.....	6,957,017	1,951,494	2,128,743	1,518,356	801,570	268,703	201,738	86,413
Amount.....	186,245,193	6,771,730	28,114,988	40,085,332	33,800,324	16,441,955	19,708,785	41,322,081
Total tax liability:								
Number of returns.....	7,034,284	2,026,090	2,128,927	1,519,732	802,099	268,871	201,987	86,578
Amount.....	40,309,231	1,185,846	4,490,368	7,097,947	6,747,686	3,750,460	5,226,494	11,810,432
Average (whole dollars).....	5,730	585	2,109	4,670	8,412	13,948	25,875	136,413
Earned income credit:								
Number of returns.....	745,760	537,180	208,580	--	--	--	--	--
Amount.....	408,300	363,575	44,725	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	487,157	457,332	29,825	--	--	--	--	--
Amount.....	270,748	265,095	5,654	--	--	--	--	--
<b>NORTH CAROLINA</b>								
Number of returns.....	3,002,276	1,357,162	784,913	519,796	223,825	59,198	41,769	15,613
Number of exemptions.....	6,347,208	2,017,751	1,805,221	1,473,221	685,998	184,112	131,592	49,313
Adjusted gross income.....	77,688,926	9,306,256	16,842,333	20,086,158	13,375,571	5,034,853	5,525,833	7,517,921
Salaries and wages:								
Number of returns.....	2,657,318	1,157,383	709,030	484,027	207,245	52,851	34,720	12,062
Amount.....	59,490,101	8,189,845	14,067,734	16,960,579	10,872,317	3,651,114	3,206,275	2,542,237
Interest income:								
Number of returns.....	1,624,263	461,598	434,802	406,484	207,058	57,567	41,191	15,563
Amount.....	4,109,207	684,963	770,202	737,516	563,928	276,859	400,058	675,680
Dividends:								
Number of returns.....	508,302	96,304	103,822	129,287	99,792	35,981	29,977	13,139
Amount.....	1,524,301	122,183	170,011	222,259	226,184	139,707	239,326	404,632
Net capital gain (less loss):								
Number of returns.....	282,383	46,856	52,161	65,105	55,564	24,661	25,281	12,755
Amount.....	3,745,507	119,333	118,166	216,829	288,855	238,750	598,761	2,164,813
Taxable pensions and annuities:								
Number of returns.....	407,483	107,077	116,158	100,877	54,416	15,204	10,020	3,731
Amount.....	3,310,701	495,390	892,303	878,419	579,440	208,995	169,515	86,641
Unemployment compensation:								
Number of returns.....	192,968	76,006	68,064	40,918	6,830	794	314	42
Amount.....	199,482	72,737	70,751	43,732	9,907	1,589	672	94
Total itemized deductions:								
Number of returns.....	840,790	56,019	173,185	301,867	196,934	56,689	40,700	15,396
Amount.....	9,926,604	472,087	1,337,227	2,719,022	2,401,346	955,070	1,007,691	1,034,160
Taxable income:								
Number of returns.....	2,442,171	806,493	776,552	519,048	223,619	59,147	41,716	15,596
Amount.....	49,761,300	2,877,120	9,526,363	13,448,218	9,522,869	3,717,631	4,272,203	6,396,896
Total tax liability:								
Number of returns.....	2,476,455	840,562	776,558	519,147	223,682	59,168	41,735	15,603
Amount.....	9,997,526	491,983	1,531,236	2,253,468	1,874,419	853,843	1,140,470	1,852,107
Average (whole dollars).....	4,037	585	1,971	4,340	8,379	14,430	27,326	118,701
Earned income credit:								
Number of returns.....	414,663	315,330	99,333	--	--	--	--	--
Amount.....	238,623	216,131	22,492	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	285,352	273,722	11,630	--	--	--	--	--
Amount.....	163,686	161,495	2,191	--	--	--	--	--

See notes following Table 20.



## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>NORTH DAKOTA</b>								
Number of returns.....	279,909	132,746	73,680	49,578	16,727	3,578	2,768	832
Number of exemptions.....	639,883	201,367	197,376	160,229	56,759	11,907	9,377	2,868
Adjusted gross income.....	6,154,757	665,909	1,599,010	1,909,806	987,199	304,307	365,528	322,996
Salaries and wages:								
Number of returns.....	217,588	96,893	58,485	42,490	14,214	2,739	2,074	693
Amount.....	4,282,005	605,051	1,097,898	1,413,316	683,984	161,515	177,931	142,309
Interest income:								
Number of returns.....	199,745	78,209	55,001	43,570	15,922	3,492	2,727	824
Amount.....	543,823	122,735	146,234	120,260	66,482	28,292	32,532	27,269
Dividends:								
Number of returns.....	53,353	14,734	13,629	13,388	7,048	2,053	1,837	664
Amount.....	101,949	15,600	20,045	20,477	15,900	7,763	11,663	10,502
Net capital gain (less loss):								
Number of returns.....	44,042	13,098	11,980	9,921	5,049	1,707	1,671	616
Amount.....	196,849	28,755	34,714	36,430	25,408	14,630	22,084	34,829
Taxable pensions and annuities:								
Number of returns.....	29,927	9,586	9,619	6,769	2,698	625	484	146
Amount.....	199,037	39,943	65,434	51,662	25,284	7,192	6,574	2,947
Unemployment compensation:								
Number of returns.....	16,970	5,526	7,024	3,771	586	39	20	4
Amount.....	28,407	7,605	12,469	7,095	1,131	68	37	3
Total itemized deductions:								
Number of returns.....	55,465	5,977	11,969	20,510	11,132	2,673	2,400	804
Amount.....	616,721	124,497	88,553	169,134	115,229	37,152	47,729	34,427
Taxable income:								
Number of returns.....	225,598	79,563	72,609	49,535	16,719	3,573	2,767	832
Amount.....	3,963,224	248,962	869,581	1,287,993	734,747	240,282	298,545	283,116
Total tax liability:								
Number of returns.....	234,396	88,562	72,471	49,469	16,720	3,574	2,768	832
Amount.....	799,317	49,597	149,926	225,717	152,512	58,677	81,603	81,285
Average (whole dollars).....	3,410	560	2,068	4,562	9,121	16,417	29,480	97,698
Earned income credit:								
Number of returns.....	27,189	19,414	7,775	--	--	--	--	--
Amount.....	14,211	12,528	1,683	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	17,008	15,795	1,213	--	--	--	--	--
Amount.....	8,294	8,059	235	--	--	--	--	--
<b>OHIO</b>								
Number of returns.....	5,016,684	2,100,706	1,351,275	991,107	390,347	93,300	64,678	25,271
Number of exemptions.....	10,463,468	2,889,548	2,957,697	2,780,362	1,240,734	299,299	211,966	83,862
Adjusted gross income.....	133,501,983	13,552,243	29,421,002	38,366,398	23,177,658	7,935,462	8,530,915	12,518,306
Salaries and wages:								
Number of returns.....	4,265,924	1,638,574	1,179,259	923,899	363,899	83,702	55,063	21,528
Amount.....	103,082,033	10,428,080	23,733,019	32,962,548	19,356,570	5,928,387	5,372,306	5,301,125
Interest income:								
Number of returns.....	3,185,756	984,928	855,510	805,468	361,167	90,142	63,440	25,101
Amount.....	7,860,318	1,564,710	1,785,443	1,553,132	984,195	431,852	547,541	993,446
Dividends:								
Number of returns.....	1,097,090	235,012	241,764	300,843	188,867	60,267	48,335	22,002
Amount.....	3,158,925	291,707	405,037	494,490	439,879	258,551	419,186	850,075
Net capital gain (less loss):								
Number of returns.....	489,620	89,237	100,252	122,976	86,948	35,614	35,582	19,011
Amount.....	3,806,327	141,534	155,259	279,164	334,135	243,470	492,952	2,159,813
Taxable pensions and annuities:								
Number of returns.....	845,235	298,168	248,718	174,776	84,039	21,740	13,257	4,537
Amount.....	6,375,087	1,544,386	2,043,531	1,430,082	753,889	263,723	210,510	128,964
Unemployment compensation:								
Number of returns.....	299,082	89,997	99,242	84,231	22,292	2,493	742	85
Amount.....	532,890	152,588	200,038	140,052	34,260	4,134	1,600	220
Total itemized deductions:								
Number of returns.....	1,372,099	71,227	292,773	520,457	313,580	86,397	62,605	25,060
Amount.....	15,000,190	684,159	1,855,538	4,267,648	3,480,925	1,339,756	1,482,814	1,889,353
Taxable income:								
Number of returns.....	4,203,167	1,300,172	1,339,608	990,182	390,117	93,235	64,612	25,241
Amount.....	88,733,132	4,493,304	17,748,711	26,479,763	16,903,369	5,989,869	6,643,645	10,474,471
Total tax liability:								
Number of returns.....	4,241,782	1,338,002	1,340,161	990,274	390,178	93,254	64,647	25,266
Amount.....	17,740,229	760,860	2,870,549	4,577,676	3,362,198	1,387,507	1,781,002	3,000,437
Average (whole dollars).....	4,182	568	2,141	4,622	8,617	14,878	27,549	118,753
Earned income credit:								
Number of returns.....	417,877	303,718	114,159	--	--	--	--	--
Amount.....	224,177	199,711	24,465	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	275,025	262,523	12,502	--	--	--	--	--
Amount.....	150,421	148,078	2,343	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>OKLAHOMA</b>								
Number of returns.....	1,298,190	598,900	338,914	225,444	91,727	22,554	15,080	5,571
Number of exemptions.....	2,984,123	1,009,361	878,246	671,401	288,016	71,194	48,081	17,824
Adjusted gross income.....	31,060,146	3,111,679	7,343,441	8,697,703	5,461,806	1,914,192	1,992,674	2,538,649
Salaries and wages:								
Number of returns.....	1,058,803	455,197	285,512	201,608	81,523	19,009	11,666	4,288
Amount.....	23,433,785	3,043,161	5,726,815	7,077,656	4,268,319	1,307,757	1,082,108	927,969
Interest income:								
Number of returns.....	711,017	221,773	191,828	172,674	83,034	21,535	14,670	5,503
Amount.....	2,250,906	418,226	474,040	424,077	310,552	142,633	191,599	289,779
Dividends:								
Number of returns.....	206,604	41,759	45,112	55,940	37,105	12,545	9,843	4,300
Amount.....	573,208	54,630	69,753	86,082	79,561	48,121	74,307	160,754
Net capital gain (less loss):								
Number of returns.....	133,468	29,660	29,297	31,660	21,624	8,702	8,397	4,128
Amount.....	825,451	81,762	44,445	62,611	71,891	51,130	104,650	408,963
Taxable pensions and annuities:								
Number of returns.....	200,885	59,030	61,195	47,278	22,872	5,947	3,533	1,030
Amount.....	1,891,400	335,987	585,808	500,006	283,755	90,639	65,126	30,080
Unemployment compensation:								
Number of returns.....	58,583	23,186	21,517	10,879	2,522	338	123	18
Amount.....	97,307	38,194	35,589	18,181	4,400	647	255	41
Total itemized deductions:								
Number of returns.....	354,617	31,225	79,451	127,540	75,617	20,799	14,497	5,488
Amount.....	3,855,378	279,964	598,867	1,108,930	857,438	320,216	328,977	360,985
Taxable income:								
Number of returns.....	999,723	306,193	333,664	225,085	91,641	22,523	15,060	5,557
Amount.....	19,951,968	1,010,749	3,965,167	5,828,095	3,973,974	1,452,632	1,573,237	2,148,113
Total tax liability:								
Number of returns.....	1,034,084	340,073	334,079	225,101	91,668	22,530	15,069	5,564
Amount.....	4,012,707	195,594	650,422	988,355	793,117	338,419	426,782	620,017
Average (whole dollars).....	3,880	575	1,946	4,390	8,652	15,020	28,321	111,433
Earned income credit:								
Number of returns.....	178,748	135,459	43,289	--	--	--	--	--
Amount.....	100,317	90,846	9,471	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	125,300	118,744	6,556	--	--	--	--	--
Amount.....	69,438	68,178	1,260	--	--	--	--	--
<b>OREGON</b>								
Number of returns.....	1,271,165	553,072	332,396	238,692	97,047	24,861	18,610	6,487
Number of exemptions.....	2,801,940	854,388	793,088	695,522	301,225	77,632	59,557	20,528
Adjusted gross income.....	33,361,153	3,326,807	7,247,783	9,217,722	5,775,922	2,115,911	2,467,255	3,209,754
Salaries and wages:								
Number of returns.....	1,033,152	416,143	277,240	213,283	86,146	20,727	14,590	5,023
Amount.....	23,695,715	2,705,797	5,523,748	7,412,370	4,409,263	1,358,330	1,282,243	1,003,963
Interest income:								
Number of returns.....	815,600	259,529	217,099	198,745	91,282	24,206	18,294	6,445
Amount.....	2,372,015	468,788	518,404	457,278	309,312	143,675	193,886	280,671
Dividends:								
Number of returns.....	261,670	63,953	60,569	64,242	40,897	14,317	12,529	5,163
Amount.....	790,389	94,545	121,206	135,212	107,725	63,367	93,403	174,932
Net capital gain (less loss):								
Number of returns.....	193,573	43,137	44,259	46,020	30,955	12,386	11,695	5,121
Amount.....	1,639,526	90,871	91,014	153,141	177,405	130,444	263,600	733,052
Taxable pensions and annuities:								
Number of returns.....	197,357	70,340	60,401	39,337	18,000	4,960	3,275	1,044
Amount.....	1,710,841	349,308	541,954	428,427	231,242	73,196	54,010	32,704
Unemployment compensation:								
Number of returns.....	102,250	35,125	36,566	23,869	5,537	800	307	46
Amount.....	176,108	53,557	67,342	42,122	10,545	1,698	722	121
Total itemized deductions:								
Number of returns.....	442,707	44,499	99,740	161,134	88,694	24,003	18,214	6,423
Amount.....	5,103,136	343,431	759,905	1,494,458	1,122,560	427,780	473,253	481,750
Taxable income:								
Number of returns.....	1,025,733	313,690	326,879	238,294	96,963	24,835	18,594	6,478
Amount.....	21,273,417	1,051,939	4,054,838	6,016,917	4,035,322	1,540,808	1,881,840	2,691,753
Total tax liability:								
Number of returns.....	1,045,128	332,385	327,541	238,311	96,972	24,838	18,597	6,484
Amount.....	4,327,741	189,657	665,468	1,030,508	803,899	361,176	507,582	769,449
Average (whole dollars).....	4,140	570	2,031	4,324	8,290	14,541	27,293	118,668
Earned income credit:								
Number of returns.....	117,817	86,740	31,077	--	--	--	--	--
Amount.....	64,260	57,566	6,694	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	79,764	75,060	4,704	--	--	--	--	--
Amount.....	43,905	42,986	919	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>PENNSYLVANIA</b>								
Number of returns.....	5,505,648	2,296,933	1,450,585	1,060,373	455,762	119,163	88,170	34,662
Number of exemptions.....	11,562,397	3,215,634	3,194,026	2,974,124	1,405,762	374,558	284,611	113,682
Adjusted gross income.....	153,471,041	14,551,402	31,553,951	41,029,578	27,196,092	10,141,378	11,668,215	17,330,425
Salaries and wages:								
Number of returns.....	4,542,699	1,692,243	1,245,430	976,110	420,397	106,089	73,852	28,578
Amount.....	114,491,428	10,842,050	24,847,173	34,565,248	22,387,115	7,525,105	7,196,712	7,128,023
Interest income:								
Number of returns.....	3,778,289	1,210,584	993,142	906,730	430,749	115,846	86,755	34,483
Amount.....	9,864,202	2,032,824	2,130,735	1,844,556	1,217,541	541,516	742,118	1,354,912
Dividends:								
Number of returns.....	1,271,700	308,192	276,652	310,292	208,457	73,818	64,838	29,451
Amount.....	4,343,960	432,193	565,337	665,445	580,371	338,774	559,269	1,202,572
Net capital gain (less loss):								
Number of returns.....	550,483	106,070	107,343	124,956	95,858	43,066	47,330	25,860
Amount.....	5,235,294	215,309	185,236	330,591	427,192	325,611	749,070	3,002,285
Taxable pensions and annuities:								
Number of returns.....	971,023	370,321	273,679	184,115	91,794	25,993	18,526	6,595
Amount.....	7,460,986	1,827,166	2,240,629	1,589,766	909,829	337,057	298,305	256,234
Unemployment compensation:								
Number of returns.....	423,189	131,708	149,843	108,575	27,551	3,780	1,500	232
Amount.....	913,100	241,399	354,740	237,889	63,461	10,318	4,386	907
Total itemized deductions:								
Number of returns.....	1,401,642	76,219	248,370	503,613	349,357	106,863	83,184	34,036
Amount.....	16,317,849	786,955	1,923,369	4,355,150	3,914,298	1,636,664	1,830,012	1,871,403
Taxable income:								
Number of returns.....	4,621,950	1,429,997	1,435,889	1,058,849	455,412	119,076	88,104	34,623
Amount.....	104,379,381	4,910,214	18,879,299	28,290,091	20,031,062	7,733,075	9,288,191	15,247,449
Total tax liability:								
Number of returns.....	4,668,592	1,475,176	1,437,128	1,058,928	455,482	119,103	88,129	34,646
Amount.....	21,436,087	837,983	3,050,772	4,859,705	4,018,512	1,801,281	2,504,018	4,363,813
Average (whole dollars).....	4,591	568	2,122	4,589	8,822	15,123	28,413	125,954
Earned income credit:								
Number of returns.....	427,130	302,939	124,191	--	--	--	--	--
Amount.....	227,340	200,635	26,705	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	269,543	255,754	13,789	--	--	--	--	--
Amount.....	145,931	143,350	2,581	--	--	--	--	--
<b>RHODE ISLAND</b>								
Number of returns.....	476,028	189,163	128,073	93,596	42,832	11,145	8,071	3,148
Number of exemptions.....	950,613	238,166	258,865	254,040	129,488	34,589	25,401	10,064
Adjusted gross income.....	13,698,028	1,179,171	2,775,080	3,634,644	2,557,812	947,725	1,070,723	1,532,872
Salaries and wages:								
Number of returns.....	408,138	149,511	112,593	86,670	39,959	10,003	6,776	2,626
Amount.....	10,299,500	1,016,563	2,238,812	3,046,867	2,102,701	689,869	612,605	592,084
Interest income:								
Number of returns.....	326,075	95,415	87,257	80,748	40,650	10,884	7,987	3,134
Amount.....	956,825	162,710	200,254	190,629	131,404	61,197	82,648	127,983
Dividends:								
Number of returns.....	103,585	22,875	23,024	25,771	17,452	6,303	5,584	2,576
Amount.....	326,395	25,392	36,155	46,463	43,939	27,033	48,878	98,534
Net capital gain (less loss):								
Number of returns.....	45,557	7,404	8,308	10,630	8,498	4,005	4,369	2,343
Amount.....	523,218	19,297	14,250	30,487	47,993	42,250	90,331	278,611
Taxable pensions and annuities:								
Number of returns.....	69,461	21,223	20,651	15,351	7,863	2,217	1,563	593
Amount.....	568,437	95,347	161,182	143,604	88,798	33,960	28,401	17,144
Unemployment compensation:								
Number of returns.....	44,628	13,421	14,421	12,165	3,699	588	286	48
Amount.....	98,262	25,855	34,125	26,966	8,670	1,598	883	164
Total itemized deductions:								
Number of returns.....	139,428	8,065	24,038	49,801	35,915	10,585	7,906	3,118
Amount.....	1,817,125	82,798	200,710	478,297	445,483	178,872	203,983	226,982
Taxable income:								
Number of returns.....	411,094	126,273	126,372	93,363	42,771	11,128	8,049	3,138
Amount.....	9,262,267	465,785	1,696,464	2,463,781	1,827,544	700,618	819,439	1,288,635
Total tax liability:								
Number of returns.....	414,698	129,430	126,720	93,416	42,793	11,135	8,058	3,146
Amount.....	1,884,733	78,139	273,688	424,232	360,632	160,687	219,532	367,823
Average (whole dollars).....	4,544	603	2,159	4,541	8,427	14,430	27,243	116,917
Earned income credit:								
Number of returns.....	33,649	24,029	9,620	--	--	--	--	--
Amount.....	18,019	15,904	2,114	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,215	20,148	1,067	--	--	--	--	--
Amount.....	11,569	11,370	199	--	--	--	--	--

See notes following Table 20.

