

SOI BULLETIN

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Individual Income Tax Returns, Preliminary Data, 2008

by Michael Parisi

For Tax Year 2008, taxpayers filed 142.4 million U.S. individual income tax returns, a decrease of 0.5 percent from the 143.0 million returns filed for 2007. For the first time since Tax Year 2002, Adjusted Gross Income (AGI) and several other notable items showed a decline. Between 2007 and 2008, AGI decreased by 3.7 percent to \$8.2 trillion. Key components that contributed to the decline in AGI were net capital gains, which decreased 40.4 percent from \$749.1 billion in 2007 to \$446.6 billion in 2008, and capital gain distributions (part of net capital gains), which decreased 74.6 percent to \$22.0 billion. Over the same period, taxable income decreased 5.1 percent to \$5.6 trillion; total income tax decreased by 6.2 percent to \$1.0 trillion; and total tax liability fell by 6.0 percent to just under \$1.1 trillion. However, despite the decreases in income and other taxes, the alternative minimum tax rose 6.3 percent to \$22.2 billion for 2008.

Individual Income Tax Rates and Shares, 2007

by Adrian Dungan and Kyle Mudry

Taxpayers filed 143.0 million returns for Tax Year 2007, excluding returns filed by individuals only to receive a payment authorized under the Economic Stimulus Act of 2008 and who had no other reason to file. Of these 143.0 million returns, 96.3 million (or 67.3 percent) were classified as taxable returns. A taxable return is a return that has total income tax greater than \$0. This represents an increase of 3.8 percent in the number of taxable returns filed in 2006. Adjusted gross income (AGI) on these taxable returns also rose, increasing 8.5 percent to \$8,072 billion for 2007, while total income tax rose 9.0 percent to \$1,116 billion. The average tax rate for taxable returns was unchanged in 2007, sustaining its 2006 level of 13.8 percent.

Taxpayers with an AGI of at least \$410,096, the top 1 percent of taxpayers, accounted for 22.8 percent of AGI for 2007. This represents an increase in income share of 0.8 percentage points from the previous year. These taxpayers accounted for 40.4 percent of the total income tax reported, an increase from 39.9 percent in 2006. The top 5 percent of taxpayers accounted for 37.4 percent of AGI and 60.6 percent of total income tax. To be included in the

top 5 percent, a taxpayer must have reported an AGI of at least \$160,041, whereas, in 2006, the cutoff for this group was \$153,542.

Sales of Capital Assets Reported on Individual Tax Returns, 2007

by Janette Wilson and Pearson Liddell

For Tax Year 2007, taxpayers realized \$914.0 billion in net capital gains less losses, reported on 283.1 million asset transactions with overall sales of \$5.3 trillion. Passthrough income represented the largest share of net gains less losses, followed by corporate stock. Passthrough gains reflect gains from sales of capital assets by partnerships, S corporations, or fiduciaries that are reported and taxed on individual income tax returns. Passthrough income of \$366.9 billion represented 40.1 percent of all net gains, while \$227.9 billion from sales of corporate stock accounted for 24.9 percent of the total. This represents a major change, as, historically, gains on corporate stock have accounted for the largest share of total net capital gains less losses. A significant share of the passthrough gains, however, likely represent capital gains from the sale of stock and other securities by investment partnerships.

Projections of Federal Tax Return Filings: Calendar Years 2009-2016

by Brett Collins

A grand total of 238 million tax returns are projected to be filed with the IRS during Calendar Year (CY) 2010. This number represents a decrease of 1 percent from the estimated CY 2009 filings of 240.4 million returns. The primary cause of the decrease in total returns from 2009 to 2010 is the residual effect of the Economic Stimulus Act of 2008, which produced an estimated 14.4 million returns above baseline projections for Forms 1040, 1040A, and 1040EZ in CY 2010. The decrease in return counts for CY 2010 also reflects the expected recessionary period in the U.S. economy. After CY 2010, grand total return filings are projected to grow at a more common average annual rate of 1.1 percent and are expected to reach 253.6 million returns by CY 2016. Total electronically filed individual income tax returns are estimated to be 66 percent of all individual income tax returns filed in CY 2009 and are projected to constitute 79 percent of all returns in CY 2016.

Foreign Recipients of U.S. Income, 2007

by Scott Luttrell

U.S.-source income payments to foreign persons, as reported on Form 1042-S, rose to \$646.5 billion in Tax Year 2007. This amount represents an increase of 70.9 percent from the amount paid to foreign recipients in 2005. Foreign corporations received \$472.0 billion (73.0 percent) of the total income paid to foreign recipients, and were assessed U.S. tax at an average effective rate of 12.3 percent. Foreign governments and international organizations collected the next largest share, \$41.9 billion (6.5 percent). Foreign partnerships and foreign trusts (3.0 percent) and foreign individuals (2.7 percent) received a combined \$37.0 billion in gross income.

Interest, dividends, and other passive types of income comprise the vast majority of U.S.-source income paid to foreign persons that is subject to Form 1042-S reporting. In 2007, foreign persons received \$376.6 billion in U.S.-source interest payments, which represents 58.3 percent of total gross income paid. Dividend payments to foreign recipients totaled \$134.0 billion (20.7 percent) while notional principal contract income was \$68.9 billion (10.7 percent). Payments of rents and royalties, personal services income, and social security and railroad retirement benefits combined for \$33.0 billion.

In 2005 and 2006, residents of the United Kingdom (U.K.) received the most U.S.-source income. However, in 2007, income paid to the U.K. fell to \$77.1 billion and was surpassed by the Cayman Islands.

Changing Times: An Analysis of the 2007 Revision of the Split-Interest Trust Information Return

by Lisa Schreiber Rosenmerkel

In part due to the Pension Protection Act of 2006, major revisions were made to the *Split-Interest Trust Information Return*, Form 5227, for Tax Year 2007. These revisions increased the information reported for all types of split-interest trusts. Preparers of Forms 5227 for charitable lead trusts and pooled income funds are now required to report trust income on this return. All split-interest trust types must disclose the names of charities that receive distributions, as well as the amount and type of the distribution. Charitable remainder unitrusts must now disclose details regarding their distribution structure

as determined at their creation. All initial and additional contributions to split-interest trusts must be reported. In addition to these structural changes, the Pension Protection Act of 2006 required that all reported information not pertaining to an individual be disclosed to the public. Details relating to non-charitable beneficiaries and donations to the trust throughout its lifetime remain private. In Filing Year 2008, 123,498 Forms 5227 were filed, primarily for Tax Year 2007. Charitable remainder trusts were the most common filers of Form 5227, filing 115,489 returns in 2008.

Unrelated Business Income Tax Returns, 2006

by Jael Jackson

Gross unrelated business income reported by charitable and other types of tax-exempt organizations increased 4 percent between Tax Years 2005 and 2006. The \$11.3 billion in gross unrelated business income reported for Tax Year 2006 were offset by \$10.0 billion in deductions. The resulting net unrelated business taxable income, reported as unrelated business income (less deficit), totaled \$1.3 billion for Tax Year 2006, which is 6 percent higher than reported in the previous tax year. Total tax reported on Form 990-T, which comprised the sum of the unrelated business income tax and certain additional taxes, less credits, was \$556.2 million. Additional taxes included \$6.5 million of alternative minimum tax, \$5.5 million of proxy tax on certain nondeductible lobbying and political expenditures, and \$0.21 million of other taxes. Total tax credits equaled \$11.5 million for Tax Year 2006, exceeding the amount of additional taxes reported. Tax credits included the foreign tax credit (\$6.8 million), general business credit (\$4.0 million), credit for prior-year minimum tax (\$0.2 million), and other credits (\$0.5 million).

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

by Daniel Holik

There were 425 active IC-DISC returns filed for Tax Year 2004, 876 for Tax Year 2005, and 1,209 for Tax Year 2006. IC-DISC export gross receipts, one measure of overall IC-DISC export activities, increased by 266 percent from Tax Year 2004 (\$5,272 million) to Tax Year 2006 (\$19,286). Net income (less deficit) rose from \$448 million for Tax Year 2004, to \$1,114 million for Tax Year 2005, and to \$1,731

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million for Tax Year 2006. Between Tax Years 2004 and 2006, actual distributions to IC-DISC shareholders increased 317 percent, from \$433 million for Tax Year 2004 to \$1,805 million for Tax Year 2006.

In the Next Issue

The following articles are tentatively planned for inclusion in the spring 2010 issue of the *Statistics of*

Income Bulletin, scheduled to be published in May 2010:

- Gift Tax Returns, 2008;
- Fiduciary Income Panel, Tax Years 2002-2008;
- High-Income Returns for 2007; and
- Individual Noncash Contributions, 2007.

Individual Income Tax Returns, Preliminary Data, 2008

by Michael Parisi

For Tax Year 2008, taxpayers filed 142.4 million U.S. individual income tax returns, a decrease of 0.5 percent from the 143.0 million returns filed for 2007.¹ For the first time since Tax Year 2002, Adjusted Gross Income (AGI) and several other notable items showed a decline. AGI decreased from 2007 by 3.7 percent to \$8.2 trillion for 2008. Taxable income decreased 5.1 percent to \$5.6 trillion; total income tax decreased by 6.2 percent to \$1.0 trillion; and total tax liability fell by 6.0 percent to just under \$1.1 trillion. However, despite the decreases in income and other taxes, the alternative minimum tax rose 6.3 percent to \$22.2 billion for 2008.

Figure A shows some of the key components that contributed to the decline in AGI from 2007. Net capital gains decreased 40.4 percent, from \$749.1 billion in 2007 to \$446.6 billion in 2008, capital gain distributions (part of net capital gains) decreased 74.6 percent to \$22.0 billion. Increases in losses associated with business income were reported for Tax Year 2008 by partnership and S corporations (49.8 percent), business sole proprietorships (11.3 percent), and farms (7.4 percent). For the first two, this contributed to decreases in net income less losses compared to 2007 of 12.5 percent for partnerships and S corporations and 5.4 percent for business sole proprietorships.

Further, for 2008, 9.6 million returns (a 24.1-percent increase from 2007) reported a total of \$43.9 billion in taxable unemployment compensation. This represents a 47.6-percent increase from 2007. Another component of AGI, ordinary dividends decreased 7.9 percent to \$197.6 billion. Of this dividend total, 73.3 percent was reported as qualified dividends. Qualified dividends, which receive preferential tax rates, were reported on 26.2 million returns and totaled \$144.8 billion, an increase of 1.3 percent from 2007.

Some components of AGI showed increases, including the largest component of AGI, salaries and wages, which increased 1.5 percent to \$6,022.4 billion for Tax Year 2008. The second largest income

item, taxable pension and annuities, also increased. Taxable pension and annuities increased 2.2 percent, from \$504.1 billion for 2007 to \$515.0 billion for 2008. The other items related to retirement, taxable Social Security benefits, and IRA distributions also rose for 2008, by 0.3 percent and 7.7 percent, respectively. One income item not related to retirement that did increase was rent and royalty net income. Reported amounts increased by 16.5 percent to \$92.8 billion for 2008.

Statutory adjustments to total income decreased 1.9 percent to \$115.9 billion for Tax Year 2008. The largest statutory adjustment was the deduction for one-half of self-employment tax, representing 19.5 percent of the total. This adjustment to income decreased 1.8 percent to \$22.6 billion. The self-employment health insurance deduction decreased 0.5 percent to \$19.3 billion. Payments to self-employed retirement (Keogh) plans fell 8.2 percent to \$18.5 billion, while deductible contributions to Individual Retirement Arrangements (IRAs) decreased 9.7 percent to \$11.9 billion. The deduction for tuition and fees rose 3.6 percent to \$11.0 billion, and the deduction for student loan interest increased 3.3 percent to \$7.8 billion. With a tax law change for 2008, in which contributions were no longer limited to the annual health plan deductible, over 810,000 taxpayers (a 39.4-increase from 2007) who made contributions to qualified health savings accounts took an adjustment totaling over \$2.1 billion (a 47.1-percent increase from 2007). Altogether, the amount deducted for total exemptions increased by 3.0 percent, from \$954.8 billion for 2007 to \$983.3 billion for 2008.

Total deductions, the sum of the standard deduction and total itemized deductions (after limitation) equaled \$1,960.1 billion, an increase of 1.0 percent from Tax Year 2007. The number of returns claiming the standard deduction decreased 0.3 percent, accounting for 64.6 percent of all returns filed and 35.7 percent of the total deductions amount. Due to inflation indexing and law changes, the average standard deduction (comprised of the basic and additional standard deductions for age and blindness) increased 4.4 percent, from \$7,278 for 2007 to \$7,602 for 2008.

New for 2008, a taxpayer could have increased the standard deduction by the amount paid for certain

Michael Parisi is an economist with the Individual Returns Analysis Section (IRAS). This article was prepared under the direction of Jeff Hartzok, Chief, IRAS section and Michael Strudler, Chief, Individual Research Section.

¹ For Tax Year 2007, the total number of returns count does not include individual income tax returns filed by individuals only to receive the economic stimulus payment and who had no other reason to file.

Individual Income Tax Returns, Preliminary Data, 2008

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Figure A

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2007 and 2008

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

Item	Number of returns			Amount		
	2007	2008	Percentage change	2007	2008	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total [1]	143,030,461	142,350,256	-0.5	N/A	N/A	N/A
Form 1040 returns	85,745,233	83,884,991	-2.2	N/A	N/A	N/A
Form 1040A returns	34,025,192	36,540,998	7.4	N/A	N/A	N/A
Form 1040EZ returns	23,260,036	21,924,264	-5.7	N/A	N/A	N/A
Electronically-filed returns [2]	89,319,350	96,573,046	8.1	N/A	N/A	N/A
Adjusted gross income (less deficit)	143,030,461	142,350,256	-0.5	8,531,396,107	8,213,442,867	-3.7
Salaries and wages	121,575,652	120,006,001	-1.3	5,936,291,341	6,022,463,633	1.5
Taxable interest	65,539,247	62,478,944	-4.7	231,533,659	197,166,925	-14.8
Tax-exempt interest [3]	6,291,259	6,403,595	1.8	76,071,765	72,586,685	-4.6
Ordinary dividends	32,200,676	30,850,795	-4.2	214,602,175	197,602,724	-7.9
Qualified dividends	27,272,187	26,234,679	-3.8	142,968,704	144,840,020	1.3
State income tax refunds	23,767,816	22,969,373	-3.4	25,102,093	25,260,849	0.6
Alimony received	464,900	435,376	-6.4	8,330,494	8,254,879	-0.9
Business or profession net income	16,832,343	16,385,177	-2.7	316,576,566	308,133,596	-2.7
Business or profession net loss	5,744,898	5,670,884	-1.3	52,570,799	58,509,927	11.3
Business or profession net income less loss	22,577,241	22,056,061	-2.3	264,005,767	249,623,669	-5.4
Net capital gain [4]	19,600,390	11,187,343	-42.9	749,142,977	446,595,066	-40.4
Capital gain distributions [4]	15,858,031	11,538,101	-27.2	86,375,840	21,972,213	-74.6
Net capital loss	7,571,865	12,301,042	62.5	16,550,418	28,417,726	71.7
Sales of property other than capital assets net gain	858,728	744,331	-13.3	11,750,123	10,436,594	-11.2
Sales of property other than capital assets net loss	790,247	865,098	9.5	9,205,398	17,807,063	93.4
Sales of property other than capital assets net gain less loss	1,648,976	1,609,429	-2.4	2,544,726	-7,370,469	-389.6
Taxable Individual Retirement Arrangement distributions	11,146,808	11,316,651	1.5	148,543,305	160,022,157	7.7
Taxable pensions and annuities	26,555,679	25,856,207	-2.6	504,106,952	515,035,286	2.2
Rent and royalty net income	5,854,329	5,978,139	2.1	79,631,034	92,793,355	16.5
Rent and royalty net loss	5,458,342	5,540,151	1.5	60,896,603	63,632,958	4.5
Rent and royalty net income less loss	9,802,694	9,925,815	1.3	18,734,431	29,160,397	55.7
Partnership and S corporation net income	4,647,554	4,517,758	-2.8	471,414,946	468,560,093	-0.6
Partnership and S corporation net loss	2,488,614	2,626,223	5.5	90,200,748	135,082,672	49.8
Partnership and S corporation net income less loss	7,136,168	7,143,981	0.1	381,214,198	333,477,421	-12.5
Estate and trust net income	498,106	520,680	4.5	16,254,546	17,056,025	4.9
Estate and trust net loss	41,114	40,464	-1.6	1,290,666	2,511,370	94.6
Estate and trust net income less loss	539,220	561,144	4.1	14,963,881	14,544,655	-2.8
Farm net income	571,142	567,581	-0.6	10,862,108	13,114,524	20.7
Farm net loss	1,423,349	1,391,073	-2.3	24,116,600	25,894,327	7.4
Unemployment compensation	7,735,444	9,597,502	24.1	29,752,241	43,911,028	47.6
Taxable Social Security benefits	15,194,849	15,145,770	-0.3	169,112,251	169,670,897	0.3
Total statutory adjustments	35,904,216	35,563,477	-0.9	118,152,497	115,901,028	-1.9
Educator expenses	3,692,983	3,796,150	2.8	936,226	957,289	2.2
Certain business expenses of reservists, performing artists, and fee-basis government officials	137,353	129,293	-5.9	428,090	414,943	-3.1
Payments to an Individual Retirement Arrangement	3,370,132	2,783,721	-17.4	13,191,054	11,905,552	-9.7
Student loan interest deduction	9,163,092	9,185,924	0.2	7,513,854	7,761,966	3.3
Tuition and fees deduction	4,570,841	4,588,503	0.4	10,647,111	11,031,337	3.6
Health savings account deduction	581,438	810,279	39.4	1,447,829	2,129,150	47.1
Moving expenses adjustment	1,117,958	1,112,592	-0.5	2,872,755	2,995,993	4.3
Self-employment tax deduction	17,577,880	17,211,728	-2.1	23,000,491	22,588,905	-1.8
Self-employed health insurance deduction	3,568,995	3,361,579	-5.8	19,360,871	19,257,165	-0.5
Payments to a self-employed retirement (Keogh) plan	1,136,764	965,847	-15.0	20,143,628	18,499,501	-8.2
Penalty on early withdrawal of savings	1,215,946	1,298,035	6.8	352,592	371,912	5.5

Footnotes at end of figure.

Individual Income Tax Returns, Preliminary Data, 2008

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Figure A—Continued

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2007 and 2008—Continued

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

Item	Number of returns			Amount		
	2007	2008	Percentage change	2007	2008	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Alimony paid	590,120	572,761	-2.9	9,024,966	9,313,168	3.2
Domestic production activities deduction	448,113	478,111	6.7	6,639,450	6,959,041	4.8
Other adjustments [5]	140,482	150,914	7.4	1,255,655	1,585,910	26.3
Total exemptions [6]	285,893,543	283,544,734	-0.8	954,799,390	983,256,537	3.0
Total deductions	144,650,750	139,976,603	-3.2	1,941,302,670	1,960,087,456	1.0
Total standard deduction	92,273,823	91,975,024	-0.3	671,612,131	699,190,365	4.1
Basic standard deduction	92,273,823	91,975,024	-0.3	650,995,128	666,727,034	2.4
Additional standard deduction	13,107,816	12,660,440	-3.4	20,617,003	20,184,197	-2.1
Total itemized deductions (after limitation)	50,513,149	48,001,579	-5.0	1,269,690,539	1,260,897,091	-0.7
Itemized deductions in excess of limitation	7,094,563	6,769,863	-4.6	35,146,670	16,849,836	-52.1
Medical and dental expenses deduction	10,564,676	10,091,166	-4.5	75,428,123	74,530,672	-1.2
Taxes paid deduction	50,087,819	47,683,306	-4.8	446,395,960	447,682,524	0.3
State and local income taxes [7]	48,607,452	46,320,617	-4.7	271,539,747	272,394,387	0.3
Income taxes	36,797,963	35,520,687	-3.5	253,235,796	254,836,486	0.6
General sales taxes	11,809,490	10,799,930	-8.5	18,303,951	17,557,892	-4.1
Interest paid deduction	41,167,372	39,022,546	-5.2	502,340,630	481,166,292	-4.2
Charitable contributions deduction	41,138,108	39,223,228	-4.7	174,504,204	161,869,762	-7.2
Taxable income	110,808,532	108,090,446	-2.5	5,932,306,076	5,629,893,896	-5.1
Alternative minimum tax	4,111,154	3,939,114	-4.2	20,915,080	22,223,196	6.3
Income tax before credits	110,819,668	107,317,835	-3.2	1,155,078,777	1,099,247,705	-4.8
Total tax credits [8]	48,374,530	55,271,787	14.3	62,170,319	73,739,010	18.6
Child care credit	6,556,918	6,659,122	1.6	3,524,008	3,561,436	1.1
Credit for the elderly or disabled	90,569	75,100	-17.1	12,296	10,209	-17.0
Child tax credit	26,068,263	25,287,874	-3.0	31,753,697	30,713,081	-3.3
Education tax credits	7,516,607	7,829,823	4.2	6,988,853	7,732,554	10.6
Retirement savings contributions credit	5,970,293	6,043,397	1.2	997,343	993,687	-0.4
Adoption credit	93,325	89,134	-4.5	384,523	354,490	-7.8
Residential energy credits	4,411,698	227,620	-94.8	1,026,245	219,805	-78.6
Foreign tax credit	7,602,568	6,680,064	-12.1	13,991,686	15,121,256	8.1
General business credit	208,411	259,884	24.7	718,864	1,317,496	83.3
Prior year minimum tax credit	370,848	397,357	7.1	1,020,767	976,587	-4.3
First-time homebuyer credit	N/A	1,193,315	N/A	N/A	8,301,644	N/A
Recovery rebate credit	N/A	27,665,780	N/A	N/A	11,579,431	N/A
Self-employment tax	17,577,880	17,211,728	-2.1	45,992,187	45,169,679	-1.8
Total earned income credit (EIC)	24,970,376	25,007,059	0.1	49,696,835	51,596,164	3.8
EIC used to offset income tax before credits	3,452,286	3,391,970	-1.7	948,515	978,766	3.2
EIC used to offset other taxes	5,384,564	5,550,648	3.1	5,189,831	5,560,408	7.1
Excess EIC, refundable portion	22,024,740	22,053,777	0.1	43,558,489	45,056,991	3.4
Additional child tax credit	16,088,595	18,300,462	13.7	16,828,692	20,511,290	21.9
Refundable prior year minimum tax credit	144,692	274,822	89.9	432,169	2,392,027	453.5
Total income tax	96,374,701	90,718,339	-5.9	1,092,909,361	1,025,509,017	-6.2
Total tax liability	100,352,051	94,721,187	-5.6	1,139,266,194	1,070,367,059	-6.0

N/A—Not applicable.

[1] For Tax Year 2007, the total number of returns does not include the returns filed by individuals only to receive the economic stimulus payment and who had no other reason file.

[2] Included in data for Forms 1040, 1040A, and 1040EZ.

[3] Not included in adjusted gross income.

[4] Includes capital gain distributions reported on Form 1040 and Schedule D.

[5] Other adjustments does not include the foreign housing deduction or the medical savings account deduction.

[6] Data shown in columns 1 and 2 are the number of exemptions claimed on returns, rather than the number of returns with exemptions.

[7] State and local income taxes is the total of both income taxes and general sales taxes.

[8] Includes EIC used to offset income tax before credits, shown separately later in this figure.

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

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State and local real estate taxes and net disaster loss (see the Changes in Law section). Itemized deductions were claimed on 33.7 percent of all returns filed for 2008 and represented 64.3 percent of the total deductions amount.² The average total for itemized deductions (after limitation) was \$26,268, a 4.5-percent increase from the 2007 average of \$25,136.

Due to the AGI limitation on itemized deductions, 6.8 million higher-income taxpayers were unable to deduct \$16.8 billion in itemized deductions, a decrease of 52.1 percent from 2007. This large decrease was due to a change in the law where the amount by which the deduction was reduced was only one-third of the amount of the reduction that would have otherwise applied. In 2007, the amount by which the deduction was reduced was only two-thirds of the amount.

The interest paid deduction was the largest deduction, comprising 37.7 percent of total itemized deductions (before limitation). For 2008, it decreased 4.2 percent to \$481.2 billion. The Tax Relief and Health Care Act of 2006 extended the election to deduct State and local general sales taxes instead of State and local income taxes. For 2008, an estimated 10.8 million taxpayers elected to deduct State and local general sales taxes instead of local income taxes, deducting \$17.6 billion. Including taxpayers who deducted State and local sales taxes, 4.7 percent fewer taxpayers took a deduction for State and local income and sales taxes, but the total amount of this deduction increased 0.3 percent from 2007 levels. The total taxes paid deduction accounted for 35.0 percent of all itemized deductions and increased 0.3 percent to \$447.7 billion. The deduction for medical and dental expenses went down by 1.2 percent to \$74.5 billion, while the charitable contributions deduction decreased 7.2 percent to \$161.9 billion for 2008.

Total tax credits used to offset income tax liabilities increased 18.6 percent to \$73.7 billion. About 25.3 million taxpayers claimed \$30.7 billion in child tax credits, down 3.3 percent from 2007. However, the additional child tax credit (a refundable separate credit) increased by 21.9 percent to \$20.5 billion in 2008. This increase in the additional child tax credit was partially due to the law change for 2008 where the credit limit was increased from 15 percent of a taxpayer's earned income that exceeded \$11,750 in

2007 to 15 percent of a taxpayer's earned income that exceeded \$8,500 in 2008.

Other notable percentage increases for major tax credits included an 83.3-percent rise in general business credits to \$1.3 billion, and a 10.6-percent rise in the education credits to \$7.7 billion. For 2008, a change in law made some of the general business credits allowable against the alternative minimum tax, which led to the large increase in general business credits. The foreign tax credit also had an increase from 2007 of 8.1 percent to \$15.1 billion.

The largest percentage decrease was in the residential energy credits, which decreased 78.6 percent from 2007. This decrease was attributable to the nonbusiness energy property credit which expired in Tax Year 2008 making the credit only for businesses. For Tax Year 2009, the nonbusiness energy property credit will be available as in Tax Year 2007.

Tax Year 2008 introduced two new credits, the first-time homebuyer credit and the recovery rebate credit. The recovery rebate credit was claimed by 27.7 million taxpayers who had not received an economic stimulus payment or whose economic stimulus payment was under certain amounts (see the Changes in Law section). This resulted in \$11.6 billion worth of credits against income tax for these taxpayers.

For Tax Year 2008, a taxpayer could have claimed the first-time homebuyer credit if he or she bought a home after April 8, 2008, and before November 7, 2009, and did not own a home during the prior 3 years. The first-time homebuyer credit was claimed by 1.2 million taxpayers and totaled \$8.3 billion in 2008. Some taxpayers who purchased a home after filing a 2008 return may have filed an amended return to claim the credit. However, the data for the first-time homebuyer credit article do not include data from amended returns or any adjustment made to this credit by the IRS.

The total earned income credit (EIC) increased 3.8 percent to \$51.6 billion for Tax Year 2008. The portion of the EIC used to offset income tax before credits increased 3.2 percent to \$1.0 billion, and the portion of the EIC used to offset other taxes (such as the self-employment tax) rose 7.1 percent to \$5.6 billion. The largest part of the EIC, the refundable portion, was treated as a refund and paid directly to

² The remaining 1.7 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.

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taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 3.4 percent to \$45.1 billion for 2008.

The comparisons of data for Tax Years 2007 and 2008 in this article are based on the preliminary estimates for both years. A few income and tax items tend to be understated in preliminary estimates. Therefore, comparisons based on preliminary estimates for one year and final estimates for the previous year could be misleading. Comparisons based entirely on preliminary estimates reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. Final statistics for Tax Year 2007 are available in the fall 2008 issue of the *SOI Bulletin* and *Statistics of Income—2007, Individual Income Tax Return*.

Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2007, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2008 preliminary data presented in this article.

Additional Child Tax Credits—Modifications were made to the additional child tax credit for 2008. In Tax Year 2007, the credit limit based on earned income was 15 percent of a taxpayer's earned income that exceeded \$11,750. For 2008, the limit was 15 percent of a taxpayer's earned income that exceeded \$8,500.

Alternative Minimum Tax (AMT)—For Tax Year 2008, the minimum exemption increased to \$69,950 for a married couple filing a joint return, up from \$66,250 in 2007, and to \$46,200 for singles and heads of household, up from \$44,350, and to \$34,975, up from \$33,125 for a married person filing separately.

Earned Income Credit—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,950 from \$2,900. The maximum credit for taxpayers with no qualifying children increased to \$438 from \$428. For these taxpayers, earned income and AGI had to be less than \$12,880 (\$15,880 if married filing jointly) to get any EIC. For taxpayers with one

qualifying child, the maximum credit increased from \$2,853 to \$2,917 and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,824 from \$4,716. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$33,995 (\$36,995 for married filing jointly) for one qualifying child, or less than \$38,646 (\$41,646 for married filing jointly) for two or more qualifying children.

Exemption Amount—For Tax Year 2008, the exemption amount increased by \$100 to \$3,500. Taxpayers could have lost a portion of their exemption benefits if their adjusted gross incomes were above certain amounts (\$119,975 for married persons filing separately, \$159,950 for single individuals, \$199,950 for heads of household, and \$239,950 for married persons filing jointly or qualifying widow(er)s). For 2008, a taxpayer could lose no more than one-third of the dollar amount of his or her exemption, so that the amount of each exemption could not be reduced to less than \$2,333. For 2007 and 2006, a taxpayer could lose no more than two-thirds of the dollar amount of his or her exemption. For 2005 and previous years, exemption amounts could be limited to zero.

First Time Homebuyer Credit—New for Tax Year 2008, a taxpayer may have claimed this credit if he or she bought a home after April 8, 2008, and before December 1, 2009, and did not own a main home during the prior 3 years. Taxpayers were allowed to claim this credit in Tax Years 2008 or 2009 if their modified adjusted gross incomes were below \$95,000 (\$170,000 if married filing jointly). For homes purchased in 2008, the credit operates much like an interest-free loan. Taxpayers generally had to repay the credit over a 15-year period. For homes purchased in 2009, a taxpayer had to repay the credit only if the home ceases to be his or her main home within a 36-month period beginning on the purchase date.

General Business Credit—For 2008, certain business credits like the investment credit were allowed against the alternative minimum tax.

Health Savings Account Deduction—For Tax Year 2008, contributions were not limited to the taxpayer's annual health plan deductible. The maximum HSA deduction increased by \$50 to \$2,900 (\$5,800, if family coverage, up from \$5,650). These limits were \$900 higher if the taxpayer was age 55 or older.

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Indexing—The following items increased due to indexing for inflation: personal exemption amounts, basic standard deduction amounts, tax bracket boundaries, and beginning income amounts for limiting certain itemized deductions and for the reduction of personal exemption deductions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

Individual Retirement Arrangement Deduction—The phaseout range for IRA deductions for those covered by a retirement plan began at income of \$85,000 if married filing jointly or a qualifying window(er), up from \$83,000 in 2007. The phaseout was \$53,000 for a single person or head of household, up from \$52,000 in 2007, and \$0 for a married person filing a separate return. Taxpayers may have been able to deduct an additional \$3,000 if they were participants in a 401(k) plan and their employers were in bankruptcy in an earlier year.

Limit on Itemized Deductions Increased—Taxpayers who had adjusted gross incomes above \$159,950 (\$79,975 if married filing separately) could have lost part of the deduction for itemized deductions. This was an increase from 2007 amounts of \$156,400 (\$78,200 if married filing separately). For Tax Year 2008, the amount by which the deduction was reduced was only one-third of the amount of the reduction that would have otherwise applied (for 2005 and previous years). For Tax Years 2007 and 2006, the amount by which the deduction was reduced was only two-thirds of the amount of the reduction that would have otherwise applied.

Qualified Dividends and Net Capital Gain—For Tax Year 2008, the 5-percent tax rate on qualified dividends and net capital gains was reduced to zero.

Real Estate Tax and Net Disaster Loss deduction—New for 2008, a taxpayer could increase the standard deduction by the amount he or she paid for certain State and local real estate taxes and the net disaster loss. A taxpayer could have increased the standard deduction by State and local real estate taxes paid, up to \$500 (\$1,000 if married filing jointly). The real estate taxes must be taxes that would have been deductible on Schedule A if a taxpayer had itemized their deductions. A taxpayer's net disaster

loss was figured by taking personal casualty losses from a Federally declared disaster minus any personal casualty gains. A total of \$12.3 billion were deducted due to the addition of these two new provisions. Most of this (\$11.5 billion) was deducted by 16 million taxpayers for real estate taxes.

Recovery Rebate credit—A taxpayer was able to take this credit only if he or she had not received an economic stimulus payment in Tax Year 2007 or the economic stimulus payment was less than \$600 (\$1,200 if married filing jointly) plus \$300 for each qualifying child the taxpayer had for 2008. This credit was figured like the economic stimulus payment the previous year except that the amounts are based on Tax Year 2008 instead of Tax Year 2007. The maximum credit was \$600 (\$1,200 if married filing jointly) plus \$300 for each qualifying child.

Standard Deduction Amount Increased—The standard deduction for taxpayers who did not itemize deductions on Schedule A of Form 1040 was, in most cases, higher for 2008 than it was in 2007. The amount depended on filing status, being 65 or older or blind, and whether an exemption could be claimed for a taxpayer by another person. For 2008, the standard deduction increased to \$10,900 for joint filers, up from \$10,700 in 2007. For single filers and married filing separately, the deduction amount increased to \$5,450. For heads of households, the deduction was \$8,000. In addition, the additional standard deduction for being 65 or older or blind was increased by \$50 per taxpayer for single and head of household filers only.

Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ including electronically filed returns) filed during Calendar Year 2009. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes.³ Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2008 data

³ Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual)*.

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are based on a sample of 256,033 returns and an estimated final population of 142,466,099 returns. The corresponding sample and population for the preliminary 2007 data were 262,319 and 153,673,511 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of

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

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 2008 returns, between January and late September of 2009. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately large amounts of investment income, passive losses, and alternative minimum tax.

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns, total	142,350,256	37,778,377	29,710,475	25,598,548	31,043,264	13,851,199	1,531,674	2,836,719
Form 1040 returns	83,884,991	14,649,539	11,613,840	14,605,646	25,092,562	13,555,011	1,531,674	2,836,719
Form 1040A returns	36,540,998	10,751,266	12,834,155	7,847,981	4,834,044	273,552	0	0
Form 1040EZ returns	21,924,264	12,377,573	5,262,477	3,144,920	1,116,658	22,636	0	0
Electronically filed returns [2]	96,573,046	23,738,729	21,264,754	18,228,055	21,482,571	9,329,192	960,483	1,569,262
Adjusted gross income (less deficit)	8,213,442,867	123,672,649	655,372,449	1,001,180,490	2,202,688,295	1,844,904,428	340,239,354	2,045,385,203
Salaries and wages:								
Number of returns	120,006,001	27,733,901	25,329,838	22,784,149	27,674,178	12,614,964	1,387,996	2,480,975
Amount	6,022,463,633	225,996,571	530,863,416	828,021,366	1,739,971,142	1,438,346,077	248,784,303	1,010,480,758
Taxable interest:								
Number of returns	62,478,944	9,755,821	8,045,315	10,002,672	19,215,303	11,348,687	1,395,363	2,715,779
Amount	197,166,925	16,609,941	13,542,962	16,849,200	41,092,565	34,824,154	7,999,685	66,248,417
Tax-exempt interest: [3]								
Number of returns	6,403,595	539,735	442,118	647,070	1,739,945	1,598,938	329,553	1,106,236
Amount	72,586,685	2,947,710	2,230,006	4,060,637	11,109,908	12,922,775	3,595,083	35,720,565
Ordinary dividends:								
Number of returns	30,850,795	4,470,719	3,223,186	4,114,989	9,009,484	6,737,450	1,014,771	2,280,198
Amount	197,602,724	8,655,248	7,144,194	9,563,145	29,840,123	35,100,773	8,842,617	98,456,625
Qualified dividends:								
Number of returns	26,234,679	3,728,480	2,634,921	3,396,814	7,576,489	5,870,732	911,776	2,115,471
Amount	144,840,020	4,930,630	4,072,955	5,663,505	19,231,689	25,197,772	6,712,343	79,031,124
State income tax refunds:								
Number of returns	22,969,373	547,205	1,279,536	3,587,473	9,803,367	6,257,841	583,338	910,615
Amount	25,260,849	693,195	701,001	2,174,754	7,796,090	7,124,499	1,016,609	5,754,701
Alimony received:								
Number of returns	435,376	72,083	109,688	103,609	110,879	32,262	2,115	4,740
Amount	8,254,879	513,774	1,034,098	1,403,103	3,001,396	1,467,683	131,911	702,914
Business or professional net income:								
Number of returns	16,385,177	5,302,191	2,610,854	2,200,963	3,448,315	1,989,248	272,808	560,800
Amount	308,133,596	38,722,615	31,574,688	28,668,190	55,893,626	61,181,344	16,949,924	75,143,211
Business or professional net loss:								
Number of returns	5,670,884	1,066,531	881,284	1,001,565	1,591,908	857,350	91,603	180,642
Amount	58,509,927	21,329,477	6,830,010	7,434,906	9,957,601	6,058,886	1,090,470	5,808,573
Net capital gain: [4]								
Number of returns	11,187,343	1,533,971	1,110,566	1,450,785	3,178,035	2,527,750	422,076	964,160
Amount	446,595,066	14,381,346	3,243,459	4,806,397	18,807,797	30,783,442	11,261,200	363,311,425
Capital gain distributions: [4]								
Number of returns	11,538,101	1,615,334	1,011,477	1,344,577	3,159,023	2,695,886	473,769	1,238,035
Amount	21,972,213	1,345,170	1,109,327	1,286,904	4,427,964	4,763,094	1,177,436	7,862,318
Net capital loss:								
Number of returns	12,301,042	2,064,751	1,169,300	1,436,355	3,303,983	2,687,600	461,812	1,177,242
Amount	28,417,726	4,638,977	2,629,056	3,173,427	7,472,867	6,195,037	1,159,264	3,149,099
Sales of property other than capital assets, net gain:								
Number of returns	744,331	106,844	78,748	93,586	197,984	126,350	24,520	116,300
Amount	10,436,594	1,102,920	545,044	714,200	1,548,981	1,383,343	347,077	4,795,031

Footnotes at end of table.

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sales of property other than capital assets, net loss:								
Number of returns	865,098	173,786	65,953	77,516	173,814	162,026	38,042	173,961
Amount	17,807,063	11,540,619	725,021	532,049	1,011,089	1,131,772	211,637	2,654,874
Taxable Individual Retirement Arrangement distributions:								
Number of returns	11,316,651	1,585,007	1,907,741	1,992,446	3,569,273	1,744,030	188,394	329,759
Amount	160,022,157	8,166,993	12,487,582	18,013,766	49,871,979	43,785,938	8,051,046	19,644,854
Taxable pensions and annuities:								
Number of returns	25,856,207	3,987,478	4,728,157	4,801,729	7,791,616	3,627,854	360,507	558,868
Amount	515,035,286	25,608,777	54,861,601	78,340,985	183,494,490	127,338,053	16,342,618	29,048,762
Rent and royalty net income:								
Number of returns	5,978,139	839,380	734,659	802,857	1,659,388	1,201,221	194,733	545,901
Amount	92,793,355	6,025,471	4,860,112	5,509,842	15,027,045	18,411,361	4,985,962	37,973,562
Rent and royalty net loss:								
Number of returns	5,540,151	833,136	650,576	890,645	1,776,581	1,015,632	101,856	271,727
Amount	63,632,958	14,344,213	6,093,525	7,949,143	17,666,172	9,438,667	1,550,536	6,590,702
Partnership and S corporation net income:								
Number of returns	4,517,758	306,600	367,793	413,330	1,085,293	1,117,762	270,478	956,503
Amount	468,560,093	4,117,408	4,077,396	6,037,434	22,432,269	45,492,106	18,435,932	367,967,547
Partnership and S corporation net loss:								
Number of returns	2,626,223	542,788	215,779	303,790	652,549	542,748	92,518	276,051
Amount	135,082,672	80,393,687	2,862,087	4,066,165	7,353,164	8,488,856	2,440,925	29,477,787
Estate and trust net income:								
Number of returns	520,680	52,218	47,909	52,910	128,706	140,604	23,484	74,851
Amount	17,056,025	341,184	302,468	355,794	1,713,514	2,613,458	876,003	10,853,605
Estate and trust net loss:								
Number of returns	40,464	6,403	2,318	6,668	7,822	8,361	2,386	6,507
Amount	2,511,370	1,762,989	12,451	61,839	46,184	64,762	15,600	547,548
Farm net income:								
Number of returns	567,581	112,037	75,955	96,795	173,130	75,016	10,311	24,336
Amount	13,114,524	925,728	774,597	1,230,620	3,507,846	3,104,474	922,787	2,648,471
Farm net loss:								
Number of returns	1,391,073	266,591	189,605	239,093	436,240	178,328	20,870	60,345
Amount	25,894,327	7,537,731	2,484,034	3,106,530	5,649,558	3,223,129	524,991	3,368,354
Unemployment compensation:								
Number of returns	9,597,502	1,739,664	2,657,276	2,044,746	2,311,414	730,400	56,312	57,687
Amount	43,911,028	6,328,725	12,317,444	9,702,058	11,040,196	3,876,506	279,733	366,362
Taxable Social Security benefits:								
Number of returns	15,145,770	89,228	2,759,852	3,781,015	5,659,545	2,169,560	238,279	448,294
Amount	169,670,897	367,031	5,656,263	25,502,786	83,157,005	40,566,742	4,812,345	9,608,725
Total statutory adjustments:								
Number of returns	35,563,477	7,117,382	5,185,526	6,027,579	9,722,600	5,713,351	538,432	1,258,610
Amount	115,901,028	10,498,132	8,865,291	12,037,270	24,524,752	25,416,804	5,542,765	29,016,013

Footnotes at end of table.

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Educator expenses:								
Number of returns	3,796,150	88,944	272,219	716,779	1,561,423	1,025,593	62,823	68,367
Amount	957,289	19,651	61,828	170,150	393,244	279,784	15,751	16,879
Certain business expenses of reservists, performing artists, and fee-basis government officials:								
Number of returns	129,293	17,453	9,182	16,054	51,458	29,579	2,885	2,678
Amount	414,943	107,870	38,590	33,897	134,700	73,233	10,792	15,862
Payments to an Individual Retirement Arrangement:								
Number of returns	2,783,721	139,929	349,224	599,185	1,042,760	531,378	39,900	81,344
Amount	11,905,552	436,682	1,118,394	2,108,032	4,380,906	2,812,195	321,822	727,519
Student loan interest deduction:								
Number of returns	9,185,924	743,072	1,524,954	2,320,407	3,349,087	1,248,405	0	0
Amount	7,761,966	567,082	1,208,473	2,010,898	2,986,316	989,196	0	0
Tuition and fees deduction:								
Number of returns	4,588,503	1,055,644	467,841	462,422	1,010,545	1,592,048	0	0
Amount	11,031,337	2,958,307	1,120,207	1,013,037	2,201,016	3,738,770	0	0
Health savings account deduction:								
Number of returns	810,279	33,190	63,321	119,306	255,004	206,869	30,773	101,815
Amount	2,129,150	66,162	95,529	202,975	566,280	626,274	112,941	458,986
Moving expenses adjustment:								
Number of returns	1,112,592	100,724	205,393	273,973	332,129	152,789	22,060	25,524
Amount	2,995,993	242,374	351,425	508,413	960,408	641,679	110,798	180,899
Self-employment tax deduction:								
Number of returns	17,211,728	5,198,652	2,656,336	2,269,218	3,655,888	2,217,424	348,015	866,192
Amount	22,588,905	2,854,009	2,442,646	2,360,149	4,829,503	4,609,001	1,083,953	4,409,643
Self-employed health insurance deduction:								
Number of returns	3,361,579	525,236	440,931	459,502	780,947	604,303	124,228	426,433
Amount	19,257,165	2,009,186	1,696,535	2,128,014	4,032,068	4,161,338	1,003,100	4,226,924
Payments to a self-employed retirement (Keogh) plan:								
Number of returns	965,847	18,839	32,242	58,018	176,180	298,716	93,286	288,567
Amount	18,499,501	213,750	173,769	382,970	1,585,170	4,555,459	1,966,053	9,622,331
Penalty on early withdrawal of savings:								
Number of returns	1,298,035	227,568	211,816	227,947	376,351	189,795	21,329	43,231
Amount	371,912	53,398	50,298	60,963	88,904	58,294	14,194	45,861
Alimony paid:								
Number of returns	572,761	43,331	39,883	81,810	181,948	139,126	25,576	61,085
Amount	9,313,168	597,524	364,186	664,210	1,785,774	1,920,824	622,582	3,358,071
Domestic production activities deduction:								
Number of returns	478,111	19,658	22,937	32,451	100,484	126,386	31,670	144,523
Amount	6,959,041	179,366	56,453	94,628	249,283	487,341	195,462	5,696,510
Other adjustments [5]:								
Number of returns	150,914	11,411	25,201	28,739	46,752	30,403	2,735	5,675
Amount	1,585,910	165,944	81,586	297,737	325,142	441,818	73,285	200,397

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2008

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total exemptions:								
Number of exemptions	283,544,734	47,870,624	56,639,419	51,969,230	75,197,788	39,031,382	4,444,000	8,392,291
Amount	983,256,537	167,186,798	197,955,342	181,733,790	263,052,852	136,424,630	15,350,903	21,552,222
Total deductions:								
Number of returns	139,976,603	35,407,886	29,710,478	25,596,835	31,041,860	13,851,181	1,531,667	2,836,696
Amount	1,960,087,456	236,747,383	256,938,158	273,644,547	500,703,496	366,391,317	62,478,314	263,184,241
Total standard deduction:								
Number of returns	91,975,024	33,536,964	25,635,217	17,579,146	13,066,258	1,952,492	82,628	122,319
Amount	699,190,365	207,297,272	193,084,021	143,288,305	130,977,303	22,247,057	936,173	1,360,234
Basic standard deduction:								
Number of returns	91,975,024	33,536,964	25,635,217	17,579,146	13,066,258	1,952,492	82,628	122,319
Amount	666,727,034	200,256,864	185,795,397	136,843,898	121,786,750	20,021,489	842,636	1,180,000
Additional standard deduction:								
Number of returns	12,660,440	4,136,576	3,225,576	2,174,413	2,494,404	559,948	27,741	41,782
Amount	20,184,197	6,280,050	5,183,932	3,504,358	4,124,810	972,561	48,782	69,704
Total itemized deductions (after limitation):								
Number of returns	48,001,579	1,870,922	4,075,261	8,017,689	17,975,602	11,898,689	1,449,039	2,714,377
Amount	1,260,897,091	29,450,111	63,854,137	130,356,242	369,726,193	344,144,260	61,542,141	261,824,007
Itemized deductions in excess of limitation:								
Number of returns	6,769,863	0	0	0	94,473	2,512,446	1,448,836	2,714,108
Amount	16,849,836	0	0	0	10,119	495,913	941,740	15,402,064
Medical and dental expenses deduction:								
Number of returns	10,091,166	1,239,665	1,863,601	2,442,890	3,467,349	980,663	53,420	43,578
Amount	74,530,672	9,831,624	13,183,946	15,031,533	24,623,895	9,089,642	1,151,430	1,618,602
Taxes paid deduction:								
Number of returns	47,683,306	1,786,687	3,997,573	7,942,507	17,910,918	11,887,039	1,447,912	2,710,670
Amount	447,682,524	5,404,167	12,577,312	30,416,632	108,366,058	128,360,929	26,300,277	136,257,149
State and local income taxes: [6]								
Number of returns	46,320,617	1,584,178	3,745,184	7,656,287	17,482,625	11,733,195	1,433,443	2,685,705
Amount	272,394,387	1,262,546	3,863,723	12,653,742	55,278,031	74,582,508	16,920,594	107,833,243
Income taxes:								
Number of returns	35,520,687	632,804	2,107,741	5,448,308	14,000,225	9,851,589	1,208,495	2,271,524
Amount	254,836,486	780,801	2,654,477	10,317,153	49,870,825	69,910,292	16,113,026	105,189,909
General sales taxes:								
Number of returns	10,799,930	951,376	1,637,443	2,207,978	3,482,400	1,881,606	224,949	414,178
Amount	17,557,892	481,744	1,209,239	2,336,586	5,407,206	4,672,216	807,568	2,643,333
Interest paid deduction:								
Number of returns	39,022,546	1,141,108	2,775,190	6,115,128	15,122,306	10,399,365	1,239,869	2,229,580
Amount	481,166,292	10,962,332	25,657,875	55,374,601	161,191,194	142,828,836	23,024,892	62,126,562
Charitable contributions deduction:								
Number of returns	39,223,228	1,139,605	2,732,665	5,876,730	14,804,523	10,755,712	1,347,292	2,566,701
Amount	161,869,762	1,527,957	5,530,118	12,863,772	39,872,929	40,412,344	7,941,807	53,720,835
Taxable income:								
Number of returns	108,090,446	10,069,986	24,089,412	24,906,189	30,845,044	13,822,218	1,528,790	2,828,808
Amount	5,629,893,896	29,227,680	231,698,171	551,946,391	1,443,950,914	1,343,387,404	262,870,939	1,766,812,399

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2008

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Alternative minimum tax:								
Number of returns	3,939,114	9,357	10,629	4,776	185,072	862,922	827,222	2,039,135
Amount	22,223,196	75,695	15,800	21,487	258,660	1,900,299	2,423,555	17,527,702
Income tax before credits:								
Number of returns	107,317,835	9,709,433	23,864,153	24,798,682	30,776,378	13,808,573	1,528,512	2,832,106
Amount	1,099,247,705	2,992,438	26,298,409	70,209,114	211,394,165	242,376,208	58,332,981	487,644,390
Total tax credits: [7]								
Number of returns	55,271,787	3,973,127	14,431,086	12,540,011	15,479,370	6,863,205	557,676	1,427,310
Amount	73,739,010	794,868	7,396,795	13,435,933	26,122,852	9,746,002	802,684	15,439,876
Child care credit:								
Number of returns	6,659,122	19,682	993,878	1,362,857	2,448,840	1,500,013	138,268	195,585
Amount	3,561,436	3,456	473,708	806,476	1,295,996	807,226	70,050	104,526
Credit for the elderly or disabled:								
Number of returns	75,100	39,612	35,488	0	0	0	0	0
Amount	10,209	7,501	2,708	0	0	0	0	0
Child tax credit:								
Number of returns	25,287,874	113,777	5,088,586	6,721,730	9,925,693	3,437,392	699	0
Amount	30,713,081	17,892	2,525,731	7,183,995	16,199,569	4,784,670	1,223	0
Education tax credits:								
Number of returns	7,829,823	493,556	1,973,241	2,208,980	2,844,232	309,814	0	0
Amount	7,732,554	146,832	1,457,729	2,290,971	3,570,180	266,843	0	0
Retirement savings contributions credit:								
Number of returns	6,043,397	306,809	2,765,254	2,582,822	388,511	0	0	0
Amount	993,687	56,546	447,640	424,168	65,334	0	0	0
Adoption credit:								
Number of returns	89,134	3	3,106	21,135	41,618	21,149	1,923	202
Amount	354,490	[8]	1,070	23,861	173,473	149,788	5,488	811
Residential energy credits:								
Number of returns	227,620	679	18,452	44,970	93,246	49,850	6,007	14,418
Amount	219,805	257	8,383	35,000	93,214	59,444	5,573	17,933
Foreign tax credit:								
Number of returns	6,680,064	183,818	388,721	719,263	1,967,745	1,877,889	381,236	1,161,393
Amount	15,121,256	7,365	41,868	94,010	481,771	986,676	531,517	12,978,049
General business credit:								
Number of returns	259,884	3,580	7,044	19,501	62,145	79,649	14,206	73,758
Amount	1,317,496	2,949	3,746	23,921	146,286	209,844	35,362	895,387
Prior-year minimum tax credit:								
Number of returns	397,357	4,268	6,166	11,408	60,371	202,637	40,658	71,852
Amount	976,587	500	2,360	13,126	68,986	231,738	46,813	613,064
First-time homebuyer credit:								
Number of returns	1,193,315	156,268	186,335	331,860	427,881	90,972	0	0
Amount	8,301,644	1,043,866	1,221,482	2,337,893	3,052,354	646,048	0	0
Recovery rebate credit:								
Number of returns	27,665,780	7,690,830	8,042,993	5,080,619	4,643,392	** 2,207,944	**	**
Amount	11,579,431	2,943,372	2,889,986	2,115,941	2,142,447	** 1,487,687	**	**

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2008

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Table 1. Individual Income Tax Returns, Tax Year 2008 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Self-employment tax:								
Number of returns	17,211,728	5,198,652	2,656,336	2,269,218	3,655,888	2,217,424	348,015	866,192
Amount	45,169,679	5,705,581	4,884,052	4,719,255	9,657,236	9,216,947	2,167,740	8,818,868
Total earned income credit (EIC):								
Number of returns	25,007,059	12,914,618	8,997,293	3,095,150	0	0	0	0
Amount	51,596,164	23,949,139	24,841,892	2,805,132	0	0	0	0
EIC used to offset income tax before credits:								
Number of returns	3,391,970	1,187,485	1,273,459	931,025	0	0	0	0
Amount	978,766	101,476	587,172	290,117	0	0	0	0
EIC used to offset other taxes:								
Number of returns	5,550,648	3,602,508	1,484,201	463,940	0	0	0	0
Amount	5,560,408	3,262,625	2,010,579	287,205	0	0	0	0
Excess EIC, refundable portion:								
Number of returns	22,053,777	11,202,884	8,595,454	2,255,437	0	0	0	0
Amount	45,056,991	20,585,039	22,244,140	2,227,812	0	0	0	0
Additional child tax credit:								
Number of returns	18,300,462	4,525,344	8,641,541	3,980,753	1,129,102	23,714	8	0
Amount	20,511,290	2,597,313	10,472,374	5,912,736	1,496,664	32,193	11	0
Refundable prior-year minimum tax credit:								
Number of returns	274,822	12,371	3,664	3,347	11,576	54,732	39,861	149,271
Amount	2,392,027	174,729	30,136	13,553	281,928	679,157	360,699	851,824
Total income tax:								
Number of returns	90,718,339	7,317,122	16,042,401	20,028,906	29,226,649	13,754,357	1,524,455	2,824,448
Amount	1,025,509,017	2,197,569	18,901,617	56,773,180	185,271,314	232,630,205	57,530,297	472,204,834
Total tax liability:								
Number of returns	94,721,187	9,825,138	16,758,188	20,525,546	29,486,358	13,773,561	1,525,814	2,826,584
Amount	1,070,367,059	4,684,312	21,762,441	61,269,715	196,391,903	243,514,145	60,014,269	482,730,275

** Data combined to prevent disclosure of specific taxpayer information.

[1] Includes returns with adjusted gross deficit.

[2] Included in data for Forms 1040, 1040A, and 1040EZ.

[3] Not included in adjusted gross income.

[4] Includes capital gain distributions reported on Form 1040 and Schedule D.

[5] Other adjustments does not include the foreign housing deduction or the medical savings account deduction.

[6] "State and local income taxes" is the total of both income taxes and general sales taxes.

[7] Includes EIC used to offset income tax before credits, shown separately later in this table.

[8] Less than \$500.

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

Individual Income Tax Rates and Shares, 2007

by Adrian Dungan and Kyle Mudry

Taxpayers filed 143.0 million returns for Tax Year 2007. This number does not include returns filed by individuals only to receive the economic stimulus payment and who had no other reason to file. Of these 143.0 million returns, 96.3 million (or 67.3 percent) were classified as taxable returns. A taxable return is a return that has total income tax greater than \$0. This represents an increase of 3.8 percent in the number of taxable returns from 2006. Adjusted gross income (AGI) on these taxable returns rose 8.5 percent to \$8,072 billion for 2007, while total income tax rose 9.0 percent to \$1,116 billion. The average tax rate for taxable returns was unchanged, at 13.8 percent.

The top 1 percent of taxpayers, those with an AGI of at least \$410,096, accounted for 22.8 percent of AGI for 2007. This represents an increase in income share of 0.8 percentage points from the previous year, when the cutoff for this group was for this group was \$388,806. These taxpayers accounted for 40.4 percent of the total income tax reported, an increase from 39.9 percent in 2006. The top 5 percent of taxpayers accounted for 37.4 percent of AGI and 60.6 percent of total income tax. To be included in the top 5 percent, a taxpayer must have reported an AGI of at least \$160,041, whereas, in 2006, the cutoff for this group was \$153,542.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2007. To put this discussion into perspective, the article provides explanations of selected terms used in the article and describes the income tax structure, certain tax law changes, income and tax concepts (the 1979 Income Concept, modified taxable income, and marginal tax rates), the computation of alternative minimum taxable income, and data sources and limitations.

Income Tax Rates

Discussions of income tax rates generally center on measuring two distinct tax rates: average tax

rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. For the statistics in this article, the average tax rate is total income tax (see *Explanation of Selected Terms*) divided by AGI reported on returns showing some income tax liability.

Measures of marginal tax rates, on the other hand, focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See *Income and Tax Concepts* for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of the average and marginal tax rates in more detail, and discuss the statistics based on these rates for 2007.

Average Tax Rates

Figure A presents statistics for 1986 through 2007 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See *Income and Tax Concepts* for a more detailed explanation of the 1979 Income Concept.) These tax years can be partitioned into seven distinct periods:

- (1) Tax Year 1986 was the last year under the Economic Recovery Tax Act of 1981 (ERTA81). The tax bracket boundaries, personal exemptions, and standard deductions were indexed for inflation, and the maximum tax rate was 50 percent.
- (2) Tax Year 1987 was the first year under the Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure.¹ The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.

Adrian Dungan and Kyle Mudry are economists with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.

¹ For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where these benefits were completely phased out, the tax rate returned to 28 percent.

Individual Income Tax Rates and Shares, 2007

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Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986–2007

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

Tax year	Total number of returns	Taxable returns								
		Number of returns	As a percentage of total returns [1]	Adjusted gross income (less deficit)	Total income tax	Average tax rate (percent) [2,3]	Average per return (whole dollars) [3]			
							Current dollars		Constant dollars [4]	
							Adjusted gross income (less deficit)	Total income tax	Adjusted gross income (less deficit)	Total income tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Using each tax year's adjusted gross income									
1986	103,045,170	83,967,413	81.5	2,440	367	15.1	29,062	4,374	26,516	3,991
1987	106,996,270	86,723,796	81.1	2,701	369	13.7	31,142	4,257	27,414	3,747
1988	109,708,280	87,135,332	79.4	2,990	413	13.8	34,313	4,738	29,005	4,005
1989	112,135,673	89,178,355	79.5	3,158	433	13.7	35,415	4,855	28,560	3,915
1990	113,717,138	89,862,434	79.0	3,299	447	13.6	36,711	4,976	28,088	3,807
1991	114,730,123	88,733,587	77.3	3,337	448	13.4	37,603	5,054	27,609	3,711
1992	113,604,503	86,731,946	76.3	3,484	476	13.7	40,168	5,491	28,630	3,914
1993	114,601,819	86,435,367	75.4	3,564	503	14.1	41,233	5,817	28,535	4,026
1994	115,943,131	87,619,446	75.6	3,737	535	14.3	42,646	6,104	28,776	4,119
1995	118,218,327	89,252,989	75.5	4,008	588	14.7	44,901	6,593	29,463	4,326
1996	120,351,208	90,929,350	75.6	4,342	658	15.2	47,750	7,239	30,433	4,614
1997	122,421,991	93,471,200	76.4	4,765	731	15.3	50,980	7,824	31,763	4,875
1998	124,770,662	93,047,898	74.6	5,160	789	15.3	55,458	8,475	33,836	5,171
1999	127,075,145	94,546,080	74.4	5,581	877	15.7	59,028	9,280	35,431	5,570
2000	129,373,500	96,817,603	74.8	6,083	981	16.1	62,832	10,129	36,488	5,882
2001	130,255,237	94,763,530	72.8	5,847	888	15.2	61,702	9,370	34,840	5,291
2002	130,076,443	90,963,896	69.9	5,641	797	14.1	62,015	8,762	34,472	4,870
2003	130,423,626	88,921,904	68.2	5,747	748	13.0	64,625	8,412	35,122	4,572
2004	132,226,042	89,101,934	67.4	6,266	832	13.3	70,318	9,337	37,225	4,943
2005	134,372,678	90,593,081	67.4	6,857	935	13.6	75,687	10,319	38,754	5,284
2006	*138,394,754	92,740,927	67.0	7,439	1,024	13.8	80,218	11,041	39,791	5,477
2007	**142,978,806	96,269,751	67.3	8,072	***1,116	13.8	83,851	11,588	40,449	5,590
	Using 1979 Income Concept [5]									
1986	103,045,170	83,967,413	81.5	2,703	367	13.6	32,194	4,374	29,374	3,991
1987	106,996,270	86,723,796	81.1	2,736	369	13.5	31,551	4,257	27,774	3,747
1988	109,708,280	87,135,332	79.4	3,011	413	13.7	34,556	4,738	29,210	4,005
1989	112,135,673	89,178,355	79.5	3,188	433	13.6	35,752	4,855	28,832	3,915
1990	113,717,138	89,862,434	79.0	3,335	447	13.4	37,108	4,976	28,392	3,807
1991	114,730,123	88,733,587	77.3	3,387	448	13.2	38,169	5,054	28,024	3,711
1992	113,604,503	86,731,946	76.3	3,553	476	13.4	40,964	5,491	29,198	3,914
1993	114,601,819	86,435,367	75.4	3,625	503	13.9	41,938	5,817	29,023	4,026
1994	115,943,131	87,619,446	75.6	3,796	535	14.1	43,322	6,104	29,232	4,119
1995	118,218,327	89,252,989	75.5	4,075	588	14.4	45,655	6,593	29,957	4,326
1996	120,351,208	90,929,350	75.6	4,418	658	14.9	48,582	7,239	30,964	4,614
1997	122,421,991	93,471,200	76.4	4,849	731	15.1	51,875	7,824	32,321	4,875
1998	124,770,662	93,047,898	74.6	5,299	789	14.9	56,947	8,475	34,745	5,171
1999	127,075,145	94,546,080	74.4	5,736	877	15.3	60,666	9,280	36,414	5,570
2000	129,373,500	96,817,603	74.8	6,294	981	15.6	65,012	10,129	37,754	5,882
2001	130,255,237	94,763,530	72.8	5,943	888	14.9	62,716	9,370	35,413	5,291
2002	130,076,443	90,963,896	69.9	5,758	797	13.8	63,297	8,762	35,184	4,870
2003	130,423,626	88,921,904	68.2	5,849	748	12.8	65,777	8,412	35,749	4,572
2004	132,226,042	89,101,934	67.4	6,399	832	13.0	71,817	9,337	38,019	4,943
2005	134,372,678	90,593,081	67.4	7,016	935	13.3	77,448	10,319	39,656	5,284
2006	*138,394,754	92,740,927	67.0	7,640	1,024	13.4	82,379	11,041	40,863	5,477
2007	**142,978,806	96,269,751	67.3	8,282	***1,116	13.5	86,028	11,588	41,499	5,590

* Includes 742,859 Form 1040 EZ–T returns.

** The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

*** Revised from previously published value of 1,115.6

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

[2] Average tax rate is "total income tax" (column 5) divided by "adjusted gross income less deficit (AGI)" (column 4).

[3] The average adjusted gross income (less deficit), average total income tax, and average tax rate were calculated from unrounded data.

[4] Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI–U, 1982–84=100). For 2007, the CPI–U=207.3.

[5] These statistics are based on adjusted gross income less deficit (AGI) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income–Individual Income Tax Returns, for 1986–2007. See Figure G for components of the 1979 Income Concept.

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- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.
- (5) Tax Years 1993 through 1996 had a five-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.
- (6) Tax Years 1997 through 2000 were subject to the Taxpayer Relief Act of 1997 which added three new capital gain tax rates to the previous rate structure to form a new eight-rate tax bracket structure (with maximum statutory tax rate of 39.6 percent). See *Income and Tax Concepts* for a more detailed description of the capital gain rates.
- (7) Tax Years 2001 through 2007 were affected by two new laws, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). EGTRRA included a new 10-percent tax rate bracket, as well as reductions in tax rates for brackets higher than 15 percent of one-half percentage point for 2001 and 1 percentage point for 2002. It also included increases in the child tax credit and an increase in alternative minimum tax exemptions. Tax Year 2003, under JGTRRA, saw additional rate reductions in ordinary marginal tax rates higher than the 15-percent rate, as well as expansions to particular income thresholds in the rates from 15 percent and below. Also, the rate for most long-term capital gains was reduced from 20 percent to 15 percent. Further, qualified dividends were taxed at this same 15-percent rate. These changes are detailed in the previously published article, “*Individual Income Tax Rates and Shares, 2003*” in Appendix C (under *Tax Rate Reduction*). Beginning in 2004, the Working Families Tax Relief Act increased the additional child tax credit refundability rate from 10 percent to 15 percent.

About 96.3 million, or 67.3 percent, of the 143.0 million individual returns filed for 2007 were classified as taxable returns. This was a 3.8-percent

increase in the number of taxable returns from 2006. Total AGI reported on taxable returns increased 8.5 percent to \$8,072 billion. Total AGI on taxable returns also rose using the 1979 Income Concept, increasing 8.4 percent to \$8,282 billion for 2007. Total income tax rose by over \$92 billion (9.0 percent) to \$1,116 billion for 2007. Average AGI for taxable returns rose to \$83,851 for 2007, a 4.5-percent increase from 2006. Average income tax also rose for 2007 by 5.0 percent to \$11,588.

In order to analyze the average tax rate over time, it is necessary to use a more consistent measure of income than AGI because some tax law changes resulted in the definition of AGI changing from year to year. The 1979 Income Concept controls for much of this variation in tax law, and its use provides a more consistent estimate of the average tax rate across years. Under the 1979 Concept, the average tax rate for 2007 rose to 13.5 percent from 13.4 percent for the previous year.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 13.8 percent for 2007. The average tax rate for the AGI-size classes ranged from 2.7 percent for the \$1 under \$10,000 AGI-size class to 23.4 percent for the \$500,000 under \$1,000,000 AGI-size class.

The average tax rate of 13.8 percent for 2007 for all income classes combined was unchanged from 2006. The average tax rate for taxable returns in every AGI class fell. The overall average rate remained the same despite this decline in each AGI class because individuals tended to move into higher income classes which, in turn, faced higher tax rates. For example, in 2007, the number of taxable returns in every positive AGI class between \$1 and under \$30,000 decreased, while all others increased, especially at the higher income levels. For instance, the number of taxable returns reporting an AGI of \$100,000 to \$200,000, \$200,000 to \$500,000, \$500,000 to \$1 million, and \$1 million or more all recorded increases of more than 10 percent from 2006.

Marginal Tax Rate Classifications

A return's marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. Marginal tax rate statistics are presented in Figure C and Table 1. These statistics are based on individual income tax returns showing a positive taxable

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Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2006 and 2007

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

Tax year, item	Total	Size of adjusted gross income				
		Under \$1 [1]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2007:						
Number of taxable returns	96,273	6	4,209	11,464	11,593	21,213
Adjusted gross income (less deficit)	8,072,294	-5,805	27,596	172,061	289,357	837,794
Total income tax	*1,115,760	99	733	6,825	17,599	61,368
Average tax rate (percent) [2]	13.8	[3]	2.7	4.0	6.1	7.3
Tax Year 2006:						
Number of taxable returns	92,741	6	4,225	11,496	11,630	20,486
Adjusted gross income (less deficit)	7,439,473	-5,988	27,753	172,504	290,722	808,020
Total income tax	1,023,920	181	743	7,132	17,898	59,803
Average tax rate (percent) [2]	13.8	[3]	2.7	4.1	6.2	7.4
Change in:						
Number of taxable returns	3,529	-1	-16	-32	-37	727
Percent	3.8	0.1	-0.4	-0.3	-0.3	3.6
Adjusted gross income (less deficit)	632,821	182	-157	-443	-1,365	29,774
Percent	8.5	3.0	-0.6	-0.3	-0.5	3.7
Total income tax	91,682	-84	-10	-308	-299	1,565
Percent	9.0	-46.2	-1.3	-4.3	-1.7	2.6
Average tax rate:						
Percentage point change	0.1	[4]	[5]	-0.2	-0.1	-0.1

Tax year, item	Size of adjusted gross income				
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(7)	(8)	(9)	(10)	(11)
Tax Year 2007:					
Number of taxable returns	29,877	13,386	3,484	649	391
Adjusted gross income (less deficit)	2,128,157	1,783,982	1,002,131	440,314	1,396,706
Total income tax	190,716	228,755	196,469	103,163	310,033
Average tax rate (percent) [2]	9.0	12.8	19.6	23.4	22.2
Tax Year 2006:					
Number of taxable returns	28,799	12,041	3,115	588	353
Adjusted gross income (less deficit)	2,044,851	1,600,506	893,337	398,745	1,209,023
Total income tax	184,463	209,381	177,041	94,214	273,064
Average tax rate (percent) [2]	9.0	13.1	19.8	23.6	22.6
Change in:					
Number of taxable returns	1,077	1,342	368	61	38
Percent	3.7	11.1	11.8	10.4	10.7
Adjusted gross income (less deficit)	83,307	183,476	108,794	41,569	187,683
Percent	4.1	11.5	12.2	10.4	15.5
Total income tax	6,252	19,306	19,340	8,949	36,970
Percent	3.4	9.2	10.9	9.5	13.5
Average tax rate:					
Percentage point change	-0.1	-0.3	-0.2	-0.2	-0.4

* Revised from previously published value of 1,115.6.

[1] Includes returns with adjusted gross deficit. Tax in these returns represents some combination of alternative minimum tax, Form 4972 tax on lump-sum distributions from qualified retirement plans, and Form 8814 tax on a child's interest and dividends not reflected in adjusted gross income or taxable income.

[2] Average tax rate is "total income tax" as a percentage of adjusted gross income less deficit (AGI). The average tax rate was calculated from unrounded data.

[3] Percentage not computed.

[4] Change not computed.

[5] Less than 0.05 percent.

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

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Figure C

Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2007

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	110,522,670	100.0	6,063,577,664	100.0	1,155,426,356	100.0
5 percent	1,217,455	1.1	8,649,664	0.1	432,644	[1]
10 percent	26,959,864	24.4	147,461,550	2.4	14,191,152	1.2
10 percent (Form 8814) [2]	22,020	[1]	35,187	[1]	3,511	[1]
15 percent	42,548,493	38.5	1,139,049,451	18.8	146,622,194	12.7
15 percent (capital gains) [3]	8,946,737	8.1	580,612,637	9.6	75,803,625	6.6
25 percent	23,063,385	20.9	1,621,708,473	26.7	272,954,301	23.6
25 percent (capital gains)	395,082	0.4	77,861,645	1.3	12,786,301	1.1
28 percent	4,156,737	3.8	612,588,812	10.1	126,725,205	11.0
28 percent (capital gains)	63,895	0.1	10,560,986	0.2	1,986,511	0.2
33 percent	1,669,201	1.5	476,186,002	7.9	112,769,219	9.8
35 percent	1,060,714	1.0	1,383,928,292	22.8	390,256,995	33.8
Form 8615 [4]	419,089	0.4	4,934,964	0.1	894,700	0.1

[1] Less than 0.05 percent.

[2] Form 8814 was filed for a dependent child under age 18 for whom the parents made an election to report the child's investment income (if it was from interest, dividends, or capital gains totaling between \$850 and \$8,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[3] The 15 percent capital gains rate also includes qualified dividends.

[4] Form 8615 was filed for a child under age 18 to report the child's investment income in excess of \$1,700. The returns in this rate classification are not distributed by tax rate.

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

income amount based on “tax generated” and items of income that were subject to the regular income tax, generally those included in AGI.² The *Income and Tax Concepts* section of this article explains the determination of the marginal tax rate bracket into which a return is assumed to fall. Table 2 contains additional data based on ordinary tax rates and presents statistics on the income and tax generated at each ordinary tax rate by size of AGI.

For 2007, the number of individual returns with modified taxable income rose 3.6 percent to 110.5 million.³ The amount of modified taxable income reported on these returns increased 8.7 percent to \$6,063.6 billion. The tax generated on these returns rose by 8.9 percent to \$1,155.4 billion. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits, including the earned income credit) by the marginal tax rate categories (defined in the *Income and Tax Concepts*).

Returns with modified taxable income in the 15-percent (ordinary income) marginal tax rate bracket contained the largest share of returns for 2007, at 38.5 percent. These returns reported 18.8

percent of modified taxable income for 2007 and 12.7 percent of income tax generated. Conversely, taxpayers in the 35-percent (ordinary income) marginal rate, the least represented bracket, accounted for only 1.0 percent of returns, but reported 22.8 percent of the modified taxable income and 33.8 percent of the tax generated (the largest of any tax bracket). The 10-percent (ordinary income) marginal rate bracket reported the second largest share of returns at 24.4 percent. However, such returns accounted for only 2.4 percent of modified income and 1.2 percent of income tax generated. With a 20.9-percent share of returns, making it the third largest bracket, the 25-percent (ordinary income) marginal rate bracket reported 26.7 percent of the modified taxable income and 23.6 percent of income tax generated. Returns in the 28-percent (ordinary income) marginal rate bracket represented 3.8 percent of the total share of returns and accounted for 10.1 percent of the modified taxable income and 11.0 percent of the generated income tax. Returns in the 33-percent (ordinary income) marginal rate bracket represented the second smallest share of ordinary tax rate

² Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, in some situations, the receipt of some forms of tax-exempt income, such as tax-exempt interest, could have influenced the taxability of other income, in particular Social Security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.

³ The 2006 data are from Mudry, Kyle and Justin Bryan, Individual Income Tax Rates and Shares, 2006, *Statistics of Income Bulletin*, Winter 2009, Volume 28, Number 3, pp. 5–45.

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returns at 1.5 percent but accounted for 7.9 percent of the modified taxable income and 9.8 percent of the tax generated. Returns in the capital gain and dividends, 15-percent, 25-percent, and 28-percent tax brackets represented 8.5 percent of returns, and reported a total of 11.0 percent of modified taxable income and 7.8 percent of the tax.

As shown in Table 2, the total tax generated for 2007 at the 15-percent rate was more than any other rate. The 32.3 percent of income taxed at this rate was reported by 73.7 percent of returns with modified taxable income, producing 25.4 percent of tax generated. The 35-percent rate generated the next largest amount of income tax. Tax in that bracket was reported on only 1.0 percent of returns. However, 11.3 percent of all modified taxable income was taxed at this rate, generating 20.8 percent of tax generated. The 25-percent rate had the third largest amount of tax generated. Tax in that bracket was reported on 27.5 percent of returns,

with 13.9 percent of all modified taxable income taxed at this rate, generating 18.3 percent of the tax generated.

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer's taxable income based on statutory tax rates. It does not include the alternative minimum tax (AMT) nor does it exclude allowable tax credits. Figure D illustrates the derivation of the aggregate tax generated for 2006 and 2007 returns. Table 1 includes two tax amounts: tax generated and income tax after credits. Tables 5 through 8 and Figures A and B include an additional measure of tax, total income tax, which also includes distributed tax on trust accumulations.

As shown (Figure D and column 5 of Table 1), the tax generated by applying statutory ordinary income

Figure D

Derivation of Tax Years 2006 and 2007 Total Income Tax as Shown in *Statistics of Income*

[Money amounts are in billions of dollars]

Item	2006	2007	Percentage change
	(1)	(2)	(3)
Tax generated from tax rate schedules or tax table	1,061.3	1,155.4	8.9
PLUS:			
Tax on lump-sum distributions from qualified retirement plans	[1]	[1]	[2]
Alternative minimum tax	21.6	24.1	11.8
EQUALS:			
Income tax before credits	1,082.9	1,179.5	8.9
LESS: Tax credits, total [3]	58.9	63.8	8.2
Child-care credit	3.5	3.5	-0.1
Child tax credit [3]	31.7	31.6	-0.6
Education credit	7.0	6.9	-1.6
Foreign tax credit	11.0	15.4	40.9
General business credit	1.3	.8	-35.1
Earned income credit (limited to the amount needed to reduce total income tax to zero)	.8	.9	17.2
Credit for prior-year minimum tax	1.0	1.0	.3
Retirement savings contribution credit	.9	1.0	9.3
Other credits [4]	1.7	2.6	52.7
EQUALS:			
Income tax after credits	1,023.9	1,115.8	9.0
PLUS: Trusts accumulation distribution	[1]	[1]	[2]
EQUALS:			
Total income tax	1,023.9	1,115.8	9.0

* Revised from previously published value of 1,115.6.

[1] Less than \$0.05 billion.

[2] Percentage not computed.

[3] Does not include the additional child tax credit that for 2007 was \$16.69 billion which was refunded to taxpayers and not included in total income tax.

[4] Includes the elderly or disabled credit, empowerment zone and community renewal employment credit, mortgage interest credit, adoption credit, DC first time home buyer's credit, nonconventional source fuel credit, and other credits.

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

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and capital gain tax rates to modified taxable income was \$1,155.4 billion, a 8.9-percent increase from 2006.⁴ For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers, income tax before credits included the alternative minimum tax (AMT) and/or special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method was used).⁵ The AMT increased 11.8 percent to \$24.1 billion for 2007. Income tax before credits was \$1,179.5 billion for 2007, up from \$1,082.9 billion, representing an 8.9-percent increase from 2006. Taxpayers used \$63.8 billion of tax credits to reduce their income tax before credits. The earned income credit (EIC) is included in this computation to the extent that its application did not reduce income tax before credits below zero. Any portion of the EIC that is refundable to the taxpayer because it exceeds the taxpayer's liability and any portion of the EIC used to reduce taxes other than income taxes are excluded from the computation of income tax after credits.⁶ Both income tax after credits (Figure D) and total income tax (the sum of income tax after credits and tax on trust accumulation distributions) totaled \$1,115.8 billion. These taxes both represented a 9.0-percent increase from 2006.

For returns with modified taxable income, Table 4a shows estimates of income tax before credits by the type of tax computation. It compares the amount of tax before credits (assuming that all taxable income is subject to regular tax rates) with the amount of tax before credits actually computed after reflecting both regular tax rates and any special tax computations that the taxpayer is either permitted or required to make. In particular, qualified dividends and long term capital gains are generally subject to lower tax rates and certain dependent tax filers are required to compute their tax as if their income were the marginal income of their parents or guardian.⁷ The capital gains computations generally reduce taxes; the special provision for certain dependent filers can only increase taxes.

For 2007, 85.3 million returns had their tax before credits computed using only regular income tax rates, compared with 82.3 million for 2006 which used only regular tax computations, an increase of 3.6 percent. The top portion of Table 4a shows the data for these returns. Since these returns used did not use any special tax computations, the difference due to special computation (shown in columns 4 and 8) is zero.

As shown in the middle section of Table 4a, for 2007, the number of returns with Schedule D (capital gains) and dividend tax computations increased by 3.3 percent from 22.5 million to 23.2 million. Taxpayers filing these tax returns paid \$125.7 billion (column 16) less in tax before credits than they would have paid if they had not received the benefits of the lower tax rates for qualified dividends and capital gains. This was up from the \$107.2 billion (column 12) in savings for 2006 from using these special tax rates. For these taxpayers, the average tax saving increased from \$4,776 for 2006 to \$5,420 for 2007.

As shown in the bottom section of Table 4a, for 2007, the number of tax returns filed by dependents under age 18 with Form 8615 for reporting investment income over \$1,700 increased 18.7 percent to 0.4 million. Form 8615 was used to compute the dependents tax as the dependents' income was the marginal income of the parent or guardian. This mandatory calculation can result in no change or an increase in tax before credits; it cannot lower the dependent's tax before credits. Thus, for Form 8615 filers, the difference in tax before credits due to special computations (column 4 for 2006 and column 8 for 2007) reflects the combination of the lower tax from use of the special tax rates for dividends and capital gains and the possibly higher tax from the required Form 8615 tax computation. The combination of the two offsetting provisions reduced taxes by \$17.3 million for 2006 and \$43.0 million for 2007. Table 4b shows the composition of the tax change for Form 8615 filers. For 2007, the net tax reduction was due to a tax reduction of \$339.7 million from use of dividend and capital gains, and a

⁴ Tax generated does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security and Medicare tax on income from self-employment), the Social Security tax on certain tip income, household employment taxes, tax from the recapture of prior-year investment, low-income housing or other credits, penalty tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans, and tax on trusts, accumulation, and distributions. The statistics for "total tax liability," shown in Bryan, Justin, *Individual Income Tax Returns: 2006, Statistics of Income Bulletin*, Fall 2008, Volume 28, Number 2, include these taxes.

⁵ The income amounts on which these special computations for lump-sum distributions were based were not reflected in current-year AGI or current-year taxable income.

⁶ For 2007, the total earned income credit was \$48.5 billion. This amount includes the amount used to reduce the income tax (\$0.9 billion), the amount used to reduce other taxes reported on individual income tax returns (\$5.1 billion), and the amount refunded to taxpayers (\$42.5 billion). Table 4 in Bryan, Justin, "Individual Income Tax Returns: 2007," *Statistics of Income Bulletin*, Fall 2009, Volume 29, Number 2, shows these amounts.

⁷ Dependents with income of over \$1,700 other than earned income could file their own returns but calculate their tax on other than earned income in excess of \$1,700 as if it were their parent's or guardian's marginal income. Form 8815 was used to compute the higher tax. For dependents with only modest amounts of investment income, the parent or guardian could elect to include the dependent's income on the parent's tax return, relieving the dependent of having to file his or her own tax return.

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Figure E

Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 2006 and 2007

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences [1]		Alternative minimum taxable income [1]		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2007						
All returns	8,325,185	218,756,003	9,526,358	2,432,176,844	4,108,964	24,109,512
Under \$1 [2]	109,278	2,292,737	132,102	-14,682,314	6,169	106,219
\$1 under \$10,000	110,137	218,211	362,739	1,221,138	1,466	2,864
\$10,000 under \$20,000	189,939	534,021	367,787	4,181,188	8,214	6,107
\$20,000 under \$30,000	214,709	832,026	349,632	7,043,005	5,666	8,629
\$30,000 under \$40,000	244,687	1,395,560	358,553	10,446,888	5,115	8,849
\$40,000 under \$50,000	241,378	1,381,231	315,227	12,246,893	7,134	12,879
\$50,000 under \$75,000	752,168	6,309,412	910,219	49,652,638	74,106	83,941
\$75,000 under \$100,000	788,244	8,771,119	885,845	68,031,169	136,851	192,099
\$100,000 under \$200,000	2,265,291	38,023,877	2,360,024	308,216,266	956,648	1,929,652
\$200,000 under \$500,000	2,697,391	69,838,422	2,758,934	748,763,224	2,461,091	12,215,802
\$500,000 under \$1,000,000	461,619	25,483,663	471,667	291,789,822	335,677	3,974,004
\$1,000,000 or more	250,341	63,675,721	253,630	945,266,926	110,825	5,568,462
Tax Year 2006						
All returns	7,649,456	193,574,256	8,681,086	2,171,427,757	3,966,540	21,564,586
Under \$1 [2]	100,438	2,059,227	130,121	-9,237,984	6,751	184,922
\$1 under \$10,000	115,896	180,034	340,907	924,822	3,226	2,594
\$10,000 under \$20,000	146,532	313,176	300,401	3,243,402	3,055	4,785
\$20,000 under \$30,000	191,041	554,570	308,991	6,368,615	4,180	14,627
\$30,000 under \$40,000	189,913	891,725	287,734	8,425,735	3,811	11,992
\$40,000 under \$50,000	228,166	1,338,984	297,476	11,597,576	7,816	17,190
\$50,000 under \$75,000	687,982	6,009,902	821,835	44,535,540	87,680	105,899
\$75,000 under \$100,000	699,213	7,455,989	762,821	57,955,216	129,240	180,430
\$100,000 under \$200,000	2,181,882	37,335,931	2,261,719	296,296,237	1,096,666	2,128,778
\$200,000 under \$500,000	2,470,712	62,142,281	2,519,195	674,603,146	2,242,146	10,982,445
\$500,000 under \$1,000,000	411,222	21,511,690	420,183	260,007,906	284,262	3,230,498
\$1,000,000 or more	226,457	53,780,747	229,704	816,707,547	97,710	4,700,425

[1] See Figures I and J for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences.

[2] Includes returns with adjusted gross deficit.

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

tax increase of \$296.6 million from the Form 8615 tax computation. (Table 4b also includes data for 2005, the first year in which a net tax reduction occurred for Form 8615 filers.)

Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax (AMT) to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise be able to legally reduce, or totally eliminate, their tax burdens. The AMT provisions may recapture some of the tax reductions under the ordinary income tax. Form 6251, *Alternative*

Minimum Tax—Individuals, is used to calculate AMT. (See *Computation of Alternative Minimum Taxable Income* for an explanation of the computation of income for AMT purposes.)

Figure E presents statistics, by size of AGI, on the AMT reported by taxpayers filing Form 6251 with their returns. Some taxpayers included or were required to include Form 6251 even though their tax liability was not increased due to the AMT. The tabulations in Figure E include such forms. For 2007, AMT liability rose 11.8 percent to \$24.1 billion from \$21.6 billion in 2006. The number of returns that were subject to paying the AMT

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Figure F

Alternative Minimum Tax, Tax Years 1986–2007

[Tax rates are in percentages—money amounts are in thousands of dollars]

Tax year	Highest statutory alternative minimum tax rate	Alternative minimum tax	
		Number of returns	Amount
	(1)	(2)	(3)
1986	20	608,907	6,713,149
1987	21	139,779	1,674,898
1988	21	113,562	1,027,884
1989	21	117,483	831,012
1990	21	132,103	830,313
1991	24	243,672	1,213,426
1992	24	287,183	1,357,063
1993	28	334,615	2,052,790
1994	28	368,964	2,212,094
1995	28	414,106	2,290,576
1996	28	477,898	2,812,746
1997	[1] 28	618,072	4,005,101
1998	[1] 28	853,433	5,014,549
1999	[1] 28	1,018,063	6,477,697
2000	[1] 28	1,304,197	9,600,840
2001	[1] 28	1,120,047	6,756,705
2002	[1] 28	1,910,789	6,853,901
2003	[1] 28	2,357,975	9,469,803
2004	[1] 28	3,096,299	13,029,239
2005	[1] 28	4,004,756	17,421,071
2006	[1] 28	3,966,540	21,564,586
2007	[1] 28	4,108,964	24,109,512

[1] Top rate on most long-term capital gains was 20 percent, for 2003–07, 15 percent.

increased by 0.1 million for the period.⁸ Alternative Minimum Taxable Income (AMTI) increased 12.0 percent from 2006. In addition, the AMT increased the tax liability for some taxpayers who did not have any AMT liability by limiting certain business tax credits.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2007. Much of the variation in the number of taxpayers affected by the AMT and in the amount of AMT liability during the mid-to-late 1980s and early 1990s was attributable to tax law changes such as TRA86, Revenue Reconciliation Act of 1990 (RRA90), and the Omnibus Budget Reconciliation Act (OBRA93), which altered the AMT. Since then, the impact of the AMT has increased partially because the AMT exemptions have not been automatically indexed annually for the effects of inflation, whereas various parameters of the ordinary income tax (such as

tax brackets, exemptions, etc.) have been indexed annually for inflation. In both EGTRRA in 2001 and JGTRRA in 2003, AMT exemptions were increased, while ordinary tax rates declined. For 2004, 2005, 2006, and 2007, AMT levels rose to \$13.0 billion, \$17.4 billion, \$21.6 billion, and \$24.1 billion respectively. This year marks the sixth consecutive year of increases in AMT levels. Since 2001, the generated amount of the AMT has increased by a total of 256.8 percent. Also, during this same time, the number of returns paying AMT has more than tripled from 1.1 million to 4.1 million.

Income and Tax Shares

Historical statistics from 1986 through 2007 on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 5 through 8. Distributions of AGI as defined for each year, and tax or income item, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and 6. These tables can be used to make comparisons across cumulative percentile classes within each year, for tax years beginning in 1986.

Tables 5 and 7 are based on percentiles of returns cumulated downward from the highest income returns. The data in Tables 5 and 7 are shown for the top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. New to Table 5 for 2007 is the inclusion of data for the top 0.1 percent of returns for Tax Years 2001 through 2007.

Tables 6 and 8 are based on returns cumulated upward from the lowest income returns. Data are shown for the bottom 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

Consider, for example, the data in Table 5 for the 141.1 million returns filed for 2007 with positive AGI.⁹ The average tax rate for these returns was 12.7 percent, a 0.08-percentage point increase from 2006. (A sizable portion of returns with positive AGI are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.8-percent average tax rate for taxable returns only, shown in Figure A.) The average tax rate increased for the fourth year in a row after having fallen for the 3 previous years, bottoming out at 11.9 percent in 2003. Despite 4 years of overall average tax rate increases, the average tax rate paid by the

⁸ Other tax returns may not have had AMT liability but the size of their tax credits may have been reduced because of the AMT.

⁹ The percentile groupings of tax filers exclude returns with zero or negative AGI.

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top 1 percent has decreased for the past 6 years. As expected for a graduated income tax system, the top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent all recorded a larger share of the income tax burden than their respective shares of AGI. For 2007, the returns in the top 0.1 percent reported 11.9 percent of total AGI and 20.2 percent of total income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$2,155,365. For 2006, the returns in this percentile group (i.e., those with at least \$2,044,689 in AGI) reported 11.2 percent of total AGI and 19.6 percent of total income tax.

For 2007, the returns in the top 1 percent reported 22.8 percent of total AGI and 40.4 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$410,096. For 2006, the returns in this percentile group (i.e., those with at least \$388,806 in AGI) reported 22.1 percent of total AGI and 39.9 percent of total income tax.

For 2007, the returns in the top 5-percent group (returns reporting AGI of \$160,041 or more) reported 37.4 percent of total AGI and 60.6 percent of income tax, compared to 36.7 percent and 60.1 percent, respectively, for 2006 (when the AGI floor was \$153,542). For 2007, returns in the top 10-percent group (returns with AGI of at least \$113,018) reported 48.1 percent of AGI and paid 71.2 percent of income tax. For 2006, the returns in this percentile group (with AGI of \$108,904 or more) reported 47.3 percent of total AGI and 70.8 percent of income tax. The top 50-percent group (reporting AGI of \$32,879 or more) accounted for 87.7 percent of AGI and paid almost all (97.1 percent) of the income tax for 2007.

The statistics by percentile in Tables 5 and 6 for years prior to 1991 and in Tables 7 and 8 for years prior to 1994 were estimated, using a mathematical technique called osculatory interpolation, applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class.¹⁰ For 1991 and later years, the statistics by percentiles in Tables 5 and 6, and Tables 7 and 8 for 1994 later years were computed based on an actual ranking of the returns in the statistical sample that served as the basis for Individual Statistics of

Income estimates. The same was done for tables 7 and 8 for 1994 and later years. The differences under the two methods were judged to be minor enough so that the pre-1991 and post-1990 data are believed to be comparable for Tables 5 and 6. Similarly for Tables 7 and 8, pre-1994 and post 1993 data are believed to be comparable.

Appendix: Explanation of Selected Terms

This appendix provides brief explanations of the major tax concepts discussed in this article. For more extensive definitions, see *Individual Income Tax Returns 2007*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

Adjusted gross income—Adjusted gross income is total income, as defined by the Internal Revenue Code, less statutory adjustments (primarily business, investment, or certain other deductions, such as payments to a Keogh self-employed retirement plan, certain deductible contributions to an Individual Retirement Arrangement (IRA), self-employed health insurance deductions, and one-half of Social Security taxes for the self-employed). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and net amounts from such sources as business income, rents and royalties, and sales of capital assets.

Difference due to special tax computation—For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 or Schedule D and qualified dividends) less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

Dividends—Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks,

¹⁰ For an explanation of the osculatory interpolation technique, see Oh, H. Lock (1978), Osculatory Interpolation with a Monotonicity Constraint, 1977 Proceedings of the American Statistical Association, Section on Statistical Computing.

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mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These conditions include: the dividend must have been paid by a U.S. corporation or a qualified foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent generally (or 5 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rates).

Form 8615 tax computation—Form 8615 was used to compute the tax on investment income of dependents under age 18 who had investment income of more than \$1,700. Generally, such income was taxed as the marginal income of the parents. Before 2006, this form was only for dependents under the age of 14.

Income tax before credits—This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, foreign-earned income tax worksheet, Schedule J, or Form 8615, plus Form (s) 8814, any additional taxes from Form 4972, and the alternative minimum tax.

Income tax before credits (regular tax computation)—This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child's rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 5-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When tax was payable on a qualified dividend, the tax was based on regular tax rates instead of the maximum tax rate for qualified dividends, 15 percent (5 percent for amounts that would otherwise have

been taxed in the 10-percent tax bracket). This is in contrast to the computation of income tax before credits (see above) in which special tax computations such as those involved on Form 8615, Schedule D and qualified dividends are taken into account. See Table 4a.

Marginal tax rate—See *Income and Tax Concepts*.

Modified taxable income—See *Income and Tax Concepts*.

Regular tax computation—Depending on marital status and size of taxable income, the taxpayer used one of the four tax rate schedules (or an approximation from the tax table) to determine tax. Returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method.

Schedule D and qualified dividend tax computation—Schedule D was used to compute the 5-percent, 15-percent, 25-percent, and 28-percent taxes on net long-term capital gains (in excess of net short-term capital losses) if such computations were beneficial to the taxpayer. Any investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (5 percent for amounts that would otherwise have been taxed in the 15-percent bracket).

Taxable income—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for nonitemizers or total itemized deductions. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes exceeding certain income thresholds.

Taxable returns—A return is classified as taxable based on the presence of total income tax. The following additional taxes were not taken into account for this purpose: self-employment, household employment, Social Security, Railroad Retirement Tax Act (RRTA) taxes, tax from recomputing prior-year investment, low-income housing and a few other business credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes, advance earned income credit payments, or golden parachute payments (made to key employees as compensation under certain circumstances).

Tax generated—This is the amount of tax computed on modified taxable income either from the tax rate schedules or the tax table. Tax generated

does not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without the special tax on lump-sum distributions from qualified retirement plans or alternative minimum tax), tax generated equals income tax before credits.

Total income tax—This is the sum of income tax after credits and tax on accumulated trust distribution from Form 4970, less the portion of EIC used to offset other taxes, as well as the refundable portion of EIC (with tax limited to zero).

Income Tax Structure

Taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 2007 were generally based on the amount of gross income, filing status, age, dependency, and blindness.¹¹ By and large, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 2007 if they had net earnings from self-employment of at least \$400; liability for Social Security or Medicare tax on unreported tip income; Social Security, Medicare, or Railroad Retirement tax on reported tip income or group-term life insurance; alternative minimum tax; tax on qualified retirement plan distributions, including an Individual Retirement Arrangement (IRA) or a Medical Savings Account (MSA); tax on the recapture of investment credit, low-income housing credit, or a few other business credits; recapture tax on the disposition of a home purchased with a Federally-subsidized mortgage; any advance earned income credit payments; or wages of \$108.28 or more from a church or qualified church-controlled organization

that was exempt from Social Security taxes.

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax.¹² Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses.¹³ Taxable income, the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions, or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes exceeding certain income thresholds.

Income tax before credits is calculated from taxable income using: tax tables or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment income; Schedule J for farmers and fishermen to income-average; foreign-earned income worksheet; Schedule D and Qualified Dividends worksheet for net long-term capital gains and qualified dividends; or some combination of the above. For 2007, the tax rates for each filing status were 5 percent, 10 percent, 15 percent, 25 percent, 26 percent, 28 percent, 33 percent, and 35 percent. The tax rates of 5 percent and 15 percent were used for qualified dividends and net long-term capital gains (in excess of net short-term capital losses). The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax.¹⁴

To calculate their Federal income tax liability for 2007, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules.

¹¹ Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Bryan, Justin, Individual Income Tax Returns: 2007, *Statistics of Income Bulletin*, Fall 2009, Volume 29, Number 2.

¹² As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross income from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, U.S. Individual Income Tax Return, concept of total income, which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.

¹³ As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, the health insurance deduction for certain self-employed taxpayers, or one-half of self-employment tax.

¹⁴ Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

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The tax table was based on income tax brackets up to \$50 wide.¹⁵ The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax tables and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax tables could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax tables with taxable income that was subject to the 33-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$8.25.¹⁶ However, for most taxpayers, the actual difference in tax was smaller.

Changes in Law for 2007

The definitions used in this article are generally the same as those in *Statistics of Income 2007, Individual Income Tax Returns* (IRS Publication 1304). The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2007 data presented in this article.

Additional child tax credits—Modifications were made to the additional child tax credit for 2007. In Tax Year 2006, the credit limit based on earned income was 15 percent of a taxpayer's earned income that exceeded \$11,300. For 2007, the limit was 15 percent of a taxpayer's earned income that exceeded \$11,750.

Alternative minimum tax (AMT)—For Tax Year 2007, the minimum exemption rose to \$66,250 for a married couple filing a joint return, up from \$62,550 in 2006, to \$44,350 for singles and heads of household, up from \$42,500, and to \$33,125 for a married person filing separately from \$31,275.

Domestic production activities deduction—For Tax Year 2007, the amount of qualified domestic production activities income that could have been deducted increased to 6 percent from 3 percent in 2006.

Earned income credit—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income

an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,900 from \$2,800. The maximum credit for taxpayers with no qualifying children increased to \$428 from \$412. For these taxpayers, earned income and AGI had to be less than \$12,590 (\$14,590 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$106 to \$2,853, and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,716 from \$4,536. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$33,241 (\$35,241 for married filing jointly) for one qualifying child, or less than \$37,783 (\$39,783 for married filing jointly) for two or more qualifying children.

Exemption amount—For Tax Year 2007, the exemption amount increased by \$100 to \$3,400. Taxpayers lost a portion of their exemption benefits if their adjusted gross incomes were above certain amounts (\$117,300 for married persons filing separately, \$156,400 for single individuals, \$195,500 for heads of household, and \$234,600 for married persons filing jointly or qualifying widow(er)s). For 2007 and 2006, a taxpayer could lose no more than two-thirds of the dollar amount of their exemptions, so that the amount of each exemption could not be reduced to less than \$1,133. For 2005 and previous years, exemption amounts could be reduced to zero. The exemption for housing a person displaced by Hurricane Katrina did not apply for Tax Year 2007.

Health savings account deduction—For Tax Year 2007, contributions were not limited to the taxpayer's annual health plan deductible. The maximum HSA deduction increased by \$150 to \$2,850 (\$5,650, if family coverage, up \$200 from \$5,450). These limits were \$800 higher if the taxpayer was age 55 or older (\$1,600 if both spouses were 55 or older). There were also changes that allowed qualified HSA distributions for Tax Year 2007 from flexible spending accounts and individual retirement accounts.

Indexing—The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts, the

¹⁵ For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. For taxable income above \$3,000, the brackets were \$50 wide.

¹⁶ For example, assume a taxpayer filing as married filing separately reported taxable income of \$99,050. Using the tax table, the tax would be \$22,278, but, using the tax rate schedules, the tax would be \$22,286.5, a difference of \$8.50.

tax bracket boundaries, and the beginning income amounts for limiting certain itemized deductions and for the phaseout of personal exemptions. Also, the maximum amount of earnings subject to self-employment Social Security tax increased based on the percentage change in average covered earnings.

Individual retirement arrangement deduction—The phaseout range for IRA deductions for those covered by a retirement plan began at income of \$83,000 if married filing jointly or a qualifying window(er), up from \$75,000 in 2006. The phaseout range began at \$52,000 for a single person or head of household, up from \$50,000 in 2006, and \$0 for a married person filing a separate return. Taxpayers may have been able to deduct an additional \$3,000 if they participated in a 401(k) plan and their employers were in bankruptcy in an earlier year.

Itemized deductions—Taxpayers who had adjusted gross incomes above \$156,400 (\$78,200 if married filing separately) could have lost part of their deduction for itemized deductions. This was an increase from 2006 amounts of \$150,500 (\$75,250 if married filing separately). For Tax Year 2007 and 2006, the amount by which the deduction was reduced was only two-thirds of the amount of the reduction that would have otherwise applied (for 2005 and previous years).

Refundable prior-year minimum tax credit—New for 2007, a refundable credit was available to a taxpayer who had any unused minimum tax credit carryforward from 2004 or earlier years. The taxpayer could have qualified for the refundable credit for part or the entire unused amount, even if the total amount of the 2007 credit exceeded the tax liability amount. This credit was only available for individual taxpayers.

Standard deduction amount increased—The standard deduction for people who did not itemize deductions on Schedule A of Form 1040 was higher for 2007 than it was in 2006. The amount depended on filing status, being 65 or older or blind, and whether an exemption could be claimed for a taxpayer by another person. For 2007, the standard deduction increased to \$10,700 for joint filers, up from \$10,300 in 2006. For single filers and married filing separately, the deduction amount increased to \$5,350 from \$5,150. For heads of households, the deduction was up \$300 to \$7,850. In addition, the additional standard deduction

Figure G

Components of the 1979 Income Concept, Tax Year 2007

Income or Loss:

- Salaries and wages [1]
- Interest [1]
- Dividends [1]
- Taxable refunds [1]
- Alimony received [1]
- Capital gain distributions not reported on Schedule D [1]
- Capital gains reported on Schedule D minus allowable losses [1]
- Other gains and losses (Form 4797) [1]
- Business net income or loss [1]
- Farm net income or loss [1]
- Rent net income or loss [1]
- Royalty net income or loss [1]
- Partnership net income or loss [1]
- S Corporation net income or loss [1]
- Farm rental net income or loss [1]
- Estate or trust net income or loss [1]
- Unemployment compensation [1]
- Depreciation in excess of straight-line depreciation [2]
- Total pension income [3, 4]
- Other net income or loss [5]
- Net operating loss [1]

Deductions:

- Disallowed passive losses (Form 8582) [6]
- Moving expenses [1]
- Alimony paid [1]
- Unreimbursed business expenses [6]

[1] Included in adjusted gross income (less deficit) (AGI) for Tax Year 2007.

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

[3] Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

[4] Not fully included in AGI for Tax Year 2007.

[5] Includes an adjustment to add back amounts reported for the "foreign-earned income exclusion."

[6] Not included in AGI for Tax Year 2007.

for being 65 or older or blind was increased by \$50 per taxpayer for taxpayers filing single or head of household returns.

Income and Tax Concepts

As discussed *Income Tax Structure*, gross income is all income received that is not specifically excluded. Total income is the net amount of gross income after certain expenses (i.e., business or rent and royalty expenses) have been deducted. Adjusted gross income (AGI) is total income less statutory adjustments to income (i.e., deductible contributions to an IRA or Keogh plan).

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Figure H

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2007

[Money amounts are in dollars]

Item	Amount
Adjusted gross income	410,000
Less: Exemption	[1] 1,133
Standard deduction	5,350
Equals: Taxable income	403,517
Tax based on tax rates for single taxpayers:	
First \$7,825 taxed at 10 percent	782.50
Next \$24,025 taxed at 15 percent	3,603.75
Next \$45,250 taxed at 25 percent	11,312.50
Next \$83,750 taxed at 28 percent	23,450
Next \$188,850 taxed at 33 percent	62,320.50
Next \$53,817 taxed at 35 percent	18,836
Total tax from tax rate schedule	120,305.25

[1] The exemption amount was limited to \$1,133 because AGI exceeded \$278,900.

1979 Income Concept

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI may vary from year to year as the law changes, the 1979 Income Concept was developed to provide a more uniform measure of income across tax years. By including the same income and deduction items in each year's income calculation and using only items available on Federal individual income tax returns, the definition of the 1979 Income Concept is consistent throughout the base years and can be used for future years to compare income by including only income components common to all years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in this concept. The 1979 Income Concept applied to 2007 includes many income and deduction items that are also components of AGI (Figure G). However, unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept.¹⁷

Modified Taxable Income

This concept is relevant only for prior-year returns (about 5.0 million returns) or certain farm sole proprietor returns using income-averaging on Schedule J (about 71 thousand returns) or those returns with foreign-earned income having to use a worksheet to determine their taxes (about 165.6 thousand returns). For all other returns, modified taxable income is identical to taxable income.

This is the term used in the statistics to describe income subject to tax, the actual base on which tax is computed. Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for the *Statistics of Income* sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and income concepts). For the statistics in this article, the taxable incomes reported on these prior-year returns and those filed with a Schedule J or foreign-earned income are modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

¹⁷ For more details on the income computation under the 1979 Income Concept for 2007, see Individual Income Tax Returns 2007, Statistics of Income Division, Internal Revenue Service, Publication 1304.

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Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure H illustrates how income tax is determined for a single taxpayer with AGI of \$410,000 who used the standard deduction. As shown in the example, six different tax rates were applied to the taxable income to arrive at total tax. The first \$7,825 of taxable income were taxed at the 10-percent rate; the next \$24,025 of taxable income were taxed at the 15-percent rate; the next \$45,250 were taxed at the 25-percent rate; the next \$83,750 were taxed at the 28-percent rate; the next \$188,850 were taxed at the 33-percent rate; and the remaining \$53,817 were taxed at the 35-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 35 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes which are not subject to the same treatment under tax laws, the marginal tax rate is not always apparent. For instance, investment income of a dependent under age 18 in excess of a specific amount is treated differently than salaries and wages of the same dependent. The investment income in excess of \$1,700 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

Calculating marginal tax rates for a specific individual income tax return generally depends both on the types and amounts of income reported and the assumptions made about the order in which the income is taxed, in particular, which type of income is assumed to be received last. Additional complexity is added by the presence of such items as the alternative minimum tax and various tax credits.

For this article, it is assumed that the income taxed at the marginal (highest) rate was the last income received. The alternative minimum tax and income tax credits, such as the earned income credit, are excluded in determining the marginal tax rates. The marginal tax rate is defined as follows:

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains or qualified dividends and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having a 5-percent marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 25-percent rate on the net gain applied, the return was defined as having a marginal tax rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 25-percent tax rate applied as the highest rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a 28-percent marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 25-percent applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.
- (3) For returns of dependents with a Form 8615 attached when the use of this form resulted in the taxation of some of the dependent's income as if it were that of the parents, the return was classified as having a Form 8615 marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest, dividend, and capital gain distribution incomes of their dependents under age 18 on their own (i.e., the parents') return using Form 8814, when the dependent's income generated the only tax liability on the parent's return, the return was classified with a Form 8814 marginal tax rate of 10 percent.

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The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses) and/or qualified dividends, and presence of Form 8615 or Form 8814. Returns were classified into one of the following twelve mutually exclusive marginal tax rate categories: (1) 5-percent rate (capital gains); (2) 10-percent rate; (3) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent's income); (4) 15-percent rate; (5) 15-percent rate (capital gains); (6) 25-percent rate; (7) 25-percent rate (capital gains); (8) 28-percent rate; (9) 28-percent rate (capital gains); (10) 33-percent rate; (11) 35-percent rate; and (12) Form 8615 (with income taxed at any rate).¹⁸

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modified taxable income. For each marginal rate classification, modified taxable income and income tax generated were computed at all rates and at marginal rate. The at all rates computations (columns 3 and 5) show the total amounts of modified taxable income or tax generated, tabulated by the marginal tax rate specified; each tax rate classification is mutually exclusive. The at marginal rate computations (columns 4 and 6) show the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. The alternative minimum tax was not included in the statistics by marginal tax rate.

For example, consider returns in the joint returns and returns of surviving spouses filing status that were included in the 35-percent marginal tax rate classification. The total modified taxable income for the estimated 894,936 returns in this classification at all rates was \$1,156.9 billion (column 3), and the total tax generated was \$325.8 billion (column 5). Approximately \$570.2 billion (column 4) of the modified taxable income were subject to tax at the marginal tax rate of 35 percent. This modified taxable income generated \$199.6

billion (column 6) in tax at the 35-percent tax rate, with the remainder generated at some or all of the lower eight tax rates.

Table 2 provides statistics on the tax generated, in total and at each tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI. The tax generated at each tax rate was computed based on the modified taxable income for each individual return.

For example, the 3.5 million returns included in the \$200,000 under \$500,000 income-size classification showed total modified taxable income of \$820.8 billion and generated total tax of \$168.4 billion. Of this \$820.8 billion of modified taxable income, \$49.5 billion were taxed at 10 percent (ordinary tax rate); \$149.5 billion were taxed at 15 percent (ordinary tax rate); \$197.0 billion were taxed at 25-percent (ordinary tax rate); \$171.1 billion were taxed at 28-percent (ordinary tax rate); \$127.3 billion were taxed at the 33-percent rate; and \$11.6 billion were taxed at the 35-percent rate. Approximately \$6.4 billion were taxed at the 5-percent rate; \$105.3 billion were taxed at the 15-percent capital gain and qualified dividend rate; \$2.5 billion were taxed at the 25-percent capital gain rate; and \$0.2 billion were taxed at the 28-percent capital gain rate, with the remainder from tax related to Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each tax rate, by filing status, for returns with modified taxable income. Almost 0.9 million of the 46.3 million returns with modified taxable income filed jointly (including surviving spouses) had some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$570.1 billion, and the tax generated was \$199.6 billion.

Computation of Alternative Minimum Taxable Income (AMTI)

AMTI was computed by adding certain tax preferences (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and adjustments (i.e., regular

¹⁸ For some taxpayers, the statutory marginal tax rate may differ from the effective marginal tax rate. For example, extra income received by certain taxpayers may result in the partial phaseout of their personal exemptions, as well as some of their itemized deductions. Therefore, an extra \$1 of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 35 percent, the effective marginal rate faced by the taxpayer would be somewhat higher.

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tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures I and J). Although itemized deductions for some taxpayers were limited for regular tax purposes, the full amounts of such itemized deductions were included as adjustments. To compensate for this, the overall limitation on itemized deductions was then subtracted from taxable income for AMT purposes. The net operating loss deduction was recomputed to allow for the exclusion of the tax preference items and adjustments used to reduce regular tax liability. The recomputed net operating loss deduction, termed the alternative net operating loss deduction, was limited to 90 percent of AMTI (with certain minor exceptions for 2007).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phaseout at higher AMTI levels. The AMT exemption for single filers (and heads of households) for 2007 was \$44,350; for joint filers and surviving spouses, \$66,250; and for married persons filing separately, \$33,125. The exemption was reduced (but not below zero) by 25 percent of the amount by which the AMTI exceeded threshold levels of \$112,500 for single filers and heads of households, \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was phased out completely for individuals whose filing status was single or head of household, married filing jointly, and married filing separately, at \$289,900, \$415,000, and \$207,500, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI were subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains and qualified dividends (recalculated for AMT purposes) that were taxed at lower rates (5 percent, 15 percent, and 25 percent) were taxed at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the alternative minimum tax foreign tax credit, which produced a tentative minimum tax.

Figure I

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2007

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure J)
PLUS:	Net operating loss deduction
MINUS:	Overall itemized deductions limitation
MINUS:	Alternative tax net operating loss deduction [1]
EQUALS:	Alternative minimum taxable income

[1] Limited to 90 percent of AMTI, except when depletion is present on Form 6251. In this case, AMTI is recalculated, and the alternative tax net operating loss deduction is limited to 90 percent of the recalculated amount.

Tentative minimum tax was further reduced by the individual's regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 18 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents' incomes on their own tax returns. (Dependents filing their own returns were limited to an AMT exemption of \$6,300 plus their earned incomes. The dependent's AMT could be reduced if the parents had regular tax greater than the child's own tentative minimum tax, or if any other dependent under age 18 of the same parents had regular tax greater than this dependent's own tentative minimum tax.)

Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically filed returns) filed during Calendar Year 2007. Returns in the sample were stratified based on: (1) the larger of positive income or negative income (absolute value); (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes.¹⁹ Returns

¹⁹ Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

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Figure J

Alternative Minimum Tax Adjustments and Preferences, Tax Year 2007

- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI)
- Deductions for State and local income, sales, real estate, personal property, and foreign taxes
- Mortgage interest adjustment on the worksheet from the Form 6251 instructions
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Itemized deduction limitation on the worksheet from the Schedule A instructions
- Refunds of State and local income, sales, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Deduction for net operating loss from Form 1040
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 7 percent if sold after May 5, 2003, otherwise multiplied by 42 percent
- Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Electing large partnerships, enter the amount from Schedule K-1 (Form 1065-B), box 6.
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S Corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result is negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Excess of accelerated depreciation on property placed in service using pre-1987 rules over straight-line depreciation as refigured for AMT purposes
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Adjustment for charitable contributions of certain property for which section 170(e) of the Internal Revenue Code applies
- Adjustment for alcohol fuel credit included in taxable income (the amount is included as a negative)
- Adjustment for refigured tax shelter farm losses, taking into account AMT adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, including section 179 expense deduction, expenses for business or rental use of the home, conservation expenses, taxable IRA distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)

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Figure K

Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2007

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount			
	(1)	(2)	(3)	(4)	(5)
Total	0.13	0.11	0.13	0.14	0.14
Under \$2,000 [1]	5.11	6.08	6.67	9.17	9.29
\$2,000 under \$4,000	4.37	5.01	5.68	6.02	6.02
\$4,000 under \$6,000	3.49	5.25	6.18	6.87	6.87
\$6,000 under \$8,000	2.72	3.08	3.33	3.29	3.29
\$8,000 under \$10,000	2.15	2.91	3.06	3.33	3.33
\$10,000 under \$12,000	1.82	2.18	2.24	2.53	2.53
\$12,000 under \$14,000	1.85	2.01	2.07	2.23	2.23
\$14,000 under \$16,000	1.77	1.95	2.00	2.18	2.18
\$16,000 under \$18,000	1.76	1.93	1.98	2.22	2.22
\$18,000 under \$20,000	1.62	1.86	1.91	2.17	2.17
\$20,000 under \$25,000	0.99	1.12	1.16	1.37	1.37
\$25,000 under \$30,000	1.01	1.11	1.16	1.37	1.37
\$30,000 under \$40,000	0.75	0.81	0.85	0.96	0.96
\$40,000 under \$50,000	0.79	0.84	0.88	0.98	0.98
\$50,000 under \$75,000	0.49	0.53	0.57	0.63	0.63
\$75,000 under \$100,000	0.73	0.74	0.78	0.82	0.82
\$100,000 under \$200,000	0.54	0.54	0.56	0.57	0.57
\$200,000 under \$500,000	0.66	0.62	0.64	0.63	0.64
\$500,000 under \$1,000,000	0.94	0.85	0.88	0.88	0.88
\$1,000,000 under \$1,500,000	1.14	1.12	1.16	1.16	1.16
\$1,500,000 under \$2,000,000	0.82	0.83	0.88	0.87	0.87
\$2,000,000 under \$5,000,000	0.48	0.42	0.45	0.45	0.45
\$5,000,000 under \$10,000,000	0.53	0.46	0.49	0.49	0.49
\$10,000,000 or more	0.02	0.01	0.02	0.02	0.02

[1] Includes returns with adjusted gross deficit.

were then selected at rates ranging from 0.10 percent to 100 percent. The 2007 data are based on a sample of 336,226 returns and an estimated final population of 153,832,380 returns.²⁰ The corresponding sample and population for the 2006 data were 321,006 and 138,485,446 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data

provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CVs) are used to measure that magnitude. Figure K shows estimated CVs for the numbers of returns and money amounts for selected income items. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the Appendix to this issue of the *Bulletin*.

²⁰ This population includes an estimated 10,853,574 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling or were filed to receive a stimulus payment only. Individuals filing only for the stimulus payment who would not ordinarily have a legal requirement to file a Federal income tax return had to show on their returns at least \$3,000 of qualifying income (defined as wages, self-employment income, Social Security income, Railroad Retirement benefits, certain Veterans Affairs benefits, and nontaxable combat pay). In addition, they could not be claimed as a dependent on someone else's Federal tax return.

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Number of returns [1]	Adjusted gross income less deficit	Modified taxable income		Tax generated
			At all rates	At marginal rate	At all rates
	(1)	(2)	(3)	(4)	(5)
All returns					
All tax rates	110,522,670	8,491,580,039	6,063,577,664	2,145,433,536	1,155,426,356
5 percent	1,217,455	29,798,577	8,649,664	8,646,793	432,644
10 percent	26,959,864	566,120,926	147,461,550	136,305,703	14,191,152
10 percent (Form 8814) [2]	22,020	-89,303	35,187	35,187	3,511
15 percent	42,548,493	1,921,794,401	1,139,049,451	654,324,831	146,622,194
15 percent (capital gains) [3]	8,946,737	834,884,837	580,612,637	236,327,749	75,803,625
25 percent	23,063,385	2,169,151,514	1,621,708,473	271,453,534	272,954,301
25 percent (capital gains)	395,082	91,313,892	77,861,645	5,734,199	12,786,301
28 percent	4,156,737	757,902,410	612,588,812	45,224,138	126,725,205
28 percent (capital gains)	63,895	12,973,095	10,560,986	1,481,645	1,986,511
33 percent	1,669,201	560,594,488	476,186,002	95,430,327	112,769,219
35 percent	1,060,714	1,541,538,196	1,383,928,292	686,066,875	390,256,995
Form 8615 [4]	419,089	5,597,007	4,934,964	4,402,555	894,700
Joint returns and returns of surviving spouses					
All tax rates	46,255,106	5,706,435,876	4,176,489,069	1,422,389,862	825,515,544
5 percent	331,137	16,353,512	4,426,707	4,423,838	221,481
10 percent	7,438,247	252,923,001	63,626,598	57,312,382	6,048,206
10 percent (Form 8814) [2]	13,140	-125,162	25,707	25,707	2,565
15 percent	16,778,153	1,099,496,385	643,987,738	381,384,033	83,468,368
15 percent (capital gains) [3]	5,698,916	619,584,125	428,038,112	163,030,119	55,949,646
25 percent	11,128,933	1,387,659,294	1,022,554,280	143,412,717	170,452,268
25 percent (capital gains)	248,805	68,334,557	58,279,873	4,403,600	9,550,344
28 percent	2,407,244	517,673,585	413,006,161	23,562,091	83,986,486
28 percent (capital gains)	36,192	8,429,468	6,937,657	713,060	1,268,239
33 percent	1,279,402	447,999,926	378,663,990	73,948,962	88,758,559
35 percent	894,936	1,288,107,186	1,156,942,247	570,173,353	325,809,381
Form 8615 [4]	0	0	0	0	0

Footnotes at end of table.

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed—continued			
	Tax generated —continued	Income tax after credits		
		Total	As a percentage of—	
			Adjusted gross income less deficit	Modified taxable income
	(6)	(7)	(8)	(9)
All returns				
All tax rates	502,499,763	1,115,243,043	13.1	18.4
5 percent	432,340	416,632	1.4	4.8
10 percent	13,630,570	7,522,795	1.3	5.1
10 percent (Form 8814) [2]	3,511	5,838	[5]	16.6
15 percent	98,148,725	119,567,368	6.2	10.5
15 percent (capital gains) [3]	35,449,162	73,915,952	8.9	12.7
25 percent	67,863,384	267,300,999	12.3	16.5
25 percent (capital gains)	1,433,550	13,236,390	14.5	17.0
28 percent	12,662,759	129,908,316	17.1	21.2
28 percent (capital gains)	414,861	2,080,254	16.0	19.7
33 percent	31,492,008	118,115,448	21.1	24.8
35 percent	240,123,406	382,302,958	24.8	27.6
Form 8615 [4]	845,487	870,094	15.5	17.6
Joint returns and returns of surviving spouses				
All tax rates	355,332,070	800,258,687	14.0	19.2
5 percent	221,192	222,618	1.4	5.0
10 percent	5,731,238	2,959,540	1.2	4.7
10 percent (Form 8814) [2]	2,565	3,906	[5]	15.2
15 percent	57,207,605	65,776,351	6.0	10.2
15 percent (capital gains) [3]	24,454,518	53,944,493	8.7	12.6
25 percent	35,853,179	165,740,809	11.9	16.2
25 percent (capital gains)	1,100,900	9,881,523	14.5	17.0
28 percent	6,597,385	86,521,680	16.7	20.9
28 percent (capital gains)	199,657	1,322,162	15.7	19.1
33 percent	24,403,157	93,478,552	20.9	24.7
35 percent	199,560,674	320,407,053	24.9	27.7
Form 8615 [4]	0	0	[5]	[5]

Footnotes at end of table.

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Number of returns [1]	Adjusted gross income less deficit	Modified taxable income		Tax generated
			At all rates	At marginal rate	At all rates
	(10)	(11)	(12)	(13)	(14)
Returns of married persons filing separately					
All tax rates	2,316,588	174,786,395	132,896,167	61,018,002	27,279,793
5 percent	9,454	212,811	63,508	63,507	3,175
10 percent	** 347,884	** 5,599,017	** 1,414,300	** 1,344,496	** 137,955
10 percent (Form 8814) [2]	**	**	**	**	**
15 percent	1,118,618	35,606,288	21,409,159	12,655,971	2,773,737
15 percent (capital gains) [3]	100,272	18,068,132	14,073,434	11,599,450	2,014,742
25 percent	520,022	32,222,163	24,009,498	4,654,818	4,008,979
25 percent (capital gains)	9,367	2,439,634	2,034,392	186,619	332,913
28 percent	127,822	13,528,357	10,943,590	1,133,997	2,219,470
28 percent (capital gains)	28	190,441	160,262	45,030	29,991
33 percent	48,877	8,475,880	7,037,184	1,220,877	1,629,913
35 percent	34,244	58,443,673	51,750,840	28,113,238	14,128,918
Form 8615 [4]	0	0	0	0	0
Returns of heads of households					
All tax rates	13,911,458	593,759,651	321,647,669	141,505,376	50,139,880
5 percent	34,332	1,207,645	361,959	361,958	18,101
10 percent	5,914,054	137,989,642	31,805,469	31,325,209	3,157,103
10 percent (Form 8814) [2]	7,551	34,456	8,381	8,381	836
15 percent	6,062,968	249,878,915	135,594,021	67,683,290	16,943,732
15 percent (capital gains) [3]	376,726	26,574,015	17,398,262	6,355,900	2,233,111
25 percent	1,339,831	114,333,341	81,865,426	17,969,806	13,794,250
25 percent (capital gains)	16,759	2,960,546	2,444,505	195,236	415,852
28 percent	97,018	17,751,987	14,201,490	1,289,240	3,045,328
28 percent (capital gains)	464	279,597	239,449	75,320	48,613
33 percent	39,516	12,667,370	10,748,018	2,342,286	2,629,861
35 percent	22,240	30,082,136	26,980,689	13,898,750	7,853,093
Form 8615 [4]	0	0	0	0	0

Footnotes at end of table.

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed—continued			
	Tax generated —continued	Income tax after credits		
	At marginal rate	Total	As a percentage of—	
			Adjusted gross income less deficit	Modified taxable income
	(15)	(16)	(17)	(18)
Returns of married persons filing separately				
All tax rates	15,558,947	26,184,121	15.0	19.7
5 percent	3,175	2,800	1.3	4.4
10 percent	** 134,449	** 116,445	** 2.1	** 8.2
10 percent (Form 8814) [2]	**	**	**	**
15 percent	1,898,396	2,450,712	6.9	11.4
15 percent (capital gains) [3]	1,739,918	2,124,360	11.8	15.1
25 percent	1,163,705	3,986,217	12.4	16.6
25 percent (capital gains)	46,655	352,580	14.5	17.3
28 percent	317,519	2,253,336	16.7	20.6
28 percent (capital gains)	12,608	31,670	16.6	19.8
33 percent	402,889	1,693,341	20.0	24.1
35 percent	9,839,633	13,172,659	22.5	25.5
Form 8615 [4]	0	0	[5]	[5]
Returns of heads of households				
All tax rates	24,818,189	39,878,918	6.7	12.4
5 percent	18,098	7,070	0.6	2.0
10 percent	3,132,521	316,388	0.2	1.0
10 percent (Form 8814) [2]	836	1,931	5.6	23.0
15 percent	10,152,494	10,269,553	4.1	7.6
15 percent (capital gains) [3]	953,385	2,080,085	7.8	12.0
25 percent	4,492,452	13,192,948	11.5	16.1
25 percent (capital gains)	48,809	436,533	14.7	17.9
28 percent	360,987	3,263,784	18.4	23.0
28 percent (capital gains)	21,090	52,514	18.8	21.9
33 percent	772,954	2,801,094	22.1	26.1
35 percent	4,864,563	7,457,019	24.8	27.6
Form 8615 [4]	0	0	[5]	[5]

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Number of returns [1]	Adjusted gross income less deficit	Modified taxable income		Tax generated
			At all rates	At marginal rate	At all rates
	(19)	(20)	(21)	(22)	(23)
Returns of single persons					
All tax rates	48,039,519	2,016,598,117	1,432,544,758	520,520,296	252,491,139
5 percent	842,532	12,024,609	3,797,490	3,797,490	189,887
10 percent	13,259,679	169,599,730	50,615,185	46,323,618	4,847,888
10 percent (Form 8814) [2]	* 1,328	* 10,937	* 1,097	* 1,097	* 110
15 percent	18,588,753	536,812,813	338,058,533	192,601,537	43,436,356
15 percent (capital gains) [3]	2,770,823	170,658,564	121,102,831	55,342,281	15,606,126
25 percent	10,074,600	634,936,716	493,279,269	105,416,193	84,698,803
25 percent (capital gains)	120,152	17,579,155	15,102,876	948,745	2,487,191
28 percent	1,524,652	208,948,481	174,437,572	19,238,809	37,473,922
28 percent (capital gains)	27,211	4,073,589	3,223,617	648,235	639,668
33 percent	301,406	91,451,312	79,736,809	17,918,202	19,750,886
35 percent	109,294	164,905,202	148,254,515	73,881,535	42,465,603
Form 8615 [4]	419,089	5,597,007	4,934,964	4,402,555	894,700

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Filing status, tax rate classes	Classified by the highest marginal rate at which tax was computed—continued			
	Tax generated —continued	Income tax after credits		
		Total	As a percentage of—	
			Adjusted gross income less deficit	Modified taxable income
	(24)	(25)	(26)	(27)
Returns of single persons				
All tax rates	106,790,558	248,921,317	12.3	17.4
5 percent	189,875	184,145	1.5	4.8
10 percent	4,632,362	4,130,423	2.4	8.2
10 percent (Form 8814) [2]	* 110	[6]	[5]	[5]
15 percent	28,890,231	41,070,752	7.7	12.1
15 percent (capital gains) [3]	8,301,342	15,767,014	9.2	13.0
25 percent	26,354,048	84,381,026	13.3	17.1
25 percent (capital gains)	237,186	2,565,754	14.6	17.0
28 percent	5,386,867	37,869,516	18.1	21.7
28 percent (capital gains)	181,506	673,908	16.5	20.9
33 percent	5,913,007	20,142,460	22.0	25.3
35 percent	25,858,537	41,266,227	25.0	27.8
Form 8615 [4]	845,487	870,094	15.5	17.6

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

** Data combined to avoid disclosure of information for specific taxpayers.

[1] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[2] Form 8814 was filed for a dependent child under age 18 for whom the parents made the election to report the child's investment income (if it was from interest, dividends, or capital gains totaling between \$850 and \$8,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[3] The 15 percent capital gains rate also includes qualified dividends.

[4] Form 8615 was filed for a child under age 18 to report the child's investment income in excess of \$1,700. The returns in this rate classification are not distributed by tax rate.

[5] Percentage not computed.

[6] Less than \$500.

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

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007

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

Size of adjusted gross income	Number of returns [1]	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate
					5 percent
					Number of returns
	(1)	(2)	(3)	(4)	(5)
Total	110,522,670	6,063,258,900	6,063,577,664	1,155,426,356	13,218,466
Under \$2,000 [2]	332,748	164,298	166,720	12,262	213,691
\$2,000 under \$4,000	445,034	589,065	591,633	55,576	284,439
\$4,000 under \$6,000	752,121	825,645	830,583	82,659	213,758
\$6,000 under \$8,000	1,255,749	2,358,386	2,365,827	237,433	171,080
\$8,000 under \$10,000	1,963,300	3,862,844	3,863,476	383,317	158,664
\$10,000 under \$12,000	2,692,926	7,507,198	7,512,083	742,920	253,609
\$12,000 under \$14,000	2,632,537	11,271,107	11,278,007	1,119,567	283,458
\$14,000 under \$16,000	2,901,992	15,631,113	15,664,282	1,574,068	228,209
\$16,000 under \$18,000	2,915,121	19,265,678	19,277,209	1,967,035	224,953
\$18,000 under \$20,000	3,429,422	24,806,729	24,833,024	2,686,445	284,342
\$20,000 under \$25,000	8,699,878	82,519,144	82,600,910	9,410,901	783,511
\$25,000 under \$30,000	8,413,366	111,236,483	111,365,890	13,213,065	836,035
\$30,000 under \$40,000	14,210,556	271,345,502	271,539,022	33,595,654	1,638,233
\$40,000 under \$50,000	10,951,497	295,081,892	295,242,051	38,989,594	1,361,085
\$50,000 under \$75,000	19,275,761	762,128,981	762,668,625	109,405,381	2,973,904
\$75,000 under \$100,000	11,695,564	692,808,575	693,207,333	103,614,156	2,117,960
\$100,000 under \$200,000	13,427,748	1,313,151,574	1,313,908,303	234,282,751	928,359
\$200,000 under \$500,000	3,486,362	819,888,732	820,828,714	187,475,287	183,544
\$500,000 under \$1,000,000	649,556	383,494,383	383,498,334	101,567,991	43,963
\$1,000,000 under \$1,500,000	166,036	177,818,365	177,756,336	48,571,449	12,923
\$1,500,000 under \$2,000,000	70,607	108,291,334	108,155,427	29,625,196	6,149
\$2,000,000 under \$5,000,000	108,390	290,542,207	290,072,181	78,564,014	10,332
\$5,000,000 under \$10,000,000	28,029	172,395,312	172,069,163	44,508,547	3,439
\$10,000,000 or more	18,370	496,274,351	494,282,530	113,741,087	2,826

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	5 percent —continued	10 percent			10 percent (from Form 8814) [3]
	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns
	(7)	(8)	(9)	(10)	(11)
Total	3,846,537	108,976,046	1,101,417,525	110,141,753	200,937
Under \$2,000 [2]	4,613	167,081	68,875	6,888	2,235
\$2,000 under \$4,000	12,764	339,961	175,995	17,600	* 539
\$4,000 under \$6,000	15,053	657,010	330,194	33,019	* 1,290
\$6,000 under \$8,000	12,198	1,226,755	1,920,103	192,010	* 644
\$8,000 under \$10,000	14,079	1,914,546	3,419,874	341,987	* 644
\$10,000 under \$12,000	17,686	2,603,985	7,006,697	700,670	* 1,972
\$12,000 under \$14,000	21,774	2,558,458	10,649,784	1,064,978	* 3,243
\$14,000 under \$16,000	23,852	2,853,923	14,660,934	1,466,093	* 1,862
\$16,000 under \$18,000	31,586	2,860,439	17,256,442	1,725,644	* 1,977
\$18,000 under \$20,000	36,692	3,379,443	19,421,199	1,942,120	* 638
\$20,000 under \$25,000	98,985	8,558,934	55,620,508	5,562,051	* 2,835
\$25,000 under \$30,000	127,673	8,317,842	64,968,844	6,496,884	* 3,597
\$30,000 under \$40,000	265,198	14,116,727	132,493,776	13,249,378	9,392
\$40,000 under \$50,000	298,780	10,899,473	117,730,022	11,773,002	* 5,561
\$50,000 under \$75,000	778,161	19,175,579	238,251,902	23,825,190	25,891
\$75,000 under \$100,000	748,652	11,638,011	161,568,110	16,156,811	33,836
\$100,000 under \$200,000	841,552	13,303,994	192,045,728	19,204,573	56,108
\$200,000 under \$500,000	320,712	3,414,900	49,529,101	4,952,910	31,166
\$500,000 under \$1,000,000	89,512	625,231	9,063,293	906,329	9,496
\$1,000,000 under \$1,500,000	29,195	157,494	2,271,415	227,142	3,289
\$1,500,000 under \$2,000,000	14,745	65,957	948,757	94,876	1,298
\$2,000,000 under \$5,000,000	26,080	99,785	1,436,760	143,676	2,298
\$5,000,000 under \$10,000,000	9,133	24,882	356,121	35,612	651
\$10,000,000 or more	7,861	15,637	223,092	22,309	475

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	10 percent (from Form 8814) [3]—continued		15 percent		
	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(12)	(13)	(14)	(15)	(16)
Total	214,452	21,424	81,501,305	1,955,871,274	293,380,691
Under \$2,000 [2]	2,383	238	0	0	0
\$2,000 under \$4,000	* 1,834	* 183	0	0	0
\$4,000 under \$6,000	* 1,097	* 110	0	0	0
\$6,000 under \$8,000	* 1,035	* 103	* 644	* 1,933	* 290
\$8,000 under \$10,000	* 547	* 55	* 5,926	* 4,986	* 748
\$10,000 under \$12,000	* 3,721	* 371	* 6,215	* 9,621	* 1,443
\$12,000 under \$14,000	* 4,236	* 422	114,041	68,630	10,295
\$14,000 under \$16,000	* 1,999	* 199	207,947	407,342	61,101
\$16,000 under \$18,000	* 1,289	* 129	1,207,829	1,227,768	184,165
\$18,000 under \$20,000	* 1,027	* 102	1,881,152	4,568,284	685,243
\$20,000 under \$25,000	* 6,444	* 643	4,632,848	24,895,511	3,734,327
\$25,000 under \$30,000	* 5,343	* 534	5,210,498	43,611,269	6,541,690
\$30,000 under \$40,000	14,834	1,478	10,710,481	133,362,022	20,004,303
\$40,000 under \$50,000	* 6,183	* 618	9,881,234	158,555,521	23,783,328
\$50,000 under \$75,000	27,979	2,795	18,526,364	414,917,170	62,237,576
\$75,000 under \$100,000	36,559	3,650	11,522,171	412,508,073	61,876,211
\$100,000 under \$200,000	48,312	4,831	13,218,079	568,960,872	85,344,131
\$200,000 under \$500,000	29,710	2,972	3,392,912	149,536,305	22,430,446
\$500,000 under \$1,000,000	10,812	1,082	621,287	27,358,660	4,103,799
\$1,000,000 under \$1,500,000	3,744	374	156,351	6,868,337	1,030,251
\$1,500,000 under \$2,000,000	1,406	141	65,511	2,877,178	431,577
\$2,000,000 under \$5,000,000	2,641	264	99,395	4,365,156	654,773
\$5,000,000 under \$10,000,000	767	77	24,809	1,085,138	162,771
\$10,000,000 or more	552	55	15,613	681,499	102,225

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	15 percent (capital gains and qualified dividends)			25 percent	
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate
	(17)	(18)	(19)	(20)	(21)
Total	13,647,017	823,273,935	123,491,469	30,354,077	844,825,224
Under \$2,000 [2]	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	* 1,285	* 1,389
\$30,000 under \$40,000	* 3,578	* 1,188	* 178	15,223	39,669
\$40,000 under \$50,000	559,778	1,020,800	153,139	3,084,606	11,866,852
\$50,000 under \$75,000	1,700,186	8,865,988	1,329,952	6,063,040	84,489,708
\$75,000 under \$100,000	1,980,627	12,601,135	1,890,227	5,089,428	89,372,515
\$100,000 under \$200,000	5,985,050	69,738,086	10,460,887	11,869,038	404,202,458
\$200,000 under \$500,000	2,504,675	105,329,459	15,799,473	3,280,522	197,015,872
\$500,000 under \$1,000,000	556,222	80,999,037	12,149,866	600,078	36,453,451
\$1,000,000 under \$1,500,000	147,886	46,706,638	7,006,001	151,204	9,221,637
\$1,500,000 under \$2,000,000	64,441	31,816,302	4,772,447	63,688	3,869,808
\$2,000,000 under \$5,000,000	100,157	99,938,126	14,990,722	96,697	5,901,698
\$5,000,000 under \$10,000,000	26,632	74,252,854	11,137,929	24,107	1,467,803
\$10,000,000 or more	17,784	292,004,322	43,800,649	15,161	922,364

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	25 percent —continued	25 percent (capital gains)			28 percent
	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns
	(22)	(23)	(24)	(25)	(26)
Total	211,206,306	766,800	13,684,050	3,421,105	6,903,577
Under \$2,000 [2]	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0
\$25,000 under \$30,000	* 347	0	0	0	0
\$30,000 under \$40,000	9,917	0	0	0	0
\$40,000 under \$50,000	2,966,713	* 7,255	* 1,158	* 290	0
\$50,000 under \$75,000	21,122,427	47,958	37,563	9,396	5,016
\$75,000 under \$100,000	22,343,129	54,434	74,959	18,750	343,632
\$100,000 under \$200,000	101,050,615	278,261	894,639	223,692	2,637,965
\$200,000 under \$500,000	49,253,968	227,571	2,489,851	622,490	3,005,136
\$500,000 under \$1,000,000	9,113,363	76,124	1,810,101	452,534	571,117
\$1,000,000 under \$1,500,000	2,305,409	26,197	1,246,076	311,522	146,168
\$1,500,000 under \$2,000,000	967,452	12,736	749,240	187,312	61,538
\$2,000,000 under \$5,000,000	1,475,425	23,105	2,083,952	520,991	94,290
\$5,000,000 under \$10,000,000	366,951	7,399	1,339,744	334,937	23,672
\$10,000,000 or more	230,591	5,760	2,956,767	739,192	15,043

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	28 percent—continued		28 percent (capital gains)		
	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(27)	(28)	(29)	(30)	(31)
Total	293,630,590	82,216,565	84,709	3,053,662	855,031
Under \$2,000 [2]	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0
\$40,000 under \$50,000	0	0	* 2,639	* 1,121	* 314
\$50,000 under \$75,000	25,688	7,193	9,648	5,556	1,558
\$75,000 under \$100,000	1,987,439	556,483	8,291	14,062	3,939
\$100,000 under \$200,000	59,064,782	16,538,139	34,506	106,862	29,923
\$200,000 under \$500,000	171,111,273	47,911,156	18,354	222,628	62,336
\$500,000 under \$1,000,000	38,471,639	10,772,059	4,891	147,724	41,363
\$1,000,000 under \$1,500,000	9,853,515	2,758,984	2,228	228,450	63,966
\$1,500,000 under \$2,000,000	4,142,626	1,159,935	1,047	146,086	40,904
\$2,000,000 under \$5,000,000	6,356,985	1,779,956	1,857	485,120	135,834
\$5,000,000 under \$10,000,000	1,603,172	448,888	661	450,057	126,016
\$10,000,000 or more	1,013,470	283,772	587	1,245,995	348,879

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued				
	33 percent			35 percent	
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate
	(32)	(33)	(34)	(35)	(36)
Total	2,730,054	260,213,156	85,870,341	1,060,714	686,066,875
Under \$2,000 [2]	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0
\$40,000 under \$50,000	0	0	0	0	0
\$50,000 under \$75,000	0	0	0	0	0
\$75,000 under \$100,000	* 632	* 9,036	* 2,982	0	0
\$100,000 under \$200,000	83,810	1,389,317	458,475	1,150	7,072
\$200,000 under \$500,000	1,769,698	127,315,215	42,014,021	262,763	11,634,069
\$500,000 under \$1,000,000	546,010	81,466,690	26,884,008	486,086	105,713,527
\$1,000,000 under \$1,500,000	140,793	21,281,657	7,022,947	130,968	79,367,877
\$1,500,000 under \$2,000,000	59,431	9,020,232	2,976,677	56,139	54,159,111
\$2,000,000 under \$5,000,000	91,546	13,906,948	4,589,293	86,798	154,852,423
\$5,000,000 under \$10,000,000	23,238	3,549,271	1,171,259	22,252	87,700,116
\$10,000,000 or more	14,896	2,274,790	750,681	14,558	192,632,681

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2007—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued			
	35 percent—continued	Form 8615 [4]		
	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(37)	(38)	(39)	(40)
Total	240,123,406	419,089	4,402,555	845,487
Under \$2,000 [2]	0	29,330	3,297	523
\$2,000 under \$4,000	0	147,915	158,641	25,012
\$4,000 under \$6,000	0	69,462	198,278	34,445
\$6,000 under \$8,000	0	48,498	198,821	32,775
\$8,000 under \$10,000	0	23,689	156,480	26,357
\$10,000 under \$12,000	0	16,683	138,354	22,627
\$12,000 under \$14,000	0	12,434	119,916	21,935
\$14,000 under \$16,000	0	9,720	117,007	22,641
\$16,000 under \$18,000	0	10,756	160,004	25,360
\$18,000 under \$20,000	0	7,011	108,803	22,105
\$20,000 under \$25,000	0	* 4,824	* 99,152	* 14,513
\$25,000 under \$30,000	0	9,652	225,965	45,469
\$30,000 under \$40,000	0	10,828	324,122	64,369
\$40,000 under \$50,000	0	* 2,519	* 85,561	* 12,672
\$50,000 under \$75,000	0	8,208	485,154	89,953
\$75,000 under \$100,000	0	* 659	* 63,419	* 12,641
\$100,000 under \$200,000	2,475	5,545	620,076	122,762
\$200,000 under \$500,000	4,071,924	* 721	* 201,269	* 32,709
\$500,000 under \$1,000,000	36,999,734	321	213,257	54,292
\$1,000,000 under \$1,500,000	27,778,757	* 115	* 123,121	* 36,882
\$1,500,000 under \$2,000,000	18,955,689	91	129,804	23,438
\$2,000,000 under \$5,000,000	54,198,348	88	220,795	48,643
\$5,000,000 under \$10,000,000	30,695,041	13	81,468	19,930
\$10,000,000 or more	67,421,438	* 6	* 169,792	* 33,433

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

[1] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[2] Includes returns with adjusted gross deficit.

[3] Form 8814 was filed for a dependent child under age 18 for whom the parents made the election to report the child's investment income (if it was from interest, dividends, or capital gains totaling between \$850 and \$8,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[4] Form 8615 was filed for a child under age 18 to report the child's investment income in excess of \$1,700. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Shares, 2007

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Table 3. Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2007

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

Tax rate class	All returns		
	Number of returns [1]	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)
All tax rates	110,522,670	6,063,577,664	1,155,419,319
5 percent	13,218,466	76,924,366	3,846,218
10 percent	108,976,046	1,101,417,525	110,141,753
10 percent (Form 8814) [2]	200,937	214,452	21,424
15 percent	81,501,305	1,955,871,274	293,380,691
15 percent (capital gains) [3]	13,647,017	823,273,935	123,491,090
25 percent	30,354,077	844,825,224	211,206,306
25 percent (capital gains)	766,800	13,684,050	3,421,012
28 percent	6,903,577	293,630,590	82,216,565
28 percent (capital gains)	84,709	3,053,662	855,025
33 percent	2,730,054	260,213,156	85,870,342
35 percent	1,060,714	686,066,875	240,123,406
Form 8615 [4]	419,089	4,402,555	845,487

Tax rate class	Joint returns and returns of surviving spouses		
	Number of returns	Income taxed at rate	Income tax generated at rate
	(4)	(5)	(6)
All tax rates	46,255,106	4,176,489,069	825,513,633
5 percent	7,234,812	49,864,111	2,493,206
10 percent	45,790,928	657,038,351	65,703,835
10 percent (Form 8814) [2]	172,669	186,322	18,615
15 percent	38,291,311	1,288,990,928	193,348,639
15 percent (capital gains) [3]	8,779,609	614,497,492	92,174,624
25 percent	15,958,830	561,579,023	140,394,756
25 percent (capital gains)	533,453	10,903,977	2,725,994
28 percent	4,591,669	209,793,868	58,742,283
28 percent (capital gains)	53,879	1,826,711	511,479
33 percent	2,174,339	211,634,933	69,839,528
35 percent	894,936	570,173,353	199,560,674
Form 8615 [4]	0	0	0

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 3. Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Tax rate class	Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate
	(7)	(8)	(9)
All tax rates	2,316,588	132,896,167	27,279,640
5 percent	128,103	738,386	36,919
10 percent	2,299,664	16,606,493	1,660,649
10 percent (Form 8814) [2]	898	804	80
15 percent	1,949,320	31,596,498	4,739,475
15 percent (capital gains) [3]	224,675	34,009,661	5,101,449
25 percent	738,847	13,071,310	3,267,827
25 percent (capital gains)	12,174	396,199	99,050
28 percent	210,944	4,428,527	1,239,987
28 percent (capital gains)	426	79,967	22,391
33 percent	83,121	3,855,085	1,272,178
35 percent	34,244	28,113,238	9,839,633
Form 8615 [4]	0	0	0

Tax rate class	Returns of heads of households		
	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)
All tax rates	13,911,458	321,647,669	50,139,193
5 percent	531,939	2,579,797	128,990
10 percent	13,857,509	120,254,029	12,025,403
10 percent (Form 8814) [2]	23,918	25,272	2,523
15 percent	7,937,689	120,606,660	18,090,999
15 percent (capital gains) [3]	366,630	17,375,353	2,606,303
25 percent	1,514,286	33,771,966	8,442,992
25 percent (capital gains)	23,049	275,505	68,876
28 percent	159,079	6,627,948	1,855,825
28 percent (capital gains)	873	79,357	22,220
33 percent	61,755	6,153,031	2,030,500
35 percent	22,240	13,898,750	4,864,562
Form 8615 [4]	0	0	0

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 3. Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2007—Continued

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

Tax rate class	Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate
	(13)	(14)	(15)
All tax rates	48,039,519	1,432,544,758	252,486,854
5 percent	5,323,612	23,742,071	1,187,104
10 percent	47,027,944	307,518,651	30,751,865
10 percent (Form 8814) [2]	3,453	2,054	205
15 percent	33,322,985	514,677,189	77,201,578
15 percent (capital gains) [3]	4,276,102	157,391,429	23,608,714
25 percent	12,142,115	236,402,925	59,100,731
25 percent (capital gains)	198,124	2,108,368	527,092
28 percent	1,941,885	72,780,248	20,378,469
28 percent (capital gains)	29,531	1,067,626	298,935
33 percent	410,840	38,570,107	12,728,135
35 percent	109,294	73,881,535	25,858,537
Form 8615 [4]	419,089	4,402,555	845,487

[1] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[2] Form 8814 was filed for a dependent child under age 18 for whom the parents made an election to report the child's investment income (if it was from interest, dividends, or capital gains totaling between \$850 and \$8,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[3] The 15 percent capital gains rate also includes qualified dividends.

[4] Form 8615 was filed for a child under age 18 to report the child's investment income in excess of \$1,700. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Shares, 2007

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Table 4a. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2006 and 2007

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

Type of tax computation by size of adjusted gross income	Tax Year 2006			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [3]
	Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)
Returns with regular tax computation only				
Total	82,283,552	419,758,698	419,499,609	0
Under \$5,000 [4]	288,786	19,731	19,731	0
\$5,000 under \$10,000	3,482,283	558,817	558,816	0
\$10,000 under \$15,000	5,964,638	2,453,627	2,453,565	0
\$15,000 under \$20,000	7,279,957	5,347,153	5,346,923	0
\$20,000 under \$25,000	8,003,582	8,971,731	8,971,513	0
\$25,000 under \$30,000	7,395,670	12,092,082	12,090,886	0
\$30,000 under \$40,000	12,107,304	29,382,767	29,380,711	0
\$40,000 under \$50,000	8,717,227	31,871,571	31,870,452	0
\$50,000 under \$75,000	14,338,006	82,057,678	82,049,505	0
\$75,000 under \$100,000	7,549,229	67,565,889	67,547,352	0
\$100,000 under \$200,000	6,240,777	105,211,314	105,171,199	0
\$200,000 under \$500,000	815,335	43,592,552	43,530,488	0
\$500,000 under \$1,000,000	74,251	12,911,894	12,866,394	0
\$1,000,000 under \$1,500,000	13,332	4,589,295	4,578,779	0
\$1,500,000 under \$2,000,000	4,736	2,409,127	2,396,978	0
\$2,000,000 under \$5,000,000	7,115	6,531,176	6,501,066	0
\$5,000,000 under \$10,000,000	967	1,998,088	1,978,024	0
\$10,000,000 or more	356	2,194,206	2,187,226	0
Returns with Form 8615 tax computation				
Total	352,987	902,985	885,659	-17,326
Under \$5,000 [4]	181,301	39,027	47,623	8,596
\$5,000 under \$10,000	79,780	46,170	69,668	23,498
\$10,000 under \$15,000	33,649	43,483	58,843	15,360
\$15,000 under \$20,000	14,763	27,655	35,832	8,177
\$20,000 under \$25,000	* 9,577	* 24,562	* 37,631	13,069
\$25,000 under \$30,000	7,543	26,983	42,337	15,354
\$30,000 under \$40,000	8,489	40,875	63,337	22,462
\$40,000 under \$50,000	* 4,179	* 31,903	* 40,304	* 8,401
\$50,000 under \$75,000	* 3,430	* 38,356	* 35,872	* -2,484
\$75,000 under \$100,000	* 5,873	* 96,782	* 102,207	* 5,426
\$100,000 under \$200,000	* 2,862	* 91,601	* 68,564	* -23,038
\$200,000 under \$500,000	* 761	* 73,915	* 66,722	* -7,193
\$500,000 under \$1,000,000	* 521	* 107,362	* 70,447	* -36,915
\$1,000,000 under \$1,500,000	* 122	* 50,575	* 37,882	* -12,693
\$1,500,000 under \$2,000,000	* 33	* 18,179	* 13,939	* -4,240
\$2,000,000 under \$5,000,000	83	93,232	63,606	-29,625
\$5,000,000 under \$10,000,000	** 20	** 52,324	** 30,844	** -21,480
\$10,000,000 or more	**	**	**	**

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 4a. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2006 and 2007—Continued

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

Type of tax computation by size of adjusted gross income	Tax Year 2007			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [3]
	Number of returns [2]	Amount	Amount	
	(5)	(6)	(7)	(8)
Returns with regular tax computation only				
Total	85,256,426	445,903,492	445,570,364	0
Under \$5,000 [4]	305,392	20,784	20,784	0
\$5,000 under \$10,000	3,345,483	516,225	516,225	0
\$10,000 under \$15,000	6,041,460	2,335,767	2,335,723	0
\$15,000 under \$20,000	7,226,042	5,071,180	5,070,982	0
\$20,000 under \$25,000	7,905,371	8,701,237	8,700,931	0
\$25,000 under \$30,000	7,560,977	12,035,884	12,034,817	0
\$30,000 under \$40,000	12,548,910	30,001,525	29,997,596	0
\$40,000 under \$50,000	9,231,527	33,183,253	33,179,439	0
\$50,000 under \$75,000	14,895,856	84,205,898	84,184,288	0
\$75,000 under \$100,000	8,041,840	70,900,520	70,875,483	0
\$100,000 under \$200,000	7,102,912	118,557,994	118,470,193	0
\$200,000 under \$500,000	939,639	49,219,360	49,140,780	0
\$500,000 under \$1,000,000	83,226	14,170,581	14,135,737	0
\$1,000,000 under \$1,500,000	15,376	5,252,377	5,232,981	0
\$1,500,000 under \$2,000,000	4,803	2,388,020	2,375,881	0
\$2,000,000 under \$5,000,000	6,316	5,446,447	5,424,542	0
\$5,000,000 under \$10,000,000	981	1,960,810	1,955,171	0
\$10,000,000 or more	315	1,935,631	1,918,810	0
Returns with Form 8615 tax computation				
Total	419,089	912,711	869,685	-43,025
Under \$5,000 [4]	215,751	45,027	54,141	9,114
\$5,000 under \$10,000	103,144	56,675	83,241	26,566
\$10,000 under \$15,000	34,321	40,854	59,313	18,458
\$15,000 under \$20,000	22,283	43,278	59,738	16,460
\$20,000 under \$25,000	* 4,824	* 13,542	* 14,741	* 1,199
\$25,000 under \$30,000	9,652	30,975	45,884	14,909
\$30,000 under \$40,000	10,828	46,199	64,729	18,529
\$40,000 under \$50,000	* 2,519	* 13,802	* 12,789	* -1,013
\$50,000 under \$75,000	8,208	93,194	90,228	-2,966
\$75,000 under \$100,000	* 659	* 14,038	* 12,669	* -1,368
\$100,000 under \$200,000	5,545	141,881	122,860	-19,021
\$200,000 under \$500,000	* 721	* 58,093	* 32,729	* -25,364
\$500,000 under \$1,000,000	321	67,937	54,294	-13,642
\$1,000,000 under \$1,500,000	* 115	* 40,699	* 36,885	* -3,814
\$1,500,000 under \$2,000,000	91	43,530	23,439	-20,091
\$2,000,000 under \$5,000,000	88	75,446	48,644	-26,802
\$5,000,000 under \$10,000,000	13	28,240	19,930	-8,310
\$10,000,000 or more	* 6	* 59,302	* 33,433	* -25,868

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 4a. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2006 and 2007—Continued

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

Type of tax computation by size of adjusted gross income	Tax Year 2006			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [3]
	Number of returns	Amount	Amount	
	(9)	(10)	(11)	(12)
Returns with Schedule D and qualified dividends tax computation				
Total	22,454,716	718,631,459	611,385,367	-107,246,092
Under \$5,000 [4]	111,011	15,628	11,468	-4,160
\$5,000 under \$10,000	242,149	68,368	54,123	-14,245
\$10,000 under \$15,000	452,701	197,873	168,989	-28,883
\$15,000 under \$20,000	545,920	442,355	378,009	-64,346
\$20,000 under \$25,000	691,658	818,782	725,292	-93,490
\$25,000 under \$30,000	774,299	1,309,110	1,150,340	-158,770
\$30,000 under \$40,000	1,519,769	3,779,834	3,418,595	-361,238
\$40,000 under \$50,000	1,723,174	6,623,279	6,077,079	-546,200
\$50,000 under \$75,000	4,242,132	26,806,712	24,869,995	-1,936,716
\$75,000 under \$100,000	3,468,933	33,797,175	31,508,122	-2,289,054
\$100,000 under \$200,000	5,687,194	114,413,162	107,019,167	-7,393,996
\$200,000 under \$500,000	2,213,703	135,163,659	121,345,632	-13,818,027
\$500,000 under \$1,000,000	484,755	88,966,725	76,975,222	-11,991,503
\$1,000,000 under \$1,500,000	126,768	44,892,947	37,817,421	-7,075,526
\$1,500,000 under \$2,000,000	54,002	27,989,726	23,213,317	-4,776,409
\$2,000,000 under \$5,000,000	82,486	76,242,725	62,056,547	-14,186,177
\$5,000,000 under \$10,000,000	20,987	45,474,554	35,326,266	-10,148,288
\$10,000,000 or more	13,076	111,628,845	79,269,782	-32,359,064

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 4a. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2006 and 2007—Continued

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

Type of tax computation by size of adjusted gross income	Tax Year 2007			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [3]
	Number of returns [2]	Amount	Amount	
	(13)	(14)	(15)	(16)
Returns with Schedule D and qualified dividends tax computation				
Total	23,185,940	798,175,316	672,502,091	-125,673,225
Under \$5,000 [4]	119,838	16,928	12,527	-4,401
\$5,000 under \$10,000	242,449	73,634	56,640	-16,994
\$10,000 under \$15,000	446,252	189,191	160,120	-29,070
\$15,000 under \$20,000	484,768	409,867	342,575	-67,292
\$20,000 under \$25,000	640,219	754,780	647,232	-107,548
\$25,000 under \$30,000	740,169	1,212,746	1,067,838	-144,909
\$30,000 under \$40,000	1,548,146	3,795,718	3,431,011	-364,707
\$40,000 under \$50,000	1,659,232	6,281,936	5,714,138	-567,798
\$50,000 under \$75,000	4,250,858	26,842,517	24,711,566	-2,130,951
\$75,000 under \$100,000	3,578,485	34,809,225	32,278,934	-2,530,291
\$100,000 under \$200,000	6,167,661	122,172,987	113,814,946	-8,358,041
\$200,000 under \$500,000	2,444,729	148,971,879	134,008,989	-14,962,891
\$500,000 under \$1,000,000	533,158	97,256,067	83,854,468	-13,401,599
\$1,000,000 under \$1,500,000	139,691	49,122,179	41,275,559	-7,846,619
\$1,500,000 under \$2,000,000	59,966	30,979,184	25,747,586	-5,231,598
\$2,000,000 under \$5,000,000	91,729	84,778,446	68,562,496	-16,215,951
\$5,000,000 under \$10,000,000	23,522	50,780,176	39,210,926	-11,569,250
\$10,000,000 or more	15,068	139,727,856	97,604,540	-42,123,316

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

** Data combined to prevent disclosure of certain taxpayer information.

[1] Includes special taxes (tax on lump sum distributions from Form 4972 and tax on election to report child's interest and dividends, Form 8814) not included in tax generated.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] The difference between the amount of tax resulting from using provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

[4] Includes returns with adjusