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Winter 2005-2006 Statistics of Income Bulletin

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WASHINGTON — The Internal Revenue Service today announced the release of the Winter 2005-2006 issue of the Statistics of Income Bulletin.

The SOI Bulletin includes an article on preliminary data from individual income tax returns for 2004. In 2004, Adjusted Gross Income (AGI) rose for the second year in a row, increasing by 8.9 percent to \$6.8 trillion. The largest component of AGI, salaries and wages, increased 6.0 percent to \$4,977.9 billion, while net capital gains rose 53.2 percent to \$442.1 billion. Taxable income increased 10.6 percent to \$4.6 trillion.

For 2004, taxpayers filed 132.4 million U.S. individual income tax returns, an increase of 1.4 percent from the 130.6 million returns filed for 2003. Total income tax revenue increased 10.7 percent to \$830.4 billion, and total tax liability increased 10.5 percent to \$870.3 billion.

In addition, the Bulletin contains articles with the following information:

- For Tax Year 2003, taxpayers filed about 130.4 million returns, of which 88.9 million tax returns (or 68.2 percent) were classified as taxable returns. Adjusted gross income (AGI) on these taxable returns totaled \$5,747 billion for 2003. The average tax rate for taxable returns was 13.0 percent.
- During 2003 and 2004, tax-exempt organizations filed an estimated 35,103 Forms 990-T, *Exempt Organization Business Income Tax Returns*, for Tax Year 2002. Unrelated business taxable income (UBTI) of \$647.2 million and the associated unrelated business income tax (UBIT) of \$194.1 million reported for TY 2002 were decreases of 18.3 percent and 14.1 percent, respectively, over amounts reported for TY 2001. For the 4 years between 1998 and 2002, UBTI and UBIT declined by a respective 61.2 percent and 61.6 percent.
- For Tax Year 2002, there were 737 large foreign-owned domestic corporations, which reported transactions with related foreign persons on Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Although this was an increase over the 612 corporations which reported transactions for 2000, the total value of transactions declined for 2002. The large foreign-owned domestic corporations covered by these statistics received from related foreign persons \$166.7 billion, 37.2 percent less than

for 2000; these domestic corporations paid related foreign persons \$353.6 billion, 26.4 percent less than for 2000.

- There were more than 7.3 million individuals in the United States with gross assets of \$675,000 or more in 2001. These individuals represented about 3.5 percent of the total U.S. adult population. Top wealth holders had a combined net worth of more than \$13.8 trillion or 32.7 percent of total U.S. net worth. Almost 4.0 million, or 53.7 percent, of these wealthy individuals were male, and 3.4 million were female.
- The final *Bulletin* article shows that taxpayers are expected to file a grand total of 229.3 million tax returns with the Internal Revenue Service (IRS) during Calendar Year (CY) 2006. That projected level reflects a modest increase of only 0.1 percent over the estimated Calendar Year 2005 filings of 229.0 million. After 2006, however, grand total return filings are projected to grow at a more typical average annual rate of 1.2 percent and to reach 246.8 million by 2012.

The SOI Bulletin is a quarterly compilation of information on various topics from federal tax returns and other documents. The Bulletin includes historical data on income, deductions and tax reported on returns filed by individuals, corporations and unincorporated businesses with selected data presented for estates. Statistics are also presented on tax collections, including excise taxes by type, and refunds for recent years.

The Statistics of Income Bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$53 (\$74.20 foreign), single issues cost \$39 (\$48.75 foreign).

For more information, write the Director, Statistics of Income (SOI) Division, RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; call the SOI Statistical Information Services office at (202) 874-0410; e-mail sis@irs.gov; or fax your questions to (202) 874-0964. To access the Winter 2005-2006 *Statistics of Income Bulletin*, visit the IRS Website www.irs.gov/taxstats. Select "SOI Bulletins" under the "Products, Publications & Papers" section.