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)**

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>SOUTH CAROLINA</b>								
Number of returns.....	1,512,913	705,094	396,269	254,876	107,281	26,122	17,302	5,969
Number of exemptions.....	3,272,026	1,083,897	942,500	747,570	339,650	83,409	55,719	19,281
Adjusted gross income.....	36,548,640	4,626,868	8,488,237	9,861,143	6,392,404	2,219,663	2,278,704	2,681,620
Salaries and wages:								
Number of returns.....	1,346,987	609,682	358,940	237,043	99,168	23,221	14,230	4,703
Amount.....	28,869,734	4,229,401	7,164,875	8,356,534	5,210,127	1,604,338	1,304,430	1,000,029
Interest income:								
Number of returns.....	747,703	206,940	203,828	191,390	97,454	25,162	16,998	5,931
Amount.....	1,814,312	309,572	358,573	348,527	260,297	124,395	167,233	245,715
Dividends:								
Number of returns.....	222,995	41,348	46,144	58,643	44,477	15,442	12,084	4,857
Amount.....	663,023	53,350	78,025	103,753	102,037	61,995	101,837	162,027
Net capital gain (less loss):								
Number of returns.....	126,742	20,977	23,920	30,708	25,568	10,707	10,134	4,728
Amount.....	1,215,244	55,032	47,122	85,228	115,051	91,462	200,579	620,769
Taxable pensions and annuities:								
Number of returns.....	204,678	52,638	59,049	51,799	28,152	7,303	4,480	1,257
Amount.....	1,871,712	261,689	509,311	514,541	338,252	116,224	92,571	39,124
Unemployment compensation:								
Number of returns.....	88,086	40,944	27,299	16,299	3,014	368	153	9
Amount.....	95,692	44,276	28,683	17,797	4,014	609	285	28
Total itemized deductions:								
Number of returns.....	412,828	26,550	91,750	151,659	95,002	25,000	16,956	5,911
Amount.....	4,974,452	237,225	746,660	1,432,019	1,197,588	440,009	443,685	477,267
Taxable income:								
Number of returns.....	1,189,706	389,048	390,259	254,098	107,053	26,061	17,233	5,954
Amount.....	22,672,767	1,374,024	4,703,599	6,509,892	4,507,530	1,624,062	1,734,682	2,218,977
Total tax liability:								
Number of returns.....	1,205,268	404,471	390,108	254,263	107,124	26,077	17,262	5,963
Amount.....	4,410,132	233,127	748,792	1,081,733	878,012	371,664	461,589	635,215
Average (whole dollars).....	3,659	576	1,919	4,254	8,196	14,252	26,740	106,526
Earned income credit:								
Number of returns.....	238,564	184,302	54,262	--	--	--	--	--
Amount.....	139,108	126,837	12,271	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	172,683	164,794	7,889	--	--	--	--	--
Amount.....	101,449	99,936	1,513	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>SOUTH DAKOTA</b>								
Number of returns.....	305,055	150,329	81,687	50,602	15,200	3,524	2,681	1,032
Number of exemptions.....	695,086	233,097	222,507	164,576	50,677	11,693	9,045	3,491
Adjusted gross income.....	6,490,107	770,340	1,770,077	1,932,013	896,215	300,572	355,556	465,334
Salaries and wages:								
Number of returns.....	240,714	112,285	66,827	43,684	12,525	2,608	1,955	830
Amount.....	4,427,892	698,728	1,265,273	1,425,700	572,223	142,959	146,027	176,983
Interest income:								
Number of returns.....	203,263	81,369	57,307	43,131	14,359	3,428	2,642	1,027
Amount.....	577,478	134,885	148,580	118,691	69,313	29,111	34,749	42,149
Dividends:								
Number of returns.....	59,671	17,527	15,926	14,652	6,971	2,057	1,743	795
Amount.....	137,221	20,104	25,185	25,063	18,996	9,728	13,579	24,565
Net capital gain (less loss):								
Number of returns.....	55,126	16,641	15,547	12,586	5,858	1,939	1,750	805
Amount.....	304,259	40,247	50,501	58,791	39,892	20,387	31,914	62,527
Taxable pensions and annuities:								
Number of returns.....	36,753	13,066	11,955	7,686	2,772	665	446	163
Amount.....	244,153	51,698	82,453	63,505	28,165	8,150	5,283	4,898
Unemployment compensation:								
Number of returns.....	9,685	3,882	3,771	1,760	228	33	10	*
Amount.....	13,243	5,089	5,252	2,434	368	78	17	*
Total itemized deductions:								
Number of returns.....	46,987	5,229	11,257	17,296	8,404	2,184	1,785	832
Amount.....	454,840	48,298	84,368	141,136	85,913	28,995	31,461	34,668
Taxable income:								
Number of returns.....	239,845	86,461	80,379	50,575	15,195	3,523	2,681	1,031
Amount.....	4,180,901	271,400	954,238	1,306,855	679,396	242,947	302,767	423,298
Total tax liability:								
Number of returns.....	249,104	95,859	80,298	50,516	15,194	3,524	2,681	1,032
Amount.....	858,627	53,300	163,367	228,503	145,441	60,817	85,530	121,669
Average (whole dollars).....	3,446	556	2,034	4,523	9,572	17,257	31,902	117,896
Earned income credit:								
Number of returns.....	33,534	24,321	9,213	--	--	--	--	--
Amount.....	17,840	15,843	1,997	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,880	20,454	1,426	--	--	--	--	--
Amount.....	11,141	10,873	267	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>TENNESSEE</b>								
Number of returns.....	2,134,316	981,639	561,895	366,741	148,284	37,317	27,388	11,052
Number of exemptions.....	4,635,192	1,543,413	1,340,405	1,050,843	460,056	116,827	88,211	35,437
Adjusted gross income.....	53,532,682	6,123,466	12,124,238	14,137,616	8,832,587	3,173,342	3,632,502	5,508,930
Salaries and wages:								
Number of returns.....	1,859,366	811,725	504,431	341,307	137,253	32,993	22,682	8,975
Amount.....	41,995,450	5,494,799	10,177,878	12,176,746	7,310,954	2,325,290	2,191,229	2,318,554
Interest income:								
Number of returns.....	1,117,257	334,121	298,842	276,949	133,978	35,688	26,723	10,956
Amount.....	3,242,523	599,122	646,323	587,093	419,094	199,336	274,705	516,851
Dividends:								
Number of returns.....	300,674	60,935	62,721	76,384	54,422	19,747	17,723	8,742
Amount.....	938,354	77,663	94,202	116,823	113,466	72,354	126,230	337,616
Net capital gain (less loss):								
Number of returns.....	176,409	32,863	34,851	40,455	30,828	13,855	15,115	8,442
Amount.....	2,033,822	111,200	70,859	115,770	135,767	110,037	247,153	1,243,036
Taxable pensions and annuities:								
Number of returns.....	276,263	87,989	81,049	61,277	30,424	8,116	5,425	1,983
Amount.....	2,179,973	435,120	635,711	541,626	322,732	110,831	90,039	43,913
Unemployment compensation:								
Number of returns.....	165,716	70,945	56,614	31,054	5,924	803	333	43
Amount.....	192,927	79,888	66,582	35,983	8,284	1,417	683	91
Total itemized deductions:								
Number of returns.....	417,297	29,957	83,554	141,936	98,635	29,689	23,349	10,177
Amount.....	4,594,687	269,054	635,915	1,214,093	1,062,095	423,889	471,517	518,124
Taxable income:								
Number of returns.....	1,685,604	539,367	556,061	366,311	148,181	37,290	27,358	11,036
Amount.....	35,501,634	1,843,354	6,864,690	9,777,176	6,631,249	2,487,086	2,974,152	4,923,927
Total tax liability:								
Number of returns.....	1,721,749	575,348	556,109	366,378	148,197	37,302	27,372	11,043
Amount.....	7,222,309	329,012	1,103,711	1,648,770	1,336,155	584,551	810,589	1,409,523
Average (whole dollars).....	4,194	571	1,984	4,500	9,016	15,670	29,613	127,639
Earned income credit:								
Number of returns.....	309,643	236,863	72,780	--	--	--	--	--
Amount.....	176,003	159,741	16,262	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	218,078	209,052	9,026	--	--	--	--	--
Amount.....	122,788	121,083	1,704	--	--	--	--	--
<b>TEXAS</b>								
Number of returns.....	7,237,421	3,354,598	1,755,143	1,193,619	588,594	175,421	124,143	45,903
Number of exemptions.....	16,646,156	5,799,964	4,439,240	3,464,171	1,847,998	551,932	394,669	148,182
Adjusted gross income.....	191,165,392	15,976,476	37,977,897	46,262,302	35,350,710	14,940,386	16,349,869	24,307,752
Salaries and wages:								
Number of returns.....	6,165,485	2,703,950	1,543,765	1,087,083	537,635	155,668	102,688	34,696
Amount.....	147,696,707	18,197,390	31,297,474	38,746,701	29,048,040	11,320,591	10,288,706	8,797,804
Interest income:								
Number of returns.....	3,705,310	1,069,431	904,768	878,976	520,605	165,791	120,331	45,408
Amount.....	13,626,033	2,234,682	2,118,261	2,192,415	1,801,725	958,580	1,379,098	2,941,273
Dividends:								
Number of returns.....	1,101,153	200,696	204,166	270,080	219,685	92,037	79,046	35,443
Amount.....	3,943,005	316,099	346,489	471,876	486,014	316,955	543,348	1,462,225
Net capital gain (less loss):								
Number of returns.....	731,059	131,315	129,877	162,760	137,714	66,090	68,139	35,164
Amount.....	8,318,423	937,330	180,325	305,012	415,641	346,551	864,078	5,269,486
Taxable pensions and annuities:								
Number of returns.....	900,083	232,837	245,823	216,929	130,368	40,039	25,987	8,100
Amount.....	8,447,877	1,251,248	2,152,833	2,160,595	1,503,630	573,241	494,968	311,360
Unemployment compensation:								
Number of returns.....	335,946	142,286	105,706	61,587	20,481	3,917	1,758	211
Amount.....	636,994	240,631	213,003	125,232	44,020	8,988	4,497	623
Total itemized deductions:								
Number of returns.....	1,553,908	115,114	269,673	482,831	397,509	140,505	106,187	42,089
Amount.....	19,623,358	1,360,828	2,318,924	4,413,396	4,518,295	2,108,266	2,307,207	2,596,445
Taxable income:								
Number of returns.....	5,497,731	1,652,723	1,721,023	1,191,260	587,875	175,184	123,891	45,775
Amount.....	130,965,136	5,495,253	21,060,452	31,823,595	26,319,941	11,606,907	13,219,126	21,439,860
Total tax liability:								
Number of returns.....	5,642,172	1,796,089	1,721,191	1,191,682	588,086	175,270	124,006	45,848
Amount.....	27,691,584	1,031,466	3,420,366	5,498,032	5,324,022	2,707,472	3,570,532	6,139,695
Average (whole dollars).....	4,907	574	1,987	4,613	9,053	15,447	28,793	133,914
Earned income credit:								
Number of returns.....	1,127,639	886,536	241,103	--	--	--	--	--
Amount.....	655,009	601,288	53,721	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	845,993	799,779	46,214	--	--	--	--	--
Amount.....	486,344	476,992	9,354	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>UTAH</b>								
Number of returns.....	661,441	286,778	165,652	135,258	52,201	11,146	7,830	2,576
Number of exemptions.....	1,682,324	406,445	477,892	508,276	203,737	43,050	32,150	10,774
Adjusted gross income.....	16,766,778	1,540,238	3,640,606	5,231,280	3,091,173	946,587	1,036,713	1,280,182
SALARIES AND WAGES:								
Number of returns.....	565,235	228,953	143,070	126,018	48,525	9,900	6,655	2,114
Amount.....	13,159,609	1,446,656	2,905,020	4,478,449	2,547,854	681,983	639,188	460,458
INTEREST INCOME:								
Number of returns.....	421,427	132,446	109,184	110,863	48,019	10,710	7,646	2,559
Amount.....	843,456	167,158	181,848	162,156	112,294	52,420	65,316	102,265
DIVIDENDS:								
Number of returns.....	111,331	24,725	25,096	30,523	18,581	5,702	4,780	1,924
Amount.....	295,323	31,204	39,022	47,125	41,597	22,612	36,579	77,183
NET CAPITAL GAIN (LESS LOSS):								
Number of returns.....	78,618	17,123	17,283	19,964	13,161	4,687	4,484	1,916
Amount.....	514,939	36,576	27,027	39,361	45,523	32,633	69,433	264,387
TAXABLE PENSIONS AND ANNUITIES:								
Number of returns.....	96,622	27,770	30,332	33,213	10,972	2,458	1,443	434
Amount.....	962,597	163,080	313,939	262,567	142,692	40,037	27,575	12,707
UNEMPLOYMENT COMPENSATION:								
Number of returns.....	31,963	10,213	11,646	8,155	1,689	192	68	*
Amount.....	53,299	15,244	20,587	13,988	2,949	386	146	*
TOTAL ITEMIZED DEDUCTIONS:								
Number of returns.....	242,323	18,568	56,353	98,758	47,701	10,717	7,676	2,550
Amount.....	2,823,219	139,658	442,317	977,880	637,106	200,279	216,316	209,662
TAXABLE INCOME:								
Number of returns.....	532,931	164,930	159,541	134,807	52,147	11,132	7,805	2,569
Amount.....	9,931,568	508,584	1,831,178	3,084,795	2,034,552	661,296	758,742	1,052,421
TOTAL TAX LIABILITY:								
Number of returns.....	542,724	172,935	161,213	134,886	52,161	11,132	7,822	2,575
Amount.....	1,932,021	90,188	298,094	510,894	386,340	149,586	199,269	297,650
Average (whole dollars).....	3,559	521	1,849	3,787	7,406	13,437	25,475	115,592
EARNED INCOME CREDIT:								
Number of returns.....	65,817	46,617	19,200	--	--	--	--	--
Amount.....	35,223	31,121	4,102	--	--	--	--	--
EXCESS EARNED INCOME CREDIT: 3/								
Number of returns.....	44,123	40,220	3,903	--	--	--	--	--
Amount.....	23,702	22,930	772	--	--	--	--	--
<b>VERMONT</b>								
Number of returns.....	267,517	111,751	72,774	51,055	21,295	5,507	3,909	1,226
Number of exemptions.....	553,456	147,636	158,657	146,713	66,651	17,395	12,504	3,900
Adjusted gross income.....	7,102,811	719,678	1,578,235	1,973,917	1,269,281	469,743	515,676	576,281
SALARIES AND WAGES:								
Number of returns.....	226,475	87,114	64,075	47,096	19,427	4,734	3,112	917
Amount.....	5,180,246	583,320	1,262,056	1,626,072	989,026	304,778	261,387	153,607
INTEREST INCOME:								
Number of returns.....	184,622	59,460	49,892	44,287	20,477	5,409	3,873	1,224
Amount.....	469,374	89,636	98,220	91,106	65,089	31,411	44,163	49,749
DIVIDENDS:								
Number of returns.....	62,526	15,240	13,598	15,555	10,384	3,693	3,003	1,053
Amount.....	236,373	22,727	30,790	36,779	34,788	22,552	39,173	49,564
NET CAPITAL GAIN (LESS LOSS):								
Number of returns.....	35,240	7,359	7,298	8,207	6,155	2,669	2,548	1,004
Amount.....	374,248	18,505	22,543	37,024	44,034	33,544	68,983	149,615
TAXABLE PENSIONS AND ANNUITIES:								
Number of returns.....	32,981	10,704	9,421	7,200	3,655	975	765	261
Amount.....	250,389	47,122	70,751	61,637	37,886	13,417	12,424	7,151
UNEMPLOYMENT COMPENSATION:								
Number of returns.....	17,499	6,649	6,243	3,819	651	95	36	6
Amount.....	26,728	10,074	9,557	5,682	1,110	197	88	20
TOTAL ITEMIZED DEDUCTIONS:								
Number of returns.....	74,675	5,602	14,572	26,618	17,733	5,166	3,773	1,211
Amount.....	885,331	50,153	115,901	240,367	207,007	83,943	92,842	95,117
TAXABLE INCOME:								
Number of returns.....	226,530	71,893	71,806	50,939	21,263	5,503	3,903	1,223
Amount.....	4,662,545	259,682	931,244	1,330,266	916,013	350,988	400,345	474,007
TOTAL TAX LIABILITY:								
Number of returns.....	231,335	76,456	72,024	50,951	21,271	5,504	3,904	1,225
Amount.....	935,899	46,678	153,660	227,979	183,482	82,160	106,923	135,018
Average (whole dollars).....	4,045	610	2,133	4,474	8,625	14,927	27,388	110,218
EARNED INCOME CREDIT:								
Number of returns.....	20,463	14,289	6,174	--	--	--	--	--
Amount.....	10,616	9,279	1,337	--	--	--	--	--
EXCESS EARNED INCOME CREDIT: 3/								
Number of returns.....	12,148	11,485	663	--	--	--	--	--
Amount.....	6,044	5,923	121	--	--	--	--	--

See notes following Table 20.

## Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>VIRGINIA</b>								
Number of returns.....	2,863,544	1,100,800	729,172	548,032	296,605	103,162	67,452	18,321
Number of exemptions.....	5,953,357	1,456,915	1,564,181	1,454,234	889,600	319,075	210,434	58,918
Adjusted gross income.....	88,219,678	7,025,141	15,904,071	21,313,265	17,909,082	8,805,345	8,718,408	8,544,365
Salaries and wages:								
Number of returns.....	2,500,165	903,066	651,270	503,815	273,614	94,530	59,187	14,683
Amount.....	68,407,640	6,261,265	13,305,540	18,005,744	14,799,558	6,933,046	5,806,391	3,296,095
Interest income:								
Number of returns.....	1,712,486	427,319	407,189	424,634	270,198	99,021	65,950	18,175
Amount.....	4,719,544	677,327	754,911	830,131	722,150	394,012	527,552	813,462
Dividends:								
Number of returns.....	609,986	103,808	105,305	149,426	130,726	59,113	46,568	15,040
Amount.....	1,875,951	130,012	174,048	261,017	297,549	203,222	320,050	490,053
Net capital gain (less loss):								
Number of returns.....	308,875	43,104	47,000	67,176	65,623	35,975	35,803	14,194
Amount.....	3,440,064	181,821	96,125	178,751	264,721	247,435	607,351	1,863,859
Taxable pensions and annuities:								
Number of returns.....	422,708	97,053	109,269	100,741	67,718	25,918	18,158	3,851
Amount.....	4,971,948	520,116	1,022,753	1,243,515	1,073,489	528,925	451,718	131,431
Unemployment compensation:								
Number of returns.....	129,830	45,650	46,716	28,938	6,736	1,239	498	53
Amount.....	131,762	44,071	46,613	28,701	9,036	2,223	981	136
Total itemized deductions:								
Number of returns.....	953,331	46,468	157,685	311,600	254,599	98,646	66,206	18,127
Amount.....	13,214,423	460,947	1,346,255	3,134,374	3,429,568	1,800,379	1,721,910	1,320,989
Taxable income:								
Number of returns.....	2,442,508	691,373	719,436	546,693	296,304	103,075	67,352	18,275
Amount.....	58,870,222	2,460,782	9,365,727	14,289,286	12,561,174	6,371,616	6,597,800	7,223,837
Total tax liability:								
Number of returns.....	2,464,438	712,056	720,219	546,953	296,395	103,108	67,405	18,302
Amount.....	12,066,851	413,900	1,497,573	2,454,630	2,472,814	1,434,356	1,728,122	2,065,457
Average (whole dollars).....	4,896	581	2,079	4,487	8,342	13,911	25,637	112,854
Earned income credit:								
Number of returns.....	253,093	183,935	69,158	--	--	--	--	--
Amount.....	141,158	126,037	15,121	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	168,378	159,385	8,993	--	--	--	--	--
Amount.....	95,927	94,219	1,707	--	--	--	--	--
<b>WASHINGTON</b>								
Number of returns.....	2,232,220	873,053	572,921	459,004	217,613	57,608	39,053	12,968
Number of exemptions.....	4,797,608	1,221,370	1,274,436	1,289,595	670,733	177,271	123,302	40,901
Adjusted gross income.....	65,106,425	5,105,863	12,524,482	17,829,014	13,019,783	4,898,239	5,134,605	6,594,438
Salaries and wages:								
Number of returns.....	1,865,141	678,695	483,284	414,267	197,445	49,972	31,442	10,036
Amount.....	47,962,200	4,547,625	9,791,655	14,669,850	10,412,037	3,458,834	2,920,272	2,161,926
Interest income:								
Number of returns.....	1,467,825	407,245	372,376	378,476	202,550	55,887	38,398	12,893
Amount.....	4,179,033	670,206	816,582	813,505	610,836	292,161	387,373	588,370
Dividends:								
Number of returns.....	482,238	97,599	102,143	123,534	88,978	32,946	26,624	10,414
Amount.....	1,535,117	138,468	195,922	241,007	216,613	123,243	192,563	427,300
Net capital gain (less loss):								
Number of returns.....	328,952	58,437	67,261	80,141	61,538	26,386	24,660	10,529
Amount.....	3,307,138	196,163	123,641	236,431	319,702	251,055	523,590	1,656,556
Taxable pensions and annuities:								
Number of returns.....	354,378	97,341	100,580	83,549	48,789	13,887	7,991	2,241
Amount.....	3,332,025	535,389	958,752	873,866	551,893	192,372	142,295	77,458
Unemployment compensation:								
Number of returns.....	167,317	53,039	56,651	42,528	12,510	1,818	695	76
Amount.....	310,759	89,082	111,953	79,022	24,611	4,273	1,622	196
Total itemized deductions:								
Number of returns.....	629,897	45,082	115,585	221,636	155,808	46,687	33,449	11,650
Amount.....	7,042,758	486,202	911,223	1,976,223	1,742,035	685,403	697,570	544,102
Taxable income:								
Number of returns.....	1,883,157	533,067	564,808	458,319	217,456	57,561	38,996	12,950
Amount.....	45,204,555	1,886,957	7,411,627	12,258,602	9,673,026	3,820,119	4,180,507	5,973,717
Total tax liability:								
Number of returns.....	1,903,285	552,453	565,449	458,350	217,487	57,576	39,013	12,957
Amount.....	9,351,678	335,674	1,206,451	2,130,689	1,954,779	896,823	1,128,334	1,698,929
Average (whole dollars).....	4,913	607	2,133	4,648	8,988	15,576	28,922	131,120
Earned income credit:								
Number of returns.....	171,827	124,224	47,603	--	--	--	--	--
Amount.....	91,635	81,526	10,109	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	114,621	107,673	6,948	--	--	--	--	--
Amount.....	62,243	60,908	1,336	--	--	--	--	--

See notes following Table 20.

Selected Historical and Other Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

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

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>WEST VIRGINIA</b>								
Number of returns.....	688,409	321,700	176,039	126,558	46,626	9,100	6,125	2,261
Number of exemptions.....	1,581,656	543,639	454,038	380,088	147,593	28,588	19,958	7,752
Adjusted gross income.....	16,192,043	2,159,830	3,810,550	4,897,359	2,750,586	772,147	810,919	990,653
Salaries and wages:								
Number of returns.....	573,534	246,104	151,865	118,052	43,225	7,774	4,751	1,763
Amount.....	12,310,438	1,562,438	2,990,908	4,209,199	2,265,938	520,014	401,865	360,076
Interest income:								
Number of returns.....	403,069	136,313	107,483	99,750	42,555	8,778	5,947	2,243
Amount.....	970,718	232,389	240,949	187,721	116,957	49,777	61,240	81,686
Dividends:								
Number of returns.....	122,363	28,098	26,881	33,669	21,552	5,792	4,450	1,921
Amount.....	356,653	34,791	48,688	57,324	50,731	29,461	50,908	84,750
Net capital gain (less loss):								
Number of returns.....	52,690	11,344	11,384	12,709	8,861	3,371	3,355	1,666
Amount.....	348,529	13,339	22,773	33,957	37,955	28,164	53,481	158,861
Taxable pensions and annuities:								
Number of returns.....	127,047	51,590	35,976	23,389	11,676	2,530	1,450	436
Amount.....	973,599	276,994	310,018	207,185	114,656	34,604	22,108	8,034
Unemployment compensation:								
Number of returns.....	59,044	21,519	22,311	12,690	2,228	224	62	10
Amount.....	99,011	31,017	41,461	21,909	3,980	471	163	11
Total itemized deductions:								
Number of returns.....	107,611	5,779	18,073	40,102	28,305	7,453	5,680	2,219
Amount.....	1,235,077	128,088	170,037	323,569	279,563	98,620	113,436	121,764
Taxable income:								
Number of returns.....	538,548	173,417	174,600	126,457	46,601	9,095	6,119	2,259
Amount.....	10,290,058	562,499	2,106,383	3,405,314	2,091,313	611,240	658,629	854,680
Total tax liability:								
Number of returns.....	551,750	186,499	174,699	126,463	46,609	9,098	6,121	2,261
Amount.....	1,996,890	100,454	339,225	566,465	418,238	144,846	180,997	246,665
Average (whole dollars).....	3,619	538	1,941	4,479	8,973	15,920	29,569	109,095
Earned income credit:								
Number of returns.....	90,383	67,900	22,483	--	--	--	--	--
Amount.....	49,810	44,874	4,936	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	62,957	60,282	2,675	--	--	--	--	--
Amount.....	34,774	34,296	478	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>WISCONSIN</b>								
Number of returns.....	2,221,738	937,124	556,170	458,477	189,864	41,278	28,468	10,357
Number of exemptions.....	4,758,350	1,250,051	1,259,182	1,371,962	613,868	134,477	94,798	34,012
Adjusted gross income.....	59,257,300	5,818,735	12,158,209	17,808,042	11,256,002	3,503,468	3,765,167	4,947,677
Salaries and wages:								
Number of returns.....	1,888,749	728,461	482,969	428,815	177,844	37,115	24,583	8,962
Amount.....	45,581,936	4,573,496	9,565,542	15,166,202	9,332,922	2,564,359	2,362,852	2,016,563
Interest income:								
Number of returns.....	1,643,275	556,686	414,044	410,837	182,788	40,458	28,144	10,318
Amount.....	3,713,039	804,446	833,937	705,699	464,154	195,627	253,753	455,422
Dividends:								
Number of returns.....	515,119	127,749	113,650	134,004	84,906	25,464	20,651	8,695
Amount.....	1,387,246	156,810	201,334	228,390	198,150	111,401	174,017	317,145
Net capital gain (less loss):								
Number of returns.....	302,495	68,865	69,110	73,702	48,524	17,648	16,747	7,899
Amount.....	1,880,721	140,437	182,238	251,186	243,113	148,449	273,446	641,852
Taxable pensions and annuities:								
Number of returns.....	333,829	120,137	96,211	69,677	32,865	7,760	5,158	2,021
Amount.....	2,252,295	541,763	719,487	509,052	266,853	88,507	74,914	51,720
Unemployment compensation:								
Number of returns.....	189,991	49,981	66,974	57,048	14,347	1,211	385	45
Amount.....	304,235	73,655	116,119	89,100	22,516	2,026	735	85
Total itemized deductions:								
Number of returns.....	695,735	43,224	125,016	280,622	169,135	39,586	27,857	10,295
Amount.....	7,646,538	354,579	986,373	2,410,177	1,920,527	635,122	659,874	679,885
Taxable income:								
Number of returns.....	1,888,833	611,042	549,883	458,064	189,783	41,259	28,451	10,351
Amount.....	38,772,752	1,990,632	7,142,951	11,869,722	8,035,580	2,602,490	2,924,712	4,206,666
Total tax liability:								
Number of returns.....	1,911,996	633,904	550,314	457,905	189,796	41,262	28,460	10,355
Amount.....	7,645,959	341,733	1,160,833	1,999,681	1,571,177	597,169	775,885	1,199,480
Average (whole dollars).....	3,998	539	2,109	4,367	8,278	14,472	27,262	115,835
Earned income credit:								
Number of returns.....	153,100	109,623	43,477	--	--	--	--	--
Amount.....	81,364	72,053	9,311	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	97,543	92,334	5,209	--	--	--	--	--
Amount.....	51,880	50,889	991	--	--	--	--	--

See notes following Table 20.



Selected Historical and Other Data

**Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)**

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>WYOMING</b>								
Number of returns.....	200,704	87,708	48,600	41,208	16,996	3,281	2,125	786
Number of exemptions.....	460,360	127,678	126,160	129,439	57,109	10,691	6,850	2,433
Adjusted gross income.....	5,220,416	404,079	1,064,155	1,607,623	1,004,703	277,822	279,363	582,672
Salaries and wages:								
Number of returns.....	168,695	68,898	41,664	37,802	15,544	2,732	1,551	504
Amount.....	3,790,418	431,641	827,975	1,348,456	807,918	170,120	118,465	85,843
Interest income:								
Number of returns.....	129,541	42,777	31,654	33,442	15,611	3,176	2,098	783
Amount.....	375,843	65,504	68,523	66,518	46,032	21,676	30,327	77,263
Dividends:								
Number of returns.....	43,208	10,250	9,336	11,926	7,540	1,994	1,502	660
Amount.....	149,770	16,107	18,796	23,808	19,710	10,256	17,056	44,037
Net capital gain (less loss):								
Number of returns.....	28,581	6,838	6,363	7,181	4,584	1,530	1,422	663
Amount.....	288,306	17,645	13,479	19,872	21,494	16,325	29,721	169,770
Taxable pensions and annuities:								
Number of returns.....	27,369	8,279	7,824	6,523	3,383	797	417	146
Amount.....	240,243	42,752	68,572	61,706	36,499	12,805	7,769	10,141
Unemployment compensation:								
Number of returns.....	12,632	4,249	5,120	2,700	510	40	13	•
Amount.....	22,002	6,695	9,565	4,712	898	102	30	•
Total itemized deductions:								
Number of returns.....	44,630	3,715	8,667	17,129	10,769	2,218	1,516	616
Amount.....	433,111	30,482	63,859	138,821	106,364	28,048	29,054	36,484
Taxable income:								
Number of returns.....	161,306	49,062	47,895	41,183	16,987	3,278	2,118	783
Amount.....	3,595,937	153,660	586,559	1,099,118	756,218	224,334	234,769	541,279
Total tax liability:								
Number of returns.....	165,216	52,879	47,988	41,173	16,993	3,277	2,121	785
Amount.....	738,713	28,590	97,184	187,604	152,413	53,918	64,999	154,006
Average (whole dollars).....	4,471	540	2,025	4,556	8,969	16,453	30,645	196,185
Earned income credit:								
Number of returns.....	19,865	14,505	5,360	—	—	—	—	—
Amount.....	10,725	9,560	1,165	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	13,340	12,539	801	—	—	—	—	—
Amount.....	7,180	7,028	153	—	—	—	—	—
<b>OTHER AREAS 4/</b>								
Number of returns.....	1,087,903	680,819	225,621	99,851	41,728	15,769	16,467	7,648
Number of exemptions.....	2,168,679	1,041,046	600,469	285,256	121,906	46,578	50,149	23,275
Adjusted gross income.....	20,372,526	2,083,114	4,721,030	3,793,598	2,518,216	1,352,211	2,227,490	3,676,869
Salaries and wages:								
Number of returns.....	780,909	418,613	200,746	89,072	37,354	14,091	14,548	6,485
Amount.....	24,105,529	6,365,708	4,902,823	3,908,098	2,632,312	1,437,701	2,356,087	2,502,800
Interest income:								
Number of returns.....	538,410	249,027	136,395	78,952	37,249	14,415	15,222	7,150
Amount.....	1,718,765	440,682	295,967	266,398	188,998	98,598	148,036	280,086
Dividends:								
Number of returns.....	189,888	68,817	38,758	34,533	21,127	9,446	11,263	5,944
Amount.....	670,447	94,215	75,324	84,933	76,850	48,614	90,269	200,243
Net capital gain (less loss):								
Number of returns.....	123,783	52,933	20,598	18,036	12,234	6,306	8,419	5,257
Amount.....	1,212,978	109,313	56,022	76,476	77,130	64,606	172,923	656,508
Taxable pensions and annuities:								
Number of returns.....	67,810	27,075	16,599	11,507	6,538	2,461	2,536	1,094
Amount.....	807,553	191,505	204,590	166,248	108,502	43,782	50,389	42,537
Unemployment compensation:								
Number of returns.....	9,219	4,042	3,260	1,258	398	123	111	27
Amount.....	21,573	9,611	7,036	2,959	1,084	428	366	89
Total itemized deductions:								
Number of returns.....	182,421	67,523	32,666	30,968	21,560	10,458	12,806	6,440
Amount.....	1,863,103	220,883	260,417	304,014	273,329	166,221	280,963	357,277
Taxable income:								
Number of returns.....	710,773	309,502	220,482	99,330	41,634	15,746	16,439	7,640
Amount.....	14,531,465	1,314,529	2,497,314	2,630,221	1,916,211	1,071,141	1,832,871	3,269,177
Total tax liability:								
Number of returns.....	770,592	384,441	211,772	94,306	40,675	15,527	16,289	7,582
Amount.....	2,581,596	320,909	366,477	414,379	350,787	205,203	329,224	594,616
Average (whole dollars).....	3,350	834	1,730	4,393	8,624	13,215	20,211	78,424
Earned income credit:								
Number of returns.....	47,642	27,295	20,347	—	—	—	—	—
Amount.....	22,754	18,025	4,729	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	29,773	24,988	4,785	—	—	—	—	—
Amount.....	15,150	14,252	898	—	—	—	—	—

See notes following Table 20.

**Table 3.--Number of Individual Returns, Income, Tax and Average Tax by Size of Income, Tax Years 1986-1989**

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

Size of adjusted gross income	Number of returns <sup>1</sup>		Adjusted gross income (AGI) <sup>1</sup>		Taxable income <sup>1</sup>		Total income tax <sup>2</sup>
	1986	1987	1986	1987	1986	1987	1986
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total .....</b>	<b>103,045,170</b>	<b>106,996,270</b>	<b>2,481,681,046</b>	<b>2,773,824,198</b>	<b>1,947,024,584</b>	<b>1,850,597,119</b>	<b>367,287,213</b>
Less than \$1,000 <sup>3,4</sup> .....	3,082,866	3,691,379	-41,192,239	-38,160,729	2,988	155,369	315,949
\$1,000 under \$3,000 .....	6,943,446	7,433,802	14,071,650	14,894,572	6,091,094	1,360,813	58,848
\$3,000 under \$5,000 .....	6,918,848	6,691,090	27,868,449	26,725,935	16,360,716	3,759,804	331,163
\$5,000 under \$7,000 .....	6,476,499	6,422,132	38,957,006	38,413,878	24,601,096	8,264,832	1,047,045
\$7,000 under \$9,000 .....	6,193,124	6,300,234	49,544,545	50,368,689	33,689,430	15,178,900	1,953,699
\$9,000 under \$11,000 .....	6,143,571	5,928,842	61,191,194	59,187,847	43,902,314	21,801,837	3,203,202
\$11,000 under \$13,000 .....	5,555,106	5,580,094	66,594,415	66,951,853	49,577,787	29,932,090	4,326,834
\$13,000 under \$15,000 .....	5,248,065	5,292,576	73,308,776	73,989,299	56,529,121	36,864,357	5,409,582
\$15,000 under \$17,000 .....	4,744,416	4,800,582	75,841,890	76,680,566	59,389,086	41,945,445	6,304,604
\$17,000 under \$19,000 .....	4,478,236	4,487,621	80,591,475	80,697,963	64,065,790	46,210,802	7,243,966
\$19,000 under \$22,000 .....	6,070,710	5,879,795	124,453,078	120,205,955	98,830,208	72,352,317	11,947,487
\$22,000 under \$25,000 .....	5,218,320	5,297,494	122,393,950	124,251,696	98,488,143	78,121,158	12,727,389
\$25,000 under \$30,000 .....	7,559,001	7,494,827	207,876,371	205,551,504	165,356,830	133,895,752	22,850,961
\$30,000 under \$35,000 .....	11,489,629	11,604,644	398,161,168	402,500,618	313,916,975	270,913,902	48,628,502
\$35,000 under \$40,000 .....							
\$40,000 under \$50,000 .....	7,458,776	7,862,901	332,210,863	350,409,748	259,365,436	242,712,736	45,744,224
\$50,000 under \$75,000 .....	6,427,825	8,110,447	381,831,768	484,023,071	347,978,968	347,978,968	62,459,834
\$75,000 under \$100,000 .....	1,546,776	2,064,189	131,926,730	175,453,698	100,211,601	129,661,327	26,280,965
\$100,000 under \$150,000 .....	1,115,593	1,513,654	146,973,805	200,973,127	112,757,958	153,927,488	37,289,197
\$150,000 under \$200,000 .....							
\$200,000 under \$300,000 .....	290,946	429,671	82,840,607	124,073,791	64,277,685	100,643,815	27,066,736
\$300,000 under \$500,000 .....	51,558	75,352	33,670,463	50,898,244	27,327,574	42,794,638	12,928,118
\$500,000 under \$1,000,000 .....							
\$1,000,000 or more .....							

Size of adjusted gross income	Total income tax <sup>2</sup>	Percentage of returns showing no total income tax <sup>2</sup>		Returns showing total income tax			
	--Continued	1986	1987	Average tax (whole dollars) <sup>2</sup>		Tax as percentage of AGI <sup>1,2</sup>	
	1987	1986	1987	1986	1987	1986	1987
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Total .....</b>	<b>369,202,757</b>	<b>18.5</b>	<b>18.9</b>	<b>4,374</b>	<b>4,257</b>	<b>15.1</b>	<b>13.7</b>
Less than \$1,000 <sup>3,4</sup> .....	180,244	99.5	79.6	19,520	240	--	--
\$1,000 under \$3,000 .....	183,643	94.1	70.0	143	82	7.1	4.0
\$3,000 under \$5,000 .....	435,734	51.8	55.4	99	146	2.3	3.6
\$5,000 under \$7,000 .....	998,787	35.1	36.4	249	244	4.1	4.1
\$7,000 under \$9,000 .....	1,790,904	29.1	34.3	445	433	5.5	5.4
\$9,000 under \$11,000 .....	2,581,645	13.3	29.2	601	615	6.0	6.1
\$11,000 under \$13,000 .....	3,649,095	6.2	18.8	831	806	6.9	6.7
\$13,000 under \$15,000 .....	4,701,766	3.9	9.0	1,073	976	7.7	7.0
\$15,000 under \$17,000 .....	5,671,873	2.4	3.5	1,361	1,225	8.5	7.7
\$17,000 under \$19,000 .....	6,288,383	1.6	2.9	1,644	1,444	9.1	8.0
\$19,000 under \$22,000 .....	10,034,366	1.3	2.0	1,995	1,742	9.7	8.5
\$22,000 under \$25,000 .....	11,357,271	0.8	1.7	2,459	2,181	10.5	9.3
\$25,000 under \$30,000 .....	20,395,355	0.8	0.7	3,047	2,741	11.1	10.7
\$30,000 under \$35,000 .....	42,809,754	0.5	0.5	4,253	3,708	12.3	10.0
\$35,000 under \$40,000 .....							
\$40,000 under \$50,000 .....	41,345,872	0.2	0.3	6,143	5,274	13.8	11.8
\$50,000 under \$75,000 .....	69,872,423	0.2	0.2	9,737	8,630	16.4	14.5
\$75,000 under \$100,000 .....	31,277,163	0.2	0.1	17,027	15,171	20.0	17.8
\$100,000 under \$150,000 .....	43,415,426	0.2	0.2	33,498	28,754	25.4	21.7
\$150,000 under \$200,000 .....							
\$200,000 under \$300,000 .....	32,978,242	0.2	0.1	93,196	76,866	32.7	26.6
\$300,000 under \$500,000 .....							
\$500,000 under \$1,000,000 .....							
\$1,000,000 or more .....	24,489,662	0.2	0.3	917,031	702,777	40.3	28.7

See notes following Table 20.

Selected Historical and Other Data

Table 3.--Number of Individual Returns, Income, Tax and Average Tax by Size of Income, Tax Years 1986-1989--Continued

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

Size of adjusted gross income	Number of returns <sup>1</sup>		Adjusted gross income (AGI) <sup>1</sup>		Taxable income <sup>1</sup>		Total income tax <sup>2</sup>
	1988	1989	1988	1989	1988	1989	1988
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>Total</b> .....	<b>109,708,280</b>	<b>112,135,673</b>	<b>3,083,019,783</b>	<b>3,256,358,156</b>	<b>2,069,966,980</b>	<b>2,173,345,881</b>	<b>412,869,909</b>
Less than \$1,000 <sup>3,4</sup> .....	3,962,269	3,865,946	-39,276,968	-40,657,731	171,676	158,497	139,877
\$1,000 under \$3,000 .....	7,456,433	7,330,646	14,705,001	14,364,878	1,044,277	1,026,356	173,108
\$3,000 under \$5,000 .....	6,466,607	6,395,856	25,721,364	25,381,428	2,469,667	2,250,491	396,062
\$5,000 under \$7,000 .....	6,217,629	6,080,369	37,397,442	36,276,901	6,409,823	5,196,365	944,306
\$7,000 under \$9,000 .....	6,191,294	6,037,574	49,432,507	48,189,579	12,109,174	11,392,055	1,803,321
\$9,000 under \$11,000 .....	5,849,931	5,954,986	58,404,122	59,572,156	18,399,630	17,522,902	2,548,936
\$11,000 under \$13,000 .....	5,429,777	5,846,086	65,153,426	70,223,349	24,954,851	26,350,589	3,351,471
\$13,000 under \$15,000 .....	5,428,329	5,390,708	75,824,890	75,328,410	33,820,451	32,229,078	4,511,389
\$15,000 under \$17,000 .....	4,965,547	4,913,743	79,375,440	78,583,188	39,607,433	38,538,699	5,453,776
\$17,000 under \$19,000 .....	4,652,964	4,679,582	83,613,482	84,168,352	44,192,736	45,058,301	6,385,486
\$19,000 under \$22,000 .....	11,420,481	11,477,266	249,606,773	250,795,613	147,530,356	145,789,147	21,744,141
\$22,000 under \$25,000 .....	7,517,739	7,615,123	206,201,583	209,191,554	130,581,873	131,904,440	20,361,642
\$25,000 under \$30,000 .....	11,956,600	12,100,369	415,310,640	420,231,928	274,610,362	278,320,161	44,138,991
\$30,000 under \$35,000 .....	8,264,514	8,590,273	369,115,675	383,689,075	255,121,323	263,107,712	42,768,361
\$35,000 under \$40,000 .....	8,904,085	9,921,341	532,715,520	594,483,386	383,088,855	424,581,970	74,340,917
\$40,000 under \$50,000 .....	2,520,476	3,059,386	214,204,828	261,107,136	159,574,120	193,047,596	35,685,329
\$50,000 under \$75,000 .....	1,778,258	2,090,358	236,074,161	276,331,693	183,252,229	212,184,703	47,837,393
\$75,000 under \$100,000 .....	548,472	612,814	161,914,657	179,115,618	134,674,810	146,390,252	38,699,740
\$100,000 under \$150,000 .....	114,808	115,646	77,893,798	78,516,288	67,559,945	66,881,786	19,162,981
\$150,000 under \$200,000 .....	62,065	57,603	169,631,441	151,465,353	150,793,390	131,414,782	42,422,678
\$200,000 under \$300,000 .....							
\$300,000 under \$500,000 .....							
\$500,000 under \$1,000,000 .....							
\$1,000,000 or more .....							

Size of adjusted gross income	Total income tax <sup>2</sup>	Percentage of returns showing no total income tax <sup>2</sup>		Returns showing total income tax			
	--Continued	1988	1989	Average tax (whole dollars) <sup>2</sup>		Tax as percentage of AGI <sup>1,2</sup>	
	(22)	(23)	(24)	1988	1989	1988	1989
	(25)	(26)	(27)	(28)			
<b>Total</b> .....	<b>432,939,998</b>	<b>20.6</b>	<b>20.5</b>	<b>4,738</b>	<b>4,855</b>	<b>13.8</b>	<b>13.7</b>
Less than \$1,000 <sup>3,4</sup> .....	128,846	77.0	80.0	154	166	--	--
\$1,000 under \$3,000 .....	175,791	73.6	72.5	88	87	4.6	4.6
\$3,000 under \$5,000 .....	361,934	64.6	65.5	173	164	4.4	4.2
\$5,000 under \$7,000 .....	808,791	35.7	38.4	236	216	3.9	3.6
\$7,000 under \$9,000 .....	1,700,016	37.7	37.8	468	453	5.8	5.7
\$9,000 under \$11,000 .....	2,483,871	32.7	34.5	648	637	6.5	6.4
\$11,000 under \$13,000 .....	3,572,710	26.4	27.2	839	839	7.0	7.0
\$13,000 under \$15,000 .....	4,343,324	19.2	20.0	1,029	1,007	7.4	7.2
\$15,000 under \$17,000 .....	5,325,208	8.2	8.7	1,197	1,187	7.5	7.4
\$17,000 under \$19,000 .....	6,465,468	3.8	4.6	1,427	1,448	7.9	8.1
\$19,000 under \$22,000 .....	21,697,934	1.6	1.7	1,935	1,923	8.8	8.8
\$22,000 under \$25,000 .....	20,726,836	0.7	1.0	2,729	2,748	9.9	10.0
\$25,000 under \$30,000 .....	45,597,596	0.5	0.4	3,710	3,785	10.7	10.9
\$30,000 under \$35,000 .....	44,034,240	0.2	0.4	5,184	5,144	11.6	11.5
\$35,000 under \$40,000 .....	81,250,313	0.1	0.2	8,356	8,202	14.0	13.7
\$40,000 under \$50,000 .....	42,671,702	0.1	0.2	14,169	13,973	16.7	16.4
\$50,000 under \$75,000 .....	54,471,932	0.1	0.1	26,934	26,092	20.3	19.7
\$75,000 under \$100,000 .....	41,631,082	0.1	0.1	70,637	68,027	23.9	23.3
\$100,000 under \$150,000 .....	18,882,584	0.1	0.1	167,097	163,497	24.6	24.1
\$150,000 under \$200,000 .....	36,609,819	0.1	0.2	684,546	636,582	25.0	24.2
\$200,000 under \$300,000 .....							
\$300,000 under \$500,000 .....							
\$500,000 under \$1,000,000 .....							
\$1,000,000 or more .....							

See notes following Table 20.

**Table 4.—Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), for Specified Years, 1970-1988**

[All figures are estimates—money amounts are in billions of dollars]

Income and adjustment items	1970	1975	1980	1985	1986	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>1. Personal income (per NIPA) .....</b>	<b>831.8</b>	<b>1,313.4</b>	<b>2,258.5</b>	<b>3,325.3</b>	<b>3,526.2</b>	<b>3,766.4</b>	<b>4,070.8</b>
<b>2. Portion of personal income not included in AGI .....</b>	<b>181.2</b>	<b>350.5</b>	<b>608.5</b>	<b>1,021.4</b>	<b>1,100.6</b>	<b>1,093.9</b>	<b>1,151.6</b>
Transfer payments (except taxable military pay and taxable Government pensions) .....	79.3	178.9	290.3	416.8	440.8	458.4	486.3
Other labor income (except fees) .....	31.9	65.0	136.5	184.3	195.7	205.5	221.2
Imputed income .....	25.5	33.4	45.1	55.3	71.1	87.1	87.4
Investment income received by nonprofit institutions or retained by fiduciaries .....	7.7	11.2	21.7	34.8	33.0	33.4	36.3
Investment income retained by life insurance carriers and noninsured pension funds <sup>1</sup> .....	12.5	23.5	59.9	112.8	119.0	136.2	148.7
Net differences in accounting treatment (NIPA vs. IRS) .....	8.5	16.0	14.1	87.3	97.7	108.1	108.2
Other excluded or tax exempt income .....	15.8	24.4	41.0	130.2	143.3	65.3	63.4
<b>3. Portion of AGI not included in personal income .....</b>	<b>47.7</b>	<b>85.1</b>	<b>157.8</b>	<b>299.4</b>	<b>397.8</b>	<b>432.0</b>	<b>534.5</b>
Personal contributions for social insurance .....	27.9	50.4	88.6	149.3	161.9	172.9	194.1
Net capital gain less loss from sales of property .....	8.9	14.2	29.7	69.8	133.6	138.0	154.5
Taxable private pensions .....	6.3	13.1	28.3	72.9	94.1	103.7	127.6
S Corporation income (taxed through shareholders) less loss .....	1.7	2.1	0.7	6.2	7.5	17.9	37.7
Other taxable income less loss .....	2.9	5.4	10.5	1.2	0.6	-0.5	20.6
<b>4. Total net adjustment for conceptual differences (line 2 minus line 3) .....</b>	<b>133.5</b>	<b>265.4</b>	<b>450.7</b>	<b>722.0</b>	<b>702.8</b>	<b>661.9</b>	<b>617.1</b>
<b>5. Estimated total AGI (per NIPA) (line 1 minus line 4) .....</b>	<b>698.3</b>	<b>1,048.0</b>	<b>1,807.9</b>	<b>2,603.4</b>	<b>2,823.4</b>	<b>3,104.4</b>	<b>3,453.7</b>
<b>6. Adjusted gross income (AGI) (SOI) .....</b>	<b>631.7</b>	<b>947.8</b>	<b>1,613.7</b>	<b>2,306.0</b>	<b>2,481.7</b>	<b>2,773.8</b>	<b>3,083.0</b>
<b>7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6) <sup>2</sup> .....</b>	<b>66.6</b>	<b>100.2</b>	<b>194.1</b>	<b>297.4</b>	<b>341.7</b>	<b>330.6</b>	<b>370.7</b>

See notes following Table 20.

## Selected Historical and Other Data

Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947-1990

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) <sup>1</sup>	Total adjusted gross income (AGI) (per NIPA) <sup>1</sup>	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.0	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	3,526.2	2,823.4	702.8	19.9
1987.....	3,766.4	3,104.4 <sup>2</sup>	637.8 <sup>2</sup>	16.9 <sup>2</sup>
1988.....	4,070.8	3,453.7 <sup>2</sup>	617.1 <sup>2</sup>	15.2 <sup>2</sup>
1989.....	4,384.3	n.a.	n.a.	n.a.
1990.....	4,645.5	n.a.	n.a.	n.a.

See notes following Table 20.

**Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947-1989**

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) <sup>1,2</sup>	Reported on tax returns (per SOI) <sup>2</sup>	Amount <sup>2</sup>	Percentage of total <sup>2</sup>
	(1)	(2)	(3)	(4)
1947.....	170.6	149.7	20.9	12.3
1948.....	184.6	163.6	21.0	11.4
1949.....	181.7	160.6	21.1	11.6
1950.....	201.4	179.1	22.3	11.1
1951.....	228.8	202.4	26.4	11.5
1952.....	241.8	215.3	26.5	11.0
1953.....	257.1	228.7	28.4	11.0
1954.....	256.4	229.2	27.2	10.6
1955.....	277.1	248.5	28.6	10.3
1956.....	279.9	267.8	30.1	10.1
1957.....	310.7	280.4	30.3	9.8
1958.....	316.0	281.2	34.8	11.0
1959.....	338.7	305.1	33.6	9.9
1960.....	352.5	315.5	37.0	10.5
1961.....	365.8	329.9	35.9	9.8
1962.....	387.8	348.7	39.1	10.1
1963.....	408.7	368.8	39.9	9.8
1964.....	442.0	396.7	45.3	10.2
1965.....	479.4	429.2	50.2	10.5
1966.....	520.0	468.5	51.5	9.9
1967.....	555.4	504.8	50.6	9.1
1968.....	610.0	554.4	55.6	9.1
1969.....	663.4	603.5	59.9	9.0
1970.....	698.3	631.7	66.6	9.5
1971.....	745.6	673.6	72.0	9.7
1972.....	824.7	746.0	78.7	9.5
1973.....	926.0	827.1	98.9	10.7
1974.....	1,004.0	905.5	98.5	9.8
1975.....	1,048.0	947.8	100.2	9.6
1976.....	1,166.7	1,053.9	112.8	9.7
1977.....	1,297.0	1,158.5	138.5	10.7
1978.....	1,466.9	1,302.4	164.5	11.2
1979.....	1,647.3	1,465.4	181.9	11.0
1980.....	1,807.9	1,613.7	194.2	10.7
1981.....	1,990.0	1,772.6	217.4	10.9
1982.....	2,059.4	1,852.1	207.3	10.1
1983.....	2,176.3	1,942.6	233.7	10.7
1984.....	2,407.3	2,139.9	267.4	11.1
1985.....	2,603.4	2,306.0	297.4	11.4
1986.....	2,823.4	2,481.7	341.7	12.1
1987.....	3,104.4	2,773.8	330.6	10.7
1988.....	3,453.7	3,083.0	370.7	10.7
1989.....	n.a.	3,256.4	n.a.	n.a.

See notes following Table 20.

## Selected Historical and Other Data

Table 7.—Standard, Itemized and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944-1989

(All figures are estimates based on samples—number of returns are in millions; money amounts are in billions of dollars)

Tax year	Total number of returns	Standard deduction		Itemized deductions		Total deductions	
		Number of returns <sup>1</sup>	Amount <sup>2</sup>	Number of returns <sup>1</sup>	Amount <sup>3</sup>	Amount <sup>4</sup>	Percentage of adjusted gross income (AGI) <sup>5</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3	24.6
1987.....	107.0	71.4	215.2	35.6	392.0	607.2	21.9
1988.....	109.7	76.5	289.6	31.9	395.2	686.0	22.3
1989.....	112.1	79.3	309.4	32.0	431.0	740.4	22.7

See notes following Table 20.

**Table 8.—Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per SOI, Tax Years 1947-1990**

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) <sup>1</sup>	Taxable income (per SOI) <sup>2</sup>		Total income tax (per SOI) <sup>3</sup>		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income <sup>1</sup>	Taxable income <sup>2</sup>
(1)	(2)	(3)	(4)	(5)	(6)	
1947.....	190.2	75.4	39.6	18.1	9.5	24.0
1948.....	209.2	74.8	35.8	15.4	7.4	20.6
1949.....	206.4	71.7	34.7	14.5	7.0	20.2
1950.....	228.1	84.3	37.0	18.4	8.1	21.8
1951.....	256.5	99.2	38.7	24.2	9.4	25.9
1952.....	273.8	107.2	39.2	27.8	10.2	25.9
1953.....	290.5	114.3	39.3	29.4	10.1	25.7
1954.....	293.0	115.3	39.4	26.7	9.1	23.2
1955.....	314.2	128.0	40.7	29.6	9.4	23.1
1956.....	337.2	141.5	42.0	32.7	9.7	23.1
1957.....	356.3	149.4	41.9	34.4	9.7	23.0
1958.....	367.1	149.3	40.7	34.3	9.3	23.0
1959.....	390.7	166.5	42.6	38.6	9.9	23.2
1960.....	409.4	171.6	41.9	39.5	9.6	23.0
1961.....	426.0	181.8	42.7	42.2	9.9	23.2
1962.....	453.2	195.3	43.1	44.9	9.9	23.0
1963.....	476.3	209.1	43.9	48.2	10.1	23.1
1964.....	510.2	229.9	45.1	47.2	9.3	20.5
1965.....	552.0	255.1	46.2	49.6	9.0	19.4
1966.....	600.8	286.3	47.7	56.1	9.3	19.6
1967.....	644.5	315.1	48.9	63.0	9.8	20.0
1968.....	707.2	352.8	49.9	76.7	10.8	21.7
1969.....	772.9	388.8	50.3	86.6	11.2	22.3
1970.....	831.8	401.2	48.2	83.9	10.1	20.9
1971.....	894.0	414.0	46.3	85.4	9.6	20.6
1972.....	981.6	447.6	45.6	93.6	9.5	20.9
1973.....	1,101.7	511.9	46.5	108.1	9.8	21.1
1974.....	1,210.1	573.6	47.4	123.6	10.2	21.5
1975.....	1,313.4	595.5	45.3	124.5	9.5	20.9
1976.....	1,451.4	674.9	46.5	141.8	9.8	21.0
1977.....	1,607.5	733.8	45.6	159.8	9.9	21.8
1978.....	1,812.4	846.4	46.7	188.2	10.4	22.2
1979.....	2,034.0	926.6	45.6	214.5	10.5	23.2
1980.....	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981.....	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982.....	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983.....	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984.....	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985.....	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986.....	3,526.2	1,665.6	47.2	367.3	10.4	22.1
1987.....	3,766.4	1,850.6	49.1	369.2	9.8	20.0
1988.....	4,070.8	2,070.0	50.9	412.9	10.1	20.0
1989.....	4,384.3	2,173.3	49.6	432.9	9.9	19.0
1990.....	4,645.5	n.a.	n.a.	n.a.	n.a.	n.a.

See notes following Table 20.



## Selected Historical and Other Data

Table 9.—Number of Individual Income Tax Returns by Type of Tax Settlement, Tax Years 1944-1989

[All figures are estimates based on samples—number of returns are in millions]

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing	Overpayments	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4
1989.....	112.1	28.0	80.9	3.2

See notes following Table 20.

**Table 10.--Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Specified Income Years, 1970-1989**

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

Item	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b> .....	<b>5,769,741</b>	<b>7,221,346</b>	<b>8,931,712</b>	<b>11,928,573</b>	<b>13,679,302</b>	<b>14,297,558</b>
Number with net income .....	n.a.	n.a.	n.a.	8,640,701	10,491,980	11,017,545
<b>Business receipts, total</b> .....	<b>198,582,172</b>	<b>273,954,741</b>	<b>411,205,713</b>	<b>540,045,430</b>	<b>671,969,931</b>	<b>692,810,938</b>
Income from sales and operations .....	n.a.	272,342,560	407,169,299	528,675,271	658,687,319	678,616,316
<b>Total deductions</b> .....	<b>168,044,746</b>	<b>234,318,288</b>	<b>356,258,495</b>	<b>461,272,852</b>	<b>545,734,861</b> <sup>1</sup>	<b>560,175,242</b>
Cost of sales and operations .....	109,148,811	146,261,435	209,889,809	232,294,132	277,880,196	283,709,263
Inventory, beginning-of-year .....	n.a.	n.a.	n.a.	21,435,438	25,826,139	26,435,007
Inventory, end of year .....	11,060,775	15,578,040	21,996,236	24,969,895	27,312,780	30,060,378
Purchases .....	88,585,913	117,722,352	168,301,517	n.a.	197,219,846	204,681,257
Cost of labor .....	7,704,285	8,791,083	10,922,221	14,504,201	21,143,176	22,539,717
Materials and supplies .....	6,216,057	9,090,638	12,909,222	n.a.	27,800,391	29,870,475
Advertising .....	n.a.	n.a.	n.a.	n.a.	6,151,675	6,360,282
Car and truck expenses .....	n.a.	n.a.	13,378,289	17,044,421	19,640,064	20,789,123
Commissions .....	1,274,016	2,225,930	3,333,345	n.a.	6,539,971	6,843,131
Depletion .....	n.a.	n.a.	n.a.	n.a.	658,821	697,527
Depreciation .....	5,451,525	7,958,143	13,952,703	26,291,389	26,078,240	24,479,083
Pension and profit sharing plans .....	72,741	125,296	141,463	311,323	450,388	539,006
Employee benefit programs .....	n.a.	n.a.	n.a.	n.a.	563,019	791,918
Insurance .....	2,309,608	3,503,812	6,003,126	n.a.	12,527,976	12,879,020
Interest paid .....	1,784,276	3,390,845	7,190,257	11,913,982	12,070,600	13,279,935
Mortgage interest .....	n.a.	n.a.	n.a.	n.a.	5,668,298	5,971,296
Other interest .....	n.a.	n.a.	n.a.	n.a.	6,402,302	7,308,639
Meals and entertainment expenses, total .....	n.a.	n.a.	n.a.	n.a.	4,589,832	5,152,504
Meals and entertainment deduction .....	n.a.	n.a.	n.a.	n.a.	3,671,407	4,121,487
Office expenses .....	n.a.	n.a.	n.a.	n.a.	5,315,870	6,224,723
Rent paid .....	4,636,528	6,676,314	9,636,290	15,258,690	19,470,237	20,951,632
On machinery .....	n.a.	n.a.	n.a.	n.a.	n.a.	2,975,857
On other business property .....	n.a.	n.a.	n.a.	n.a.	19,470,237	17,975,775
Repairs .....	2,444,607	3,044,175	5,031,573	n.a.	8,103,581	8,149,168
Net salaries and wages .....	15,107,047	20,227,859	26,560,821	38,265,691	43,007,261	45,469,088
Taxes paid .....	3,775,502	5,423,961	7,672,459	n.a.	9,494,998	9,947,661
Travel .....	n.a.	n.a.	n.a.	n.a.	3,896,634	4,494,275
Utilities .....	n.a.	n.a.	4,790,337	n.a.	14,618,337	13,600,896
Bad debts from sales or service .....	n.a.	n.a.	n.a.	600,613	914,014	1,109,658
<b>Net income (less deficit)</b> .....	<b>30,537,426</b>	<b>39,636,453</b> <sup>r</sup>	<b>54,947,219</b>	<b>78,772,578</b>	<b>126,323,251</b>	<b>132,737,680</b>
Net income .....	33,735,732	45,624,890	68,010,051	98,775,563	145,517,755	152,416,377
Deficit .....	3,198,306	5,988,437	13,062,832	20,002,986	19,194,505	19,678,697

See notes following Table 20.

**Table 11.--Partnership Returns: Selected Balance Sheet and Income Statement Items for Specified Income Years, 1970-1989**

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

Item	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total number of active partnerships</b> .....	<b>936,133</b>	<b>1,073,094</b>	<b>1,379,654</b>	<b>1,713,603</b>	<b>1,654,245</b>	<b>1,635,164</b>
Number with net income .....	639,795	661,134	774,173	875,846	901,297	897,950
Number with balance sheets .....	555,741	783,271	1,194,236	1,227,498	1,154,882	1,137,048
<b>Number of partners</b> .....	<b>3,697,818</b>	<b>4,950,634</b>	<b>8,419,899</b>	<b>13,244,824</b>	<b>17,291,178</b>	<b>18,431,918</b>
<b>Total assets</b> <sup>1</sup> .....	<b>116,752,751</b>	<b>235,468,301</b>	<b>597,503,923</b>	<b>1,269,434,302</b>	<b>1,580,194,209</b>	<b>1,791,027,273</b>
Depreciable assets (net) .....	n.a.	113,124,969	239,139,823	695,878,822	933,428,499	1,002,296,389
Inventories, end of year .....	n.a.	11,985,431	33,218,272	27,279,234	51,151,852	59,442,619
Land .....	n.a.	36,731,958	70,241,248	152,179,314	200,268,647	213,854,531
<b>Total liabilities</b> <sup>1</sup> .....	<b>n.a.</b>	<b>193,875,629</b>	<b>488,734,023</b>	<b>1,069,221,649</b>	<b>1,313,087,261</b>	<b>1,435,245,691</b>
Accounts payable .....	n.a.	12,302,055	33,899,048	40,871,755	48,882,276	51,695,075
Short-term debt <sup>2</sup> .....	n.a.	22,709,476	48,001,839	102,760,363	86,552,615	86,933,328
Long-term debt <sup>3</sup> .....	n.a.	136,296,764	178,044,406	381,960,685	473,597,425	512,127,625
Nonrecourse loans .....	n.a.	n.a.	118,910,380	327,558,208	436,916,024	461,008,315
<b>Partners' capital accounts</b> <sup>1</sup> .....	<b>n.a.</b>	<b>41,592,672</b>	<b>108,769,900</b>	<b>200,212,653</b>	<b>267,106,948</b>	<b>355,781,582</b>
<b>Total receipts</b> <sup>4</sup> .....	<b>93,348,080</b>	<b>148,417,529</b>	<b>291,998,115</b>	<b>367,117,316</b>	<b>540,193,912</b>	<b>505,222,543</b>
Business receipts <sup>5</sup> .....	90,208,834	142,505,781	271,108,832	302,733,374	463,956,020	464,951,817
Interest received .....	942,304	2,477,173	10,869,323	20,558,966	19,776,489	20,941,861
<b>Total deductions</b> <sup>4</sup> .....	<b>83,557,684</b>	<b>140,679,959</b>	<b>283,749,460</b>	<b>376,000,991</b>	<b>526,217,080</b>	<b>536,749,152</b>
Cost of sales and operations .....	46,040,874	64,672,843	113,885,668	146,315,315	252,590,549	232,797,570
Purchases .....	31,820,581	42,608,734	70,439,607	91,925,923	173,024,428	137,011,049
Cost of labor .....	4,146,927	4,585,836	7,015,547	8,845,106	11,535,738	13,378,307
Salaries and wages .....	8,129,233	12,489,039	22,336,337	33,884,204	47,098,641	54,051,875
Taxes paid .....	3,159,258	5,770,918	9,553,145	7,745,756	7,993,317	8,873,071
Interest paid <sup>6</sup> .....	4,470,206	12,097,100	28,362,385	28,674,933	23,242,437	32,747,005
Depreciation <sup>7</sup> .....	4,578,820	10,108,834	21,576,189	53,650,790	61,839,261	64,368,099
<b>Net income (less deficit)</b> .....	<b>9,790,396</b>	<b>7,737,570</b>	<b>8,248,655</b>	<b>-8,883,674</b>	<b>14,493,114</b>	<b>14,099,275</b>
Net income .....	14,419,124	22,431,931	45,061,756	77,044,693	111,384,545	113,885,966
Deficit .....	4,628,728	14,694,361	36,813,100	85,928,367	96,891,431	99,786,691

See notes following Table 20.

## Selected Historical and Other Data

Table 12.--Number of Business Income Tax Returns by Size of Business for Specified Years, 1970-1989

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

Size of business	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
<b>CORPORATIONS</b>						
<b>Receipt size <sup>1</sup></b>						
Under \$25,000 <sup>2</sup> .....	451.9	468.9	557.0	710.8	818.4	n.a.
\$25,000 under \$50,000 .....	170.7	186.4	207.7	236.6	227.9	n.a.
\$50,000 under \$100,000 .....	219.8	260.7	322.7	330.2	350.4	n.a.
\$100,000 under \$250,000 .....	516.9	673.9	558.4	620.5	617.8	n.a.
\$250,000 under \$500,000 .....			367.3	489.2	516.4	n.a.
\$500,000 under \$1,000,000 .....	141.1	184.2	279.8	352.4	409.1	n.a.
\$1,000,000 or more .....	165.0	249.5	417.7	537.6	622.8	n.a.
<b>Asset size</b>						
Under \$100,000 <sup>3</sup> .....	961.0	1,177.7	1,514.6	1,833.5	2,005.9	n.a.
\$100,000 under \$1 million .....	599.1	704.6	968.9	1,152.5	1,216.5	n.a.
\$1 million under \$10 million .....	87.0	116.4	191.8	245.4	288.3	n.a.
\$10 million under \$25 million .....	9.8	12.2	16.6	20.9	24.2	n.a.
\$25 million under \$50 million .....	3.9	5.6	7.8	10.4	10.5	n.a.
\$50 million under \$100 million .....	2.1	3.1	4.8	6.2	7.0	n.a.
\$100 million under \$250 million .....	1.4	2.1	3.2	4.4	5.3	n.a.
\$250 million and over .....	1.2	1.9	2.9	4.1	5.1	n.a.
<b>PARTNERSHIPS</b>						
<b>Receipt size <sup>1,4</sup></b>						
Under \$25,000 <sup>2</sup> .....	501.7	549.7	638.0	840.1	829.8	779.0
\$25,000 under \$50,000 .....	125.2	141.0	181.8	195.5	117.5	155.6
\$50,000 under \$100,000 .....	119.6	133.7	183.6	199.5	183.3	201.6
\$100,000 under \$250,000 .....	97.2	114.0	155.2	190.1	160.4	219.2
\$250,000 under \$500,000 .....	65.2	90.6	135.6	165.5	159.3	122.4
\$500,000 under \$1,000,000 .....	17.0	25.5	48.1	66.9	73.9	77.9
\$1,000,000 or more .....	10.3	18.6	37.4	56.0	69.7	79.5
<b>Asset size <sup>5</sup></b>						
Under \$25,000 <sup>3</sup> .....	635.7	611.0	541.9	794.1	783.5	757.8
\$25,000 under \$50,000 .....	80.8	105.9	156.3	132.7	117.7	126.4
\$50,000 under \$100,000 .....	73.5	106.8	180.2	165.8	133.1	122.1
\$100,000 under \$250,000 .....	74.7	116.0	219.1	210.9	127.2	192.1
\$250,000 under \$500,000 .....	33.8	56.9	117.9	142.8	195.0	133.9
\$500,000 under \$1,000,000 .....	19.3	35.3	72.1	100.0	108.8	109.6
\$1,000,000 or more .....	18.3	41.2	92.2	167.2	188.6	193.3
<b>NONFARM SOLE PROPRIETORSHIPS</b>						
<b>Receipt size</b>						
Under \$2,500 <sup>3</sup> .....	1,894.3	2,299.9	2,783.1	3,067.5	3,364.9	3,623.1
\$2,500 under \$5,000 .....	815.1	959.4	1,158.6	1,444.6	1,509.9	1,621.5
\$5,000 under \$10,000 .....	891.5	1,041.7	1,262.9	1,633.6	1,962.8	1,998.2
\$10,000 under \$25,000 .....	1,137.4	1,325.7	1,711.8	2,104.6	2,509.2	2,612.7
\$25,000 under \$50,000 .....	746.4	849.5	1,079.1	1,393.9	1,601.6	1,660.0
\$50,000 under \$100,000.....	562.0	644.5	835.6	1,094.1	1,225.8	1,259.0
\$100,000 under \$200,000 .....	297.4	380.9	795.8	1,060.2	967.6	779.0
\$200,000 under \$500,000 .....	122.3	209.2			369.7	554.9
\$500,000 under \$1,000,000 .....	20.8	35.3	73.9	89.3	118.3	139.7
\$1,000,000 or more .....	6.6	13.5	29.2	40.7	49.5	49.5

See notes following Table 20.

**Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement and Tax Items for Specified Years, 1970-1988**

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

Item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b> .....	<b>1,665,477</b>	<b>2,023,647</b>	<b>2,710,538</b>	<b>3,277,219</b>	<b>3,612,133</b>	<b>3,562,789<sup>1</sup></b>
Number with net income .....	1,008,337	1,226,208	1,596,632	1,820,120	1,995,452	1,908,799 <sup>1</sup>
Consolidated returns <sup>2,3</sup> .....	19,871	38,307	57,890	79,598	80,070	74,247
S Corporation returns <sup>3,4</sup> .....	257,475	358,413	545,389	724,749	1,127,905	1,257,191
DISC returns <sup>3,5</sup> .....	N/A	6,431	8,665	1,383	1,185	( <sup>1</sup> )
FSC returns <sup>3,6</sup> .....	N/A	N/A	N/A	2,341	2,613	( <sup>1</sup> )
<b>Total assets</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>12,773,093,888</b>	<b>15,310,615,602</b>	<b>16,568,467,823<sup>1</sup></b>
Cash .....	176,924,573	290,426,439	528,914,747	683,204,264	754,042,297	784,815,919
Notes and accounts receivable .....	614,667,367	1,051,542,806	1,984,601,790	3,317,635,191	3,763,230,257	4,099,147,501
Less: Allowance for bad debts .....	20,030,327	31,032,998	50,057,307	61,580,335	95,203,843	96,744,285
Inventories .....	190,401,642	317,718,545	534,806,547	714,722,928	829,272,682	845,783,686
Investments in Government obligations .....	196,625,390	316,131,699	472,059,737	916,550,098	1,092,370,975	1,094,749,402
Other current assets .....	73,058,482	145,101,716	310,177,160	629,136,396	836,599,341	912,145,245
Loans to stockholders .....	4,774,082	9,355,636	29,873,250	56,761,232	71,237,313	79,855,312
Mortgage and real estate loans .....	327,593,354	548,054,483	894,323,489	1,258,672,577	1,455,222,233	1,604,896,498
Other investments .....	401,389,022	626,266,074	1,213,986,210	2,413,551,474	3,227,237,568	3,614,438,470
Depreciable assets .....	868,908,018	1,276,564,500	2,107,027,914	3,174,193,649	3,602,960,891	3,820,961,787
Less: Accumulated depreciation .....	334,646,086	483,798,526	767,841,763	1,232,072,530	1,483,312,181	1,593,226,079
Depletable assets .....	18,517,264	38,511,396	71,901,490	112,339,389	123,104,144	124,421,968
Less: Accumulated depletion .....	6,774,796	14,501,561	19,569,556	37,203,920	49,686,832	50,921,656
Land .....	46,626,157	66,819,206	92,931,935	141,448,357	158,817,879	177,037,541
Intangible assets (amortizable) .....	12,818,168	12,823,183	45,480,694	145,290,625	262,309,525	329,484,622
Less: Accumulated amortization .....	5,984,184	4,491,990	18,393,037	42,505,240	55,540,169	67,703,687
Other assets .....	69,838,438	121,065,665	187,015,106	582,949,738	817,953,526	889,325,583
<b>Total liabilities</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>12,773,093,888</b>	<b>15,310,615,602</b>	<b>16,568,467,823<sup>1</sup></b>
Accounts payable .....	148,812,597	263,417,584	542,172,368	891,571,443	997,768,767	1,022,810,938
Mortgages, notes, and bonds payable in less than 1 year .....	170,884,261	272,123,551	504,802,288	1,001,337,795	1,247,450,987	1,431,308,911
Other current liabilities .....	892,218,397	1,577,425,991	2,706,796,360	4,234,983,432	4,822,312,874	5,092,190,043
Loans from stockholders .....	24,573,814	38,143,936	85,718,510	174,317,253	211,854,134	243,230,029
Mortgages, notes, and bonds payable in 1 year or more .....	362,700,303	586,703,526	986,663,932	1,699,272,481	2,141,169,042	2,352,107,056
Other liabilities .....	283,106,029	451,676,880	846,696,691	1,467,912,913	1,942,679,565	2,219,993,412
Capital stock .....	201,213,719	251,715,862	417,153,783	920,182,882	1,291,674,344	1,429,486,814
Paid-in or capital surplus .....	196,642,421	298,534,854	532,039,407	1,420,996,805	1,988,355,017	2,154,243,458
Retained earnings, appropriated .....	16,657,051	29,955,676	41,461,644	54,074,364	83,651,846	77,508,595
Retained earnings, unappropriated .....	349,225,750	537,631,026	1,027,902,049	1,311,512,589	1,257,000,416	1,313,070,807
Less: Cost of treasury stock .....	11,327,778	20,772,613	74,168,627	403,068,064	749,174,866	870,298,430
<b>Total receipts</b> .....	<b>1,750,776,503</b>	<b>3,198,627,860</b>	<b>6,361,284,012</b>	<b>8,398,278,426</b>	<b>9,580,720,701<sup>7,8</sup></b>	<b>10,264,867,46<sup>1,7,8</sup></b>
Business receipts .....	1,620,886,576	2,961,729,640	5,731,616,337	7,369,538,953	8,414,537,647 <sup>7,8</sup>	8,949,846,24 <sup>7,8</sup>
Interest on State and local Government obligations .....	3,775,917	6,711,606	12,620,876	20,164,514	30,764,430	32,308,213
Other interest .....	67,794,508	136,587,304	354,243,674	617,622,425 <sup>9</sup>	589,989,252	772,316,565
Dividends received from domestic corporations .....	5,238,421	8,818,282	18,654,800	16,967,379	13,864,647	15,165,056
Dividends received from foreign corporations .....	3,466,515	5,467,726	14,563,353	20,770,361	25,180,395	42,281,099
Rents .....	13,938,502	21,765,130	41,371,141	89,700,937	92,105,433	92,309,807
Royalties .....	2,586,387	5,167,141	12,450,250	15,237,421	20,743,856	23,942,535
Net short-term capital gain reduced by net long-term capital loss .....	190,439	301,601	2,013,510	7,032,062	8,453,030	5,574,907
Net long-term capital gain reduced by net short-term capital loss .....	5,481,580	8,364,523	24,910,957	53,771,685	63,754,106	56,684,28 <sup>8</sup>
Net gain, noncapital assets .....	5,315,562	7,757,287	20,117,615	33,537,842	29,568,649 <sup>9</sup>	36,522,79 <sup>9</sup>
Other receipts .....	22,102,096	35,957,620	128,721,498	153,934,848	206,857,448	237,915,957

## Selected Historical and Other Data

Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement and Tax Items for Specified Years, 1970-1988—Continued

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

Item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total deductions</b> .....	<b>1,682,778,847</b>	<b>3,052,674,597</b>	<b>6,125,365,155</b>	<b>8,158,144,126</b>	<b>9,243,903,854</b> <sup>7</sup>	<b>9,853,420,138</b> <sup>1,7</sup>
Cost of sales and operations .....	1,146,263,273	2,129,928,467	4,204,905,905	4,894,254,081	5,596,218,574	5,944,935,455
Compensation of officers .....	32,846,381	57,832,552	108,973,751	170,737,540	200,048,676	203,220,587
Repairs .....	13,986,819	23,422,171	42,407,967	81,495,784	86,425,629	86,236,216
Bad debts .....	6,479,814	13,781,147	18,769,771	43,333,588	54,578,189	58,644,690
Rent paid on business property .....	23,842,355	40,769,829	71,990,832	134,661,335	153,781,416	161,141,584
Taxes paid .....	49,523,243	81,530,302	163,003,622	200,977,161	211,346,315	222,323,028
Interest paid .....	62,055,010	129,307,921	344,612,542	568,645,475	589,989,252	672,447,709
Contributions or gifts .....	797,029	1,202,130	2,358,554	4,471,736	4,980,027	4,893,019
Amortization .....	745,005	717,398	1,374,658	6,133,737	17,407,143	20,325,799
Depreciation .....	52,941,266	86,295,664	157,345,828	304,380,703	316,710,668	327,516,917
Depletion .....	5,623,339	5,341,489	8,871,993	7,779,731 <sup>10</sup>	8,460,962 <sup>10</sup>	8,716,602
Advertising .....	18,089,097	26,605,786	52,266,004	91,922,667	106,556,098	114,408,994
Pension, profit-sharing, stock bonus, and annuity plans .....	12,225,912	26,526,129	51,529,310	49,588,712 <sup>10</sup>	46,533,727 <sup>10</sup>	45,183,078
Employee benefit programs .....	7,398,283	15,690,563	40,179,104	71,601,577 <sup>10</sup>	84,603,727 <sup>10</sup>	94,322,487
Net loss, noncapital assets .....	1,289,305	1,804,079	5,903,104	7,893,175	12,047,435 <sup>8</sup>	14,094,202 <sup>8</sup>
Other deductions .....	248,672,716	411,918,970	850,872,216	1,520,267,133 <sup>10</sup>	1,754,216,022 <sup>10</sup>	1,875,009,779
<b>Total receipts less total deductions</b> .....	<b>67,997,656</b>	<b>145,953,263</b>	<b>235,918,858</b>	<b>240,134,300</b>	<b>336,816,848</b>	<b>411,447,323</b> <sup>1,8</sup>
Constructive taxable income from related foreign corporations .....	1,679,875	3,395,169	15,708,560	20,299,335	22,226,855	33,977,330
Net income (less deficit) .....	65,901,614	142,636,826	239,006,542	240,119,020	328,223,710 <sup>7</sup>	412,982,753 <sup>1,7</sup>
Net income .....	83,710,924	169,483,336	296,787,201	363,867,384	465,234,737 <sup>7</sup>	555,850,912 <sup>1,7</sup>
Deficit .....	17,809,310	26,846,510	57,780,659	123,748,365	137,011,027 <sup>7</sup>	142,868,159 <sup>1,7</sup>
Income subject to tax <sup>11</sup> .....	72,374,437	146,589,287	246,598,486	266,060,609	311,840,615	383,201,978
<b>Income tax, total</b> .....	<b>33,293,018</b> <sup>12</sup>	<b>66,144,308</b>	<b>105,142,436</b>	<b>111,340,839</b>	<b>118,484,975</b>	<b>131,367,397</b>
Regular and alternative tax .....	32,949,937	65,769,822	103,831,172	109,106,358	115,073,572	126,899,211 <sup>13</sup>
Recapture of prior-year investment credit .....	77,832	217,138	867,571	1,497,597	783,953	552,398
Recapture of prior-year work incentive (WIN) credit .....	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences and alternative minimum tax .....	265,249	156,740	438,820	725,878	2,229,107 <sup>14</sup>	3,352,845 <sup>14</sup>
Environmental tax .....	N/A	N/A	N/A	N/A	351,253	487,926
Foreign tax credit .....	4,548,986	19,987,724	24,879,737	24,263,487	20,812,861	27,068,104
U.S. possessions tax credit .....	N/A	N/A	1,572,734	2,450,583	2,666,634	2,318,021
Investment credit .....	865,954	6,459,746	15,102,812	( <sup>15</sup> )	( <sup>15</sup> )	( <sup>15</sup> )
Work incentive (WIN) credit .....	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit .....	N/A	N/A	601,444	( <sup>15</sup> )	( <sup>15</sup> )	( <sup>15</sup> )
Nonconventional source fuel credit .....	N/A	N/A	2	43,267	52,439	49,517
Alcohol fuel credit .....	N/A	N/A	4	( <sup>15</sup> )	( <sup>15</sup> )	( <sup>15</sup> )
Research activities credit .....	N/A	N/A	N/A	1,627,997	( <sup>15</sup> )	( <sup>15</sup> )
Employees stock ownership credit .....	N/A	N/A	N/A	( <sup>15</sup> )	( <sup>15</sup> )	N/A
Orphan drug credit .....	N/A	N/A	N/A	*204	5,154	8,053
General business credit .....	N/A	N/A	N/A	19,607,097 <sup>15</sup>	7,959,117 <sup>15</sup>	5,559,174 <sup>15</sup>
Prior year minimum tax credit .....	N/A	N/A	N/A	N/A	14	468,767
<b>Distributions to stockholders:</b>						
Cash and property except in own stock .....	32,012,677	45,224,392	97,378,617	n.a.	n.a.	n.a.
Corporation's own stock .....	1,922,810	2,066,559	3,525,549	n.a.	n.a.	n.a.

See notes following Table 20.

**Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement and Tax Items by Industrial Division for Specified Income Years, 1970-1988**

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

Industrial division and item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
<b>AGRICULTURE, FORESTRY AND FISHING</b>						
Number of returns, total .....	37,283	56,280	80,883	103,156	116,544	119,902 *
Number with net income .....	19,843	33,328	43,827	52,776	65,059	63,943 *
Total assets .....	11,909,403	21,177,941	40,738,977	52,651,197	55,374,698	60,491,780
Net worth .....	4,012,068	6,844,949	11,460,935	15,406,221	18,201,394	20,271,852
Total receipts .....	14,277,707	28,118,514	52,089,915	70,491,486	77,057,114 <sup>1</sup>	86,258,094 <sup>1</sup>
Business receipts .....	13,591,763	26,624,149	48,850,056	65,419,402	71,809,603	80,520,140
Interest received .....	69,742	171,732	476,654	775,383 <sup>2</sup>	490,401 <sup>2</sup>	578,950 <sup>2</sup>
Total deductions .....	14,209,713	27,369,286	51,418,280	70,559,478	75,422,713 <sup>1</sup>	84,637,081 <sup>1</sup>
Cost of sales and operations .....	10,555,539	19,738,447	35,798,332	45,085,526	50,565,416	57,188,712
Interest paid .....	356,225	797,420	2,184,441	2,758,952	2,272,546	2,497,991
Net income (less deficit) .....	65,295	746,908	673,158	-74,270	1,626,501 <sup>1</sup>	1,615,921 <sup>1</sup>
Net income .....	493,400	1,493,168	2,464,381	2,930,905	4,010,915 <sup>1</sup>	4,184,927 <sup>1</sup>
Deficit .....	428,105	746,260	1,791,222	3,005,175	2,384,414 <sup>1</sup>	2,569,006 <sup>1</sup>
Regular and alternative tax .....	113,115 <sup>3</sup>	351,059	533,768	531,787	496,874 <sup>4</sup>	538,994 <sup>4</sup>
Total income tax after credits <sup>5</sup> .....	107,023 <sup>3</sup>	294,584	422,356	344,626	497,427	500,206
Distributions to stockholders except in own stock.....	65,824	244,524	304,733	n.a.	n.a.	n.a.
<b>MINING</b>						
Number of returns, total .....	14,465	14,242	25,576	41,426	42,050	41,080 *
Number with net income .....	7,303	8,297	12,698	18,031	16,764	16,133 *
Total assets .....	23,972,812	64,505,341	126,947,880	240,815,996	220,137,063	225,639,336
Net worth .....	13,381,821	32,765,690	54,068,148	104,772,797	109,553,353	111,829,194
Total receipts .....	17,747,750	65,909,994	176,672,390	142,038,595	96,805,871 <sup>1</sup>	100,426,996 <sup>1</sup>
Business receipts .....	16,699,586	63,670,496	167,397,918	126,710,610	85,846,689	87,350,933
Interest received .....	176,728	522,757	1,301,266	3,584,890 <sup>2</sup>	2,622,570 <sup>2</sup>	3,233,553 <sup>2</sup>
Total deductions .....	15,927,348	42,348,765	169,051,624	145,389,514	96,660,686 <sup>1</sup>	96,765,413 <sup>1</sup>
Cost of sales and operations .....	9,955,600	30,171,612	116,989,880	87,972,035	56,325,162	54,573,351
Interest paid .....	388,032	1,166,182	3,440,080	7,789,995	5,442,124	5,916,281
Net income (less deficit) .....	1,834,315	23,574,833	7,750,561	-2,543,487	275,048 <sup>1</sup>	4,111,855 <sup>1</sup>
Net income .....	2,399,507	24,347,893	10,133,685	6,166,623	6,039,881 <sup>1</sup>	8,581,355 <sup>1</sup>
Deficit .....	565,192	773,060	2,383,124	8,710,110	5,764,833 <sup>1</sup>	4,469,500 <sup>1</sup>
Regular and alternative tax .....	1,031,550 <sup>3</sup>	11,361,037	3,947,569	1,736,952	1,143,473 <sup>4</sup>	1,577,438 <sup>4</sup>
Total income tax after credits <sup>5</sup> .....	342,928 <sup>3</sup>	1,051,138	1,674,566	557,519	810,619	1,072,854
Distributions to stockholders except in own stock.....	1,177,550	1,015,895	4,757,780	n.a.	n.a.	n.a.
<b>CONSTRUCTION</b>						
Number of returns, total .....	138,905	191,219	272,432	318,276	371,169	381,499 *
Number with net income .....	82,078	108,852	150,368	185,613	222,498	222,350 *
Total assets .....	42,719,792	76,691,947	132,939,026	215,297,771	222,064,937	241,395,405
Net worth .....	11,819,604	19,029,077	32,826,174	54,687,270	53,926,258	62,524,744
Total receipts .....	90,610,644	146,955,117	267,205,356	387,232,953	454,831,094 <sup>1</sup>	499,690,338 <sup>1</sup>
Business receipts .....	88,945,385	143,412,715	260,387,692	374,590,273	442,491,245	485,711,849
Interest received .....	219,698	614,583	2,073,650	3,851,628 <sup>2</sup>	3,479,339 <sup>2</sup>	3,582,186 <sup>2</sup>
Total deductions .....	89,070,022	144,717,309	262,116,275	382,823,113	446,096,648 <sup>1</sup>	488,357,231 <sup>1</sup>
Cost of sales and operations .....	73,434,969	116,845,554	208,064,925	295,803,244	344,505,785	375,920,136
Interest paid .....	711,496	1,973,244	4,278,502	6,407,652	6,319,837	6,926,137
Net income (less deficit) .....	1,538,418	2,236,262	5,271,209	4,370,924	8,700,642 <sup>1</sup>	11,343,920 <sup>1</sup>
Net income .....	2,548,013	4,514,864	8,911,143	11,053,145	15,360,778 <sup>1</sup>	17,946,717 <sup>1</sup>
Deficit .....	1,009,595	2,278,602	3,639,934	6,682,220	6,660,136 <sup>1</sup>	6,602,797 <sup>1</sup>
Regular and alternative tax .....	776,979 <sup>3</sup>	1,320,196	2,521,507	2,243,786	2,351,230 <sup>3</sup>	2,381,580 <sup>4</sup>
Total income tax after credits <sup>5</sup> .....	756,637 <sup>3</sup>	1,131,960	1,973,659	1,662,563	2,337,107	2,274,530
Distributions to stockholders except in own stock.....	299,204	464,553	793,764	n.a.	n.a.	n.a.
<b>MANUFACTURING</b>						
Number of returns, total .....	197,807	217,354	242,550	276,545	294,211	299,538 *
Number with net income .....	120,814	136,839	153,640	159,778	169,988	172,955 *
Total assets .....	612,912,516	944,581,970	1,709,471,700	2,644,393,424	3,111,708,665	3,390,433,557
Net worth .....	308,923,293	442,587,674	749,186,774	1,099,645,876	1,191,672,658	1,253,269,530
Total receipts .....	722,952,890	1,296,359,650	2,404,323,844	2,831,062,496	3,141,406,444 <sup>1</sup>	3,348,965,911 <sup>1</sup>
Business receipts .....	700,090,661	1,258,338,650	2,301,056,550	2,656,345,750	2,946,695,175	3,118,059,530
Interest received .....	4,748,499	8,691,092	28,315,784	47,753,626 <sup>2</sup>	50,334,403 <sup>2</sup>	57,663,685 <sup>2</sup>
Total deductions .....	692,455,462	1,230,689,496	2,290,593,808	2,733,105,346	3,012,111,231 <sup>1</sup>	3,169,974,645 <sup>1</sup>
Cost of sales and operations .....	495,879,549	925,111,030	1,707,143,900	1,797,852,805	2,034,818,784	2,117,827,704
Interest paid .....	12,570,242	22,055,903	54,177,356	90,452,072	100,783,073	113,699,987
Net income (less deficit) .....	31,846,078	68,406,627	125,667,815	113,758,645	145,493,891 <sup>1</sup>	205,083,651 <sup>1</sup>
Net income .....	37,925,489	74,466,554	141,547,510	142,541,119	172,315,960 <sup>1</sup>	232,182,692 <sup>1</sup>
Deficit .....	6,079,411	6,059,927	15,879,695	28,782,474	26,822,069 <sup>1</sup>	27,099,041 <sup>1</sup>
Regular and alternative tax .....	16,744,905 <sup>3</sup>	32,306,739	59,577,413	55,553,921	56,040,361 <sup>4</sup>	66,691,829 <sup>4</sup>
Total income tax after credits <sup>5</sup> .....	1,324,226 <sup>3</sup>	21,024,964	32,726,986	25,382,459	34,048,160	41,905,883
Distributions to stockholders except in own stock.....	14,616,282	19,973,061	37,306,509	n.a.	n.a.	n.a.

## Selected Historical and Other Data

**Table 14.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement and Tax Items by Industrial Division for Specified Income Years, 1970-1988--Continued**

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

Industrial division and item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>						
Number of returns, total	67,398	80,701	111,324	138,337	147,893	149,248 °
Number with net income	38,204	45,360	62,232	69,938	80,304	78,583 °
Total assets	287,740,207	443,236,797	758,364,400	1,246,426,899	1,352,512,937	1,411,201,395
Net worth	121,205,022	176,444,407	290,655,693	490,481,127	510,064,082	519,388,495
Total receipts	135,495,271	243,480,637	523,807,396	772,358,188	786,179,466 1	838,753,393 1
Business receipts	131,463,171	234,689,427	507,372,820	733,943,970	736,633,389	779,584,504
Interest received	930,266	1,520,913	5,760,072	12,310,594 2	12,695,723 2	14,802,683 2
Total deductions	127,931,131	233,409,166	503,954,285	747,836,158	749,024,805 1	792,540,311 1
Cost of sales and operations	77,743,359	143,932,463	336,868,172	381,028,354	339,840,645	356,253,750
Interest paid	7,364,200	13,761,062	27,638,591	44,880,858	47,132,799	50,934,990
Net income (less deficit)	7,543,718	10,099,571	20,046,155	25,087,629	37,466,726 1	46,943,801 1
Net income	9,471,595	12,088,189	24,917,293	37,880,144	50,070,763 1	59,870,499 1
Deficit	1,927,877	1,988,618	4,871,138	12,792,516	12,604,037 1	12,926,698 1
Regular and alternative tax	4,342,334 3	5,107,158	10,532,722	14,881,470	16,976,595 4	17,089,778 4
Total income tax after credits 5	4,036,650 3	2,836,470	5,322,655	8,432,924	14,769,151	15,429,292
Distributions to stockholders except in own stock	5,837,565	8,900,353	17,329,807	n.a.	n.a.	n.a.
<b>WHOLESALE AND RETAIL TRADE</b>						
Number of returns, total	518,062	614,632	799,628	917,301	971,758	984,553 °
Number with net income	339,987	399,668	487,300	510,825	537,686	562,082 °
Total assets	192,181,800	323,496,726	646,901,005	1,009,965,739	1,177,668,920	1,295,819,375
Net worth	77,002,132	122,649,734	222,289,687	286,260,274	316,458,705	331,968,322
Total receipts	522,547,923	969,938,872	1,955,523,778	2,473,865,453	2,766,717,240 1	2,977,982,750 1
Business receipts	511,316,883	951,463,550	1,919,347,689	2,408,174,933	2,691,275,402	2,891,336,187
Interest received	1,291,906	3,857,318	10,503,989	21,633,480 2	22,041,565 2	24,914,583 2
Total deductions	512,910,193	947,511,780	1,919,454,218	2,440,403,373	2,728,491,327 1	2,935,533,099 1
Cost of sales and operations	392,391,856	745,299,204	1,538,128,634	1,869,766,621	2,076,485,794	2,230,936,367
Interest paid	4,309,663	8,587,173	25,645,855	38,217,998	43,641,104	53,360,602
Net income (less deficit)	9,671,044	22,489,430	38,309,671	33,126,702	38,040,057 1	42,844,883 1
Net income	12,395,411	27,681,721	49,426,500	51,434,500	60,276,175 1	66,594,873 1
Deficit	2,724,367	5,192,291	11,116,829	18,307,798	22,236,117 1	23,749,990 1
Regular and alternative tax	4,476,047 3	8,103,316	13,515,653	16,130,885	14,672,865 4	13,843,495 4
Total income tax after credits 5	4,237,181 3	7,348,619	10,564,358	13,396,555	13,994,767	12,733,094
Distributions to stockholders except in own stock	2,068,501	5,029,897	10,343,087	n.a.	n.a.	n.a.
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>						
Number of returns, total	406,235	411,846	493,426	518,432	521,136	572,418
Number with net income	248,586	243,409	273,853	285,273	275,637	275,198
Total assets	1,401,153,520	2,321,965,956	4,022,206,073	7,029,452,681	8,732,320,235	9,411,547,140
Net worth	196,480,448	269,770,527	530,541,317	1,161,968,009	1,634,925,235	1,779,467,329
Total receipts	177,321,173	315,795,981	697,460,846	1,182,034,309	1,589,218,435 1,7	1,714,352,381 1,7
Business receipts	92,091,887	157,126,715	256,892,475	501,993,840	818,286,705 7	860,415,865 7
Interest received	63,694,046	127,040,303	315,146,115	541,268,193 2	606,143,965 2	688,751,005 2
Total deductions	161,630,060	297,963,817	652,637,787	1,104,572,202	1,476,737,395 1,7	1,596,044,566 1,7
Cost of sales and operations	48,434,362	84,614,209	129,644,330	237,577,803	470,673,440	501,018,140
Interest paid	34,548,509	77,677,659	219,167,684	363,009,417	364,541,038	415,952,696
Net income (less deficit)	12,214,079	11,663,330	33,122,792	60,670,526	87,403,218 1	91,892,954 1
Net income	15,081,939	18,825,003	46,040,390	90,546,934	129,179,849 1	136,443,479 1
Deficit	2,867,860	7,161,673	12,917,599	29,876,408	41,776,631 1	44,550,525 1
Regular and alternative tax	4,404,449 3	5,558,647	9,680,755	13,369,981	18,510,796 4	19,918,799 4
Total income tax after credits 5	4,150,009 3	4,673,705	7,699,628	10,193,877	16,342,990	17,858,548
Distributions to stockholders except in own stock	7,387,211	8,729,977	24,692,146	n.a.	n.a.	n.a.
<b>SERVICES</b>						
Number of returns, total	281,218	435,672	671,338	939,390	1,119,604	995,425 °
Number with net income	150,525	249,641	408,716	529,337	619,923	512,464 °
Total assets	61,875,140	90,534,067	178,163,737	330,982,941	435,561,919	530,326,395
Net worth	19,529,062	26,855,374	52,865,513	89,852,365	112,415,645	128,119,335
Total receipts	69,572,626	131,377,364	279,883,187	534,587,609	663,133,101 1	695,265,170 1
Business receipts	66,459,515	125,747,462	266,088,619	497,980,990	616,469,154	643,748,105
Interest received	435,070	875,506	3,269,412	6,561,301 2	7,806,764 2	11,078,904 2
Total deductions	68,384,452	127,996,443	271,792,974	528,685,613	653,953,599 1	686,267,928 1
Cost of sales and operations	37,733,747	63,724,869	129,352,692	176,070,808	219,817,625	249,228,959
Interest paid	1,802,802	3,279,438	8,033,612	15,027,259	19,750,647	23,077,104
Net income (less deficit)	1,198,703	3,396,744	8,193,903	5,883,782	9,251,928 1	9,276,631 1
Net income	3,384,869	6,025,592	13,246,601	21,124,460	27,731,097 1	29,951,299 1
Deficit	2,186,166	2,628,848	5,052,698	15,240,678	18,479,168 1	20,674,668 1
Regular and alternative tax	1,058,264 3	1,625,093	3,497,265	4,621,875	4,858,810 4	4,847,966 4
Total income tax after credits 5	1,003,130 3	1,323,637	2,603,370	3,343,830	4,212,339	4,112,219
Distributions to stockholders except in own stock	558,452	855,402	1,841,945	n.a.	n.a.	n.a.

See notes following Table 20.

**Table 15.—Corporation Profits Before Taxes per National Income and Product Accounts (NIPA) and per SOI, and Income Subject to Tax per SOI, Income Years 1960-1990**

[All figures are estimates--money amounts are in billion of dollars]

Income year	Profits before taxes (per NIPA) <sup>1</sup>	Net income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960.....	49.9	43.5	47.2
1961.....	49.8	45.9	47.9
1962.....	55.1	49.6	51.7
1963.....	59.8	54.3	54.3
1964.....	66.7	61.6	60.4
1965.....	77.4	73.9	70.8
1966.....	83.3	80.5	77.1
1967.....	80.1	78.2	74.8
1968.....	89.1	86.0	81.4
1969.....	87.2	80.2	81.2
1970.....	76.0	65.9	72.4
1971.....	87.3	79.7	83.2
1972.....	101.5	96.8	95.1
1973.....	122.2	120.4	115.5
1974.....	138.9	148.2	144.0
1975.....	134.8	142.6	146.6
1976.....	170.3	185.4	183.5
1977.....	200.4	219.2	212.5
1978.....	233.5	246.9	239.6
1979.....	257.2	284.6	279.4
1980.....	237.1	239.0	246.6
1981.....	226.5	213.6	241.5
1982.....	169.6	154.3	205.2
1983.....	207.6	188.3	218.7
1984.....	240.0	232.9	257.1
1985.....	224.3	240.1	266.1
1986.....	221.6	269.5	276.2
1987.....	275.3	328.2	311.8
1988.....	316.7	413.0	383.2
p1989.....	307.7	n.a.	n.a.
p1990.....	304.7	n.a.	n.a.

See notes following Table 20.



## Selected Historical and Other Data

**Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1986-1991**  
 [Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1986, TOTAL</b> .....	<b>782,252</b>	<b>416,965</b>	<b>80,442</b>	<b>33,672</b>	<b>243,978</b>	<b>7,195</b>
October 1985 - December 1985 .....	167,836	86,608	18,854	9,321	51,354	1,699
January 1986 - March 1986 .....	186,178	97,804	16,243	8,175	62,309	1,647
April 1986 - June 1986 .....	240,680	134,129	25,703	8,191	70,687	1,970
July 1986 - September 1986 .....	187,558	98,424	19,642	7,985	59,628	1,879
<b>FISCAL YEAR 1987, TOTAL</b> .....	<b>886,290</b>	<b>465,452</b>	<b>102,859</b>	<b>33,311</b>	<b>277,000</b>	<b>7,668</b>
October 1986 - December 1986 .....	180,580	92,346	22,466	8,281	55,615	1,872
January 1987 - March 1987 .....	209,032	105,483	22,649	7,925	71,156	1,819
April 1987 - June 1987 .....	285,477	164,008	29,748	8,493	81,139	2,089
July 1987 - September 1987 .....	211,201	103,615	27,996	8,612	69,090	1,888
<b>FISCAL YEAR 1988, TOTAL</b> .....	<b>935,107</b>	<b>473,667</b>	<b>109,683</b>	<b>25,934</b>	<b>318,039</b>	<b>7,784</b>
October 1987 - December 1987 .....	197,095	97,479	24,828	6,475	66,500	1,813
January 1988 - March 1988 .....	220,447	111,215	22,006	5,304	80,161	1,761
April 1988 - June 1988 .....	296,175	160,018	35,991	6,550	91,426	2,190
July 1988 - September 1988 .....	221,390	104,955	26,858	7,605	79,952	2,020
<b>FISCAL YEAR 1989, TOTAL</b> .....	<b>1,013,322</b>	<b>515,732</b>	<b>117,015</b>	<b>25,977</b>	<b>345,625</b>	<b>8,973</b>
October 1988 - December 1988 .....	213,518	104,522	29,551	6,657	70,632	2,156
January 1989 - March 1989 .....	235,883	114,475	20,760	6,097	92,587	1,964
April 1989 - June 1989 .....	331,478	180,947	40,825	6,900	100,077	2,729
July 1989 - September 1989 .....	232,441	115,788	25,879	6,323	82,329	2,124
<b>FISCAL YEAR 1990, TOTAL</b> .....	<b>1,056,365</b>	<b>540,228</b>	<b>110,017</b>	<b>27,139</b>	<b>367,219</b>	<b>11,762</b>
October 1989 - December 1989 .....	220,077	110,077	26,390	6,184	74,982	2,444
January 1990 - March 1990 .....	249,737	127,277	21,433	5,868	92,868	2,291
April 1990 - June 1990 .....	341,287	181,180	37,398	8,144	110,281	4,284
July 1990 - September 1990 .....	245,264	121,694	24,796	6,943	89,088	2,743
<b>FISCAL YEAR 1991:</b>						
October 1990 - December 1990 .....	240,039	118,047	29,248	6,363	83,646	2,735
January 1991 - March 1991 .....	254,158	119,891	22,974	7,106	101,569	2,618
April 1991 - June 1991 .....	335,047	181,949	35,953	7,546	106,426	3,173

See notes following Table 20.

**Table 17.—Internal Revenue Refunds: Amount Refunded by Quarter and Fiscal Year, 1986-1991**  
 [Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1986, TOTAL</b> .....	<b>94,424</b>	<b>73,078</b>	<b>18,297</b>	<b>962</b>	<b>1,800</b>	<b>287</b>
October 1985 - December 1985 .....	7,948	3,003	4,268	128	488	61
January 1986 - March 1986 .....	25,895	19,950	4,997	320	577	51
April 1986 - June 1986 .....	50,200	44,375	5,058	232	435	100
July 1986 - September 1986 .....	10,381	5,750	3,974	282	300	75
<b>FISCAL YEAR 1987, TOTAL</b> .....	<b>96,969</b>	<b>73,583</b>	<b>19,891</b>	<b>1,381</b>	<b>1,900</b>	<b>214</b>
October 1986 - December 1986 .....	8,668	3,406	4,789	111	312	50
January 1987 - March 1987 .....	28,422	22,198	5,296	479	393	56
April 1987 - June 1987 .....	50,063	42,858	5,948	332	869	57
July 1987 - September 1987 .....	9,816	5,121	3,858	459	326	52
<b>FISCAL YEAR 1988, TOTAL</b> .....	<b>94,480</b>	<b>74,399</b>	<b>16,477</b>	<b>1,114</b>	<b>2,263</b>	<b>227</b>
October 1987 - December 1987 .....	7,701	3,437	3,727	207	275	55
January 1988 - March 1988 .....	27,798	21,744	5,248	198	553	55
April 1988 - June 1988 .....	49,202	43,769	3,848	421	1,114	50
July 1988 - September 1988 .....	9,776	5,449	3,654	288	321	67
<b>FISCAL YEAR 1989, TOTAL</b> .....	<b>93,613</b>	<b>73,597</b>	<b>14,921</b>	<b>2,054</b>	<b>2,771</b>	<b>269</b>
October 1988 - December 1988 .....	8,380	3,362	4,461	118	359	80
January 1989 - March 1989 .....	32,041	26,759	4,462	182	570	67
April 1989 - June 1989 .....	43,538	38,895	3,849	350	381	63
July 1989 - September 1989 .....	9,654	4,581	2,149	1,404	1,461	59
<b>FISCAL YEAR 1990, TOTAL</b> .....	<b>99,656</b>	<b>76,065</b>	<b>18,324</b>	<b>2,261</b>	<b>2,677</b>	<b>329</b>
October 1989 - December 1989 .....	8,487	3,094	4,605	300	409	79
January 1990 - March 1990 .....	37,121	31,367	4,922	342	423	67
April 1990 - June 1990 .....	43,308	36,952	4,209	549	1,492	106
July 1990 - September 1990 .....	10,740	4,652	4,588	1,070	353	77
<b>FISCAL YEAR 1991:</b>						
October 1990 - December 1990 .....	8,284	3,367	4,148	344	323	102
January 1991 - March 1991 .....	38,020	32,811	4,286	293	538	92
April 1991 - June 1991 .....	47,962	41,638	4,748	226	1,249	101

See notes following Table 20.

Table 18.—Classes of Excise Taxes by Specified Fiscal Years, 1970-1990

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1989	1990
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALCOHOL AND TOBACCO TAXES, TOTAL <sup>1</sup></b>	<b>6,840,594</b>	<b>7,665,948</b>	<b>8,151,184</b>	<b>9,881,293</b>	<b>10,229,638</b>	<b>10,149,541</b>
Distilled spirits	3,469,508	3,851,837	3,927,235	3,501,559	3,862,326	3,774,461
Wine	180,353	172,440	211,493	305,339	270,061	267,665
Beer	1,076,148	1,305,034	1,545,441	1,569,726	1,806,971	1,710,322
Cigarettes and cigars	2,092,935	2,312,342	2,442,357	4,473,210	4,290,280	4,267,013
<b>MANUFACTURERS EXCISE TAXES, TOTAL</b>	<b>6,683,061</b>	<b>5,516,611</b>	<b>6,487,421</b>	<b>10,020,574</b>	<b>11,213,143</b>	<b>11,024,753</b>
Gasoline and gasohol	3517586 <sup>2</sup>	4071465 <sup>2</sup>	4326549 <sup>2</sup>	9,062,630	9,957,579	9,694,512
Tires, tubes and tread rubber <sup>3</sup>	614,795	697,660	682,624	242,923	312,829	296,042
Motor vehicles, bodies, parts <sup>4</sup>	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products	53,427	84,946	136,521	166,666	224,478	227,221
Black lung taxes	N/A	N/A	251,288	548,356	588,800	649,500
<b>SPECIAL FUELS, AND RETAILERS TAXES, TOTAL <sup>5</sup></b>	<b>257,820</b>	<b>404,187</b>	<b>560,144</b>	<b>3,802,608</b>	<b>5,622,564</b>	<b>4,493,712</b>
Diesel and special motor fuels	257,712	370,489	512,718	2,430,165	3,912,604	3,190,281
Truck and trailer chassis and bodies	N/A	N/A	N/A	1,289,750	1,258,900	1,169,312
<b>MISCELLANEOUS EXCISE TAXES, TOTAL</b>	<b>2,084,730</b>	<b>3,306,077</b>	<b>6,359,198</b>	<b>11,044,833</b>	<b>9,316,603</b>	<b>8,889,559</b>
Telephone and teletype	1,469,562	2,023,744	1,117,834	2,307,607	2,820,528	3,075,209
Air transportation	250,802	850,567	1,748,837	2,589,818	3,569,447	3,400,513
Highway use tax	135,086	207,663	263,272	456,143	574,698	583,621
Foreign insurance	8,614	19,458	74,630	73,494	63,511	77,089
Exempt organization net investment income	N/A	63,828	65,280	136,153	168,814	206,630
Crude oil windfall profit <sup>6</sup>	N/A	N/A	3,051,719	5,073,159	29,997	-85,839
Environmental taxes <sup>7</sup>	N/A	N/A	N/A	272,957	1,009,760	1,237,368

Selected class of tax	Taxes collected by fiscal year quarter ending--					
	Sept. 1989	Dec. 1989	March 1990	June 1990	Sept. 1990	Dec. 1990
	(7)	(8)	(9)	(10)	(11)	(12)
<b>ALCOHOL AND TOBACCO TAXES, TOTAL <sup>1</sup></b>	<b>2,591,579</b>	<b>2,781,735</b>	<b>2,175,944</b>	<b>2,663,967</b>	<b>2,527,895</b>	<b>2,842,423</b>
Distilled spirits	1146581 r	1138798 r	806318 r	1113806 r	715539 r	1133439 r
Wine	-301,524	94,118	54,033	56,840	62,674	86,671
Beer	696,107	387,642	365,029	446,300	511,351	521,296
Cigarettes and cigars	1,050,415	1,147,560	945,553	979,920	1,193,980	1,095,944
<b>MANUFACTURERS EXCISE TAXES, TOTAL</b>	<b>2,822,633</b>	<b>2,871,408</b>	<b>2,741,716</b>	<b>2,483,185</b>	<b>2,928,444</b>	<b>3,243,338</b>
Gasoline and gasohol	2,470,701	2,535,410	2,457,312	2,130,973	2,570,820	2,891,308
Tires, tubes and tread rubber <sup>3</sup>	79,799	82,904	49,804	75,334	88,000	92,500
Motor vehicles, bodies, parts <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Recreational products	60,211	53,156	50,527	66,498	57,041	49,733
Black lung taxes	168,600	156,900	157,700	169,500	165,400	161,100
<b>SPECIAL FUELS, AND RETAILERS TAXES, TOTAL <sup>5</sup></b>	<b>1,199,666</b>	<b>1,139,256</b>	<b>1,131,185</b>	<b>1,067,329</b>	<b>1,155,943</b>	<b>1,131,998</b>
Diesel and special motor fuels	821,303	807,391	795,360	750,115	837,420	840,310
Truck and trailer chassis and bodies	353,872	295,819	303,019	285,473	285,000	262,500
<b>MISCELLANEOUS EXCISE TAXES, TOTAL</b>	<b>2,790,514</b>	<b>2,061,623</b>	<b>2,009,090</b>	<b>2,561,100</b>	<b>2,769,138</b>	<b>2,913,761</b>
Telephone and teletype	563,249	902,758	697,713	720,844	753,893	747,522
Air transportation	1,029,991	801,217	799,064	810,076	990,156	1,156,766
Highway use tax	299,836	48,819	135,467	94,487	304,848	47,668
Foreign insurance	13,057	15,881	13,202	23,113	24,893	23,000
Exempt organization net investment income	50,471	25,518	40,880	80,080	58,474	27,772
Crude oil windfall profit <sup>6</sup>	8,372	-35,652	-15,967	-204,098	169,878	314,318
Environmental taxes <sup>7</sup>	250,130	244,260	243,430	416,393	333,285	524,246

See notes following Table 20.

## Selected Historical and Other Data

Table 19.—Selected Returns and Forms Filed or to be Filed by Type During Specified Calendar Years, 1970-1991

Type of return or form	Number filed in calendar year--						
	1970 (1)	1975 (2)	1980 (3)	1985 (4)	1989 (5)	1990 (6)	1991 (7)
<b>Individual income</b> .....	77,281,384	84,026,785	93,196,076	99,704,246	110,129,087	112,596,000	113,893,700
Form 1040 .....	77,143,251	61,450,279	55,360,030	64,010,068	71,671,599	74,488,600	74,594,000
Nonbusiness .....	68,129,351	51,377,153	43,957,141	49,873,300	56,076,424	58,318,300	57,837,600
Business .....	9,013,900	10,073,126	11,402,889	14,136,768	15,595,175	16,170,200	16,756,400
Schedule C .....	6,351,304	7,438,968	8,944,298	11,767,348	13,528,998	14,149,000	14,755,300
Schedule F .....	2,662,596	2,634,158	2,458,591	2,369,420	2,066,177	2,021,300	2,001,100
Form 1040A .....	N/A	22,462,776	37,692,282	18,779,084	18,713,110	18,380,000	21,688,000
Form 1040EZ .....	N/A	N/A	N/A	16,739,767	19,483,620	19,436,400	17,317,000
Other <sup>1</sup> .....	138,133	113,730	143,764	175,327	260,758	291,000	294,700
<b>Corporation income</b> .....	1,772,600	2,132,758	2,675,704	3,437,249	4,196,872	4,319,500	4,375,400
Forms 1120, L, M and PC <sup>2</sup> .....	1,523,664	1,762,920	2,115,542	2,432,265	2,438,779	2,334,600	2,247,400
Form 1120A .....	N/A	N/A	N/A	199,665	296,726	332,000	341,800
Form 1120S .....	248,936	367,219	528,070	736,945	1,351,092	1,536,100	1,663,800
Other <sup>3</sup> .....	--	2,619	32,092	68,374	110,275	116,800	122,400
<b>Partnership, Form 1065</b> .....	991,904	1,132,839	1,401,567	1,755,339	1,779,617	1,750,900	1,733,500
<b>Fiduciary, Forms 1041 and 1041S</b> .....	1,149,445 <sup>4</sup>	1,564,200	1,881,800	2,124,969	2,625,347	2,680,900	2,850,500
<b>Estate Tax, Forms 706 and 706NA</b> .....	141,156	225,827	147,303	80,768	55,833	60,810	66,014
<b>Gift Tax, Form 709</b> .....	146,338	273,184	214,789	97,720	123,530	147,700	166,900
<b>Exempt Organization</b> .....	387,469	403,809	442,607	454,097	491,060	487,400	497,000
Forms 990 and 990EZ .....	377,030 <sup>5</sup>	346,627	362,632	365,506	367,654	359,700	365,700
Form 990-PF .....	N/A	29,637	33,137	32,005	43,791	44,700	44,900
Form 990-T .....	5,046	19,683	23,455	26,181	37,991	39,100	41,000
Forms 990C, 4720, and 5227 .....	5,393	7,862	23,383	30,405	41,624	43,900	45,400

See notes following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, Tax Years 1986-1990

[Some estimates based on samples—all amounts are in thousands of dollars]

Type of assistance	Tax year				
	1986 (1)	1987 (2)	1988 (3)	1989 (4)	1990 (5)
<b>Returns with paid preparer signature: <sup>1</sup></b>					
All returns .....	48,049	50,991	51,507	52,808	52,603
1040EZ .....	655	836	887	725	594
1040A .....	4,135	3,922	4,290	3,885	5,036
1040, total .....	43,259	46,232	46,330	48,197	42,258
1040 Business, total .....	11,087	11,398	11,570	12,092	n.a.
Nonfarm .....	9,385	9,824	9,981	10,371	n.a.
Farm .....	1,702	1,575	1,590	1,721	n.a.
1040 Nonbusiness, total .....	32,172	34,834	34,759	36,105	n.a.
With itemized deductions .....	18,732	16,965	14,929	17,002	n.a.
Without itemized deductions .....	12,627	17,868	19,831	19,103	n.a.
Electronically filed <sup>2</sup> .....	n.a.	n.a.	n.a.	n.a.	4,715
<b>Assistance provided by IRS:<sup>3</sup></b>					
Telephone inquiries .....	34,655	38,526	36,982	33,906	35,100
Recorded telephone information .....	10,892	13,405	27,812	22,178	28,880
Office walk-ins, information .....	7,090	7,408	7,008	7,104	7,173
Written inquiries .....	169	166	187	172	188
Special programs:					
Community classes and seminars (taxpayers assisted) .....	903	1,013	952	722	924
Volunteer Income Tax Assistance (VITA) (returns prepared) .....	337	387	404	466	401
Tax Counseling for the Elderly (returns prepared) .....	331	377	419	448	496

See notes on following page.

## General notations and statement

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

\* - See Appendix, *General Description of Statistics of Income Sample Procedures and Data Limitations*.

Detail may not add to totals because of rounding.

## Table 1

[1] Less deficit. Starting 1987, data are not comparable with earlier years because of major changes in the law, many of which are referred to in other footnotes.

[2] Starting 1987, represents total dividends; previously, represented total dividends after statutory exclusion.

[3] Starting 1987, losses are after "passive loss" limitation.

[4] Starting 1987, represents total capital gains; previously, represented total capital gains after statutory exclusion. For other changes affecting capital gains, see *Statistics of Income—Individual Income Tax Returns*, various years.

[5] Before 1980 and starting again with 1988, excludes Individual Retirement Arrangement (IRA) distributions; for intervening years, pensions and IRA distributions in AGI were reported together. Effective during 1986, the more liberal of the two methods of computing the nontaxable portion of pensions and annuities (representing taxpayer contributions to certain pension plans) was repealed.

[6] Starting 1987, represents total unemployment compensation; previously, all or part was excludable under certain conditions.

[7] Excludes sole proprietorship (including farm) rental income or loss. Starting 1987, rental losses are

before "passive loss" limitation and, therefore, exceed the amount included in AGI.

[8] Excludes certain royalties included in computations of capital gain or loss and of ordinary gain or loss, sales of noncapital assets.

[9] Amounts for net income are actually for net income (less loss). Net income and loss were not separately tabulated. Also, number of returns shown as with net income were rounded to millions during processing; the more exact number is not available. See also, footnote 3.

[10] See footnote 3.

[11] See footnote 3.

[12] Includes adjustments not shown separately below. Starting 1987, excludes employee moving and certain other business-related expenses, deduction for married two-earner couples, and certain alimony payments, but includes self-employed health insurance deduction; see also footnote 13. For changes in adjustments for earlier years, see *Statistics of Income—Individual Income Tax Returns*.

[13] Deductible Individual Retirement Arrangement (IRA) contributions, reflected in adjustment statistics starting 1980, were limited starting 1987.

[14] Includes exemptions for blindness, repealed effective 1987.

[15] In general, represents the sum of standard and itemized deductions. For 1980 and 1985 data, includes total itemized deductions before subtraction of "zero bracket amount", plus, for non-itemized deduction returns, the zero bracket amount and, for 1985 data only, charitable contributions deduction. Starting 1987, includes revised itemized deductions (see also footnotes 16-19), "basic" standard deduction and "additional" standard deductions for age 65 and over or for blindness (for changes in the standard deduction and its relation to the zero bracket amount, see *Statistics of Income—Individual Income Tax Returns* for appropriate years). Statistics for 1987-1989 exclude zero bracket amount reported on the small number of prior-year returns filed in 1988-1990, respectively.

## Selected Historical and Other Data

- [16] For 1980 and 1985 data, represents "zero bracket amount" used on returns of non-itemizers; see also footnote 20. Statistics for 1987-1989, exclude zero bracket amount reported on the number of prior-year returns filed in 1988-1990, respectively.
- [17] Includes itemized deductions not shown separately below, including revised deductions, starting 1987, for miscellaneous expenses after limitations and for employee moving expenses; see also footnotes 18-20. For changes in deductions for earlier years, see *Statistics of Income—Individual Income Tax Returns*.
- [18] Deductible medical and dental expenses were limited, starting 1987, based on a revised percentage of AGI. For changes in the deduction for 1987 and earlier years, see *Statistics of Income—Individual Income Tax Returns*.
- [19] Starting 1987, State sales taxes were no longer deductible.
- [20] Starting 1987, deductions for "personal" interest and mortgage real estate loan interest were limited.
- [21] For 1980 and 1985 data, taxable income includes the "zero bracket amount," repealed effective 1987 and partially replaced by standard deductions which were subtracted in computing taxable income. A standard deduction was similarly used prior to 1980.
- [22] Tax rate structure was revised effective 1981-1984 and 1987-1988. Indexing of tax rates for inflation was introduced starting 1985. For other changes affecting tax computation, see *Statistics of Income—Individual Income Tax Returns* for the years concerned.
- [23] For 1970, includes surcharge of \$2,018,078,000.
- [24] Includes credits not shown separately below, such as the political contributions credit (repealed effective 1987), earned income credit (liberalized starting 1987), and low-income housing credit (introduced effective 1987); see also footnote 25. For changes in credits allowed for earlier years, see *Statistics of Income—Individual Income Tax Returns*.
- [25] Investment credit was included in the more-inclusive general business tax credit starting 1984. With exceptions, investment credit was repealed effective 1986.
- [26] Includes income tax after credits, additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979 and revised effective 1987).
- [27] Includes refunds and credits to the following year's estimated tax and refundable portion of earned income credit. Reflects overpayments of income tax, tax recapture of certain prior-year tax credits, tax applicable to Individual Retirement Arrangements (IRA's), self-employment (social security) tax, social security tax on certain tip income, and certain other income-related taxes (for the taxes applicable to the years shown, see *Statistics of Income—Individual Income Tax Returns*).
- [28] Reflects taxes enumerated in footnote 27.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

## Table 2

- [1] Includes returns with adjusted gross deficit.
- [2] U.S. totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. In addition, for purposes of Table 2:
- a. "Number of exemptions" also includes responses of taxpayers who checked the boxes on their tax return for age 65 or over or for blindness in order to claim the additional standard deductions for age or blindness. This treatment enables some comparability to be maintained between State data for 1987-1989 and data for years prior to 1987. Number of exemptions are still understated, however, because these boxes are not checked if taxpayers itemize deductions. Prior to 1987, checking these boxes entitled taxpayers to additional personal exemptions.

- b. "Itemized deductions" includes any amounts reported by the taxpayer that were not actually used in computing taxable income.
- c. "Total tax liability" includes income tax after credits, alternative minimum tax, tax recapture of prior-year investment or low-income housing credits, tax applicable to Individual Retirement Arrangements (IRA's), self-employment (social security) tax, social security tax on certain tip income, and certain other income-related taxes. Total tax liability is before reduction by earned income credit (see footnotes 1(d) and 3, below).
- d. "Earned income credit" includes both the refundable and nonrefundable portions. The nonrefundable portion could reduce income tax and certain related taxes to zero. See also footnote 3.

- [3] "Excess earned income credit" represents the refundable portion of the credit (see footnote 1(d)) and equals the amount in excess of total tax liability (defined in footnote 1(c)), including any advance earned income credit payments for those returns which had such an excess.
- [4] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by members of the armed forces stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside of Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1990. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

**Table 3**

- [1] There were major changes in filing requirements and in the definitions of adjusted gross income (AGI) and taxable income starting with 1987. Percentages based on AGI starting with 1987 are therefore not comparable with 1986 and earlier years. For explanations, see "Individual Income

Tax Returns, Preliminary 1987," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4, and *Statistics of Income—1987, Individual Income Tax Returns*.

- [2] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 4).
- [3] Includes returns with adjusted gross deficit.
- [4] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 4**

- [1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
- [2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Tables 5 and 6**

- [1] See Table 4 for the differences between personal income and adjusted gross income.

- [2] Beginning with 1987, data are not comparable with earlier years because of major changes in the definition of adjusted gross income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 7**

- [1] Returns with standard deduction, 1955-1988, include a small number with no adjusted gross income and no deductions. (For 1977-1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987-1989 statistics; see footnote 2.) For 1944-1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
- [2] Amount of standard deduction for 1944-1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income—Individual Income Tax Returns*, and for 1958-1988 was obtained directly from Statistics of Income tabulations for these years. Represents "zero bracket amount" for 1977-1986. Starting with 1987, represents the sum of "basic" and "additional" standard deductions (for age 65 and over and for blindness); also includes zero bracket amount reported on the small number of prior-year returns filed in 1988-1990 that were included in the 1987-1989 statistics.
- [3] For 1977-1986, itemized deductions are before subtraction of "zero bracket amount."
- [4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982-1986. For 1987-1989, total deductions also includes "zero bracket amount" reported on a small number of returns (see footnote 2).
- [5] See footnote 2, Tables 5 and 6.

SOURCE: Except as indicated in footnote 2, *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 8**

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Taxable income excludes "zero bracket amount" for 1977-1986. Because of major changes in law, taxable income starting with 1987 is not comparable with earlier years.
- [3] For the definition of total income tax, see footnote 9, Table 1.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 9**

SOURCE: *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 10**

- [1] Includes disallowed "passive losses." Therefore, business receipts minus total deductions does not equal net income (less deficit).

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 11**

- [1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
- [2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.
- [3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
- [4] Prior to 1981, "total receipts" included gross receipts from farming and gross income from rents and royalties. Expenses related to farming, rents and royalties were included under "total deductions." Starting with 1981, only the net income from farming, rents and royalties were included under total receipts. Expenses related to farming, rents and royalties were not tabulated.
- [5] Prior to 1981, if gross rentals were reported as the principal operating income, they were included in "business receipts."
- [6] For 1982-1986, also includes certain dividends. Starting with 1987, represents only portfolio interest distributed to partners.
- [7] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparabil-

ity of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 12**

- [1] Size classes are based on business receipts, i.e. gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, comparability of data by size of receipts is affected by revisions to the definition of receipts; see also footnotes 4 and 5, Table 11. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made for 1981-1987 only, to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12. Starting with 1988, only net rentals are reflected in the size distribution.
- [2] Includes returns with no business receipts.
- [3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
- [4] See footnote 4, Table 11.
- [5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years, *Statistics of Income—Partnership Returns*, appropriate years, *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.



Table 13

- [\*] Estimate should be used with caution because of the small number of sample returns on which it is based.
- [1] Number of returns for 1988 exclude those filed by Foreign Sales Corporations (FISC's) and Interest-Charge Domestic International Sales Corporations (IC-DISC's); see also footnotes 5 and 6, below. Because of the omission of these returns, totals for all income and financial items shown below (except those not applicable to IC-DISC's and FISC's, such as "income subject to tax" and "income tax" and tax credits) are somewhat understated.
- [2] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.
- [3] Included in "Number of returns, total" and "Number with net income."
- [4] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.
- [5] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 6. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax-deferred amounts was imposed on the parent corporations.
- [6] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 5). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.
- [7] Starting with 1987, receipts, deductions and net income (or deficit) of S Corporations are limited to those attributable to trade or business. Therefore, investment or portfolio income (or loss), such as from interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income, are excluded from net income (and allocated directly to shareholders).
- [8] Starting with 1987, "business receipts" includes the full amount reported by stock and commodity brokers and exchanges, and by real estate subdividers, developers and operative builders, even when they bought and sold securities, commodities and real estate on their own account. Previously, such transactions were treated as "net gain (loss), noncapital assets."
- [9] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 4). Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.
- [10] From 1984 through 1987, "other deductions" includes depletion and employer contributions to pension, profit-sharing, stock bonus and annuity plans, and to employee benefit programs, reported on the Form 1120-A short form. Starting with 1988, identifiable amounts reported on Form 1120-A for any of these items are included in the statistics for the appropriate deduction.
- [11] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); prior to 1989, a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred;

most of those of qualifying Foreign Sales Corporations were tax-exempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is excluded from income subject to tax.

[12] Includes surcharge of \$784,437,000.

[13] In general, starting with tax years beginning in 1987, the "alternative tax" that provided for a maximum tax on long-term capital gains that was less than the tax that would have applied if the regular tax rates had been used was repealed.

[14] Effective with tax years beginning in 1987, the "alternative minimum tax" replaced the "minimum tax" (formerly referred to as the "additional tax for tax preferences").

[15] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credits which were reported separately for previous years. Also included are the research credit (starting 1986) and the low-income housing credit (starting 1987). With exceptions, investment credit was repealed effective 1986; employee stock ownership plan contributions credit was repealed effective 1987. For changes in definitions of component credits, see *Statistics of Income—Corporation Income Tax Returns*, for the years concerned.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

#### Table 14

[1] See footnote 7, Table 13.

[2] See footnote 9, Table 13.

[3] See footnote 12, Table 13.

[4] See footnote 13, Table 13.

[5] Also includes additional tax for tax preferences ("minimum tax"), for years prior to 1987, "alternative minimum tax" starting with 1987; recapture of investment and work incentive (WIN) credits, for 1975 and 1980; Personal Holding Company tax; and, beginning with 1987, environmental tax. Credits include those appropriate for the given tax year (see Table 13 and *Statistics of Income—Corporation Income Tax Returns*).

[6] See footnote 1, Table 13.

[7] See footnote 8, Table 13.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

#### Table 15

[1] Profits shown are without inventory valuation and capital-consumption adjustment.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Corporation Income Tax Returns*, appropriate years. *Statistics of Income* data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

#### Tables 16 and 17

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$5.9 billion in 1990, \$6.0 billion in 1989, \$6.5 billion in 1988, \$8.4 billion in 1987, and \$4.5 billion in 1986. Presidential election campaign designations amounted to \$32.5 billion in 1990, \$32.3 million in 1989, \$33.2 million in 1988, \$33.2 million in 1987, and \$35.9 million in 1986.

## Selected Historical and Other Data

- [2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$127.9 million in 1990, \$115.6 million in 1989, \$137.5 billion in 1988, \$30.2 million in 1986.
- [3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and on the manufacture of gasoline.
- [4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Refunds in Table 17 are associated with the taxes described in footnotes 1-4, Tables 16. Collections (or refunds) are those made during time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Also included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of IRS examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS (\$2.4 billion in 1990).

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch.

Table 18

- [1] Alcohol and tobacco taxes each include special (occupational) taxes prior to Fiscal Year 1988. Starting with FY1988, occupational taxes are excluded from the separate amounts shown for alcohol and tobacco taxes although they are reflected in the combined total for all alcohol and tobacco taxes.
- [2] Also includes lubricating oil taxes. Effective January 7, 1983, taxes on lubricating oil were repealed.
- [3] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.
- [4] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, taxes on motor vehicles are excluded.
- [5] Special fuels, total, includes taxes on diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Also, beginning with the quarter ending December 1983, taxes on motor vehicles are included.
- [6] Repealed effective August 23, 1988. Amounts reported for more recent time periods result from amended filings; delinquent taxes, examination activities, and refunds.
- [7] Expired September 30, 1985; reimposed in January 1987.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. Starting with 1980, the fiscal year was redefined as October of the previous calendar year through September of the year noted.

Starting with Fiscal Year 1988, additional detail on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is available in the fourth

quarter *Internal Revenue Report of Excise Taxes*; previously this information was published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*. For additional detail for alcohol and tobacco taxes, see the Statistical Release, *Alcohol and Tobacco Tax Collections*, Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Financial Management Service.

**Table 19**

- [1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).
- [2] Starting with Calendar Year 1988, includes Form 1120-PC and excludes Form 1120-M.
- [3] Includes Forms 1120F, 1120 POL, and 1120H; starting with Calendar Year 1986, Forms 1120-FISC; and, starting with Calendar Year 1988, Forms 1120-REIT and 1120-RIC. Excludes Forms 1120-DISC and IC-DISC, and amended returns (Form 1120X).
- [4] Includes Form 1041A.
- [5] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

**Table 20**

- [1] Estimates of returns with paid preparer assistance are based on different sources, depending on the year. For 1986, they were obtained by converting the Taxpayer Usage Study (TPUS) sample of individual income tax returns to the equivalent of the Statistics of Income (SOI) sample. (For additional information about the TPUS sample, see, for

example, "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.) The adjustment for 1986 was made because the TPUS sample represented returns filed only through April, while the SOI sample represented all returns filed during entire calendar year. The TPUS sample was also used for the 1990 estimates. However, the adjustment for 1990 was based on the relationship between the TPUS results for the first 8 months for Tax Year 1989 and totals for that year obtained from the IRS Individual Master File (IMF) of all individual income taxpayers. Revised data for 1990 covering the entire calendar year obtained from the IMF will be included in the Spring 1992 *Bulletin*. Estimates for 1989 were also based on the IMF, except for the number of returns with or without itemized deductions. For the latter returns, the data were estimated based on the 1989 TPUS sample. All estimates for 1987 and 1988 are based on the SOI samples for those years.

- [2] Data on electronically-filed returns are included in the Form 1040 data for tax years prior to 1990.
- [3] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. As a result, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year. Therefore, data shown as for Tax Year 1988, for example, are actually for Fiscal Year 1989. However, data shown as for Tax Year 1989 are actually for the first 7 months of Fiscal Year 1990; the revised data will represent the entire Fiscal Year 1990.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

## Appendix\*

# General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

### SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years, 3 for corporations because of the prevalence of fiscal (non-calendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in

determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

### METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights were then computed for these post-strata using additional population counts. The

\*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Technical Advisor. Major contributions were made by Paul McMahon, Mathematical Statistics Team.

data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

### SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

$$\begin{array}{r}
 150,000 \quad \text{(sample estimate)} \\
 \times 0.02 \quad \text{(coefficient of variation)} \\
 = 3,000 \quad \text{(standard error of estimate)} \\
 \\
 150,000 \quad \text{(sample estimate)} \\
 + \text{ or } - 3,000 \quad \text{(standard error)} \\
 = 147,000\text{-}153,000 \quad \text{(68 percent confidence interval)}
 \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the SOI Bulletin only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study, may be obtained on request by writing the Director, Statistics of Income Division.

### NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

### TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted in SOI tables by an indicator. The presence of the indicator means that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated in the tables.

### NOTES

- [1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in *1984 Proceedings of the American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.

*tical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.

- [2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.
- [3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

### REFERENCES

For information about the samples used for specific SOI programs see:

*Statistics of Income—1988, Individual Income Tax Returns*, (see especially pages 13-16).

*Statistics of Income—1988, Corporation Income Tax Returns* (see especially pages 7-15).

*Statistics of Income—1978-82, Partnership Returns* (see especially pages 237-244).

*Statistics of Income—1974-1987, Compendium of Studies of Tax-Exempt Organizations* (see information about the samples used at the end of each chapter).

*Statistics of Income—1984-1988, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns* (see information about the samples used at the end of each chapter).

*SOI Bulletin* (see each issue).

9. Other comments

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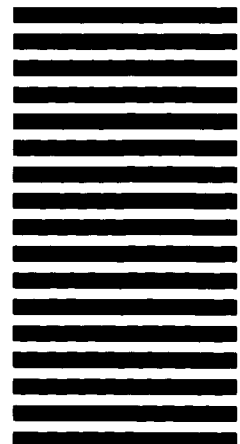


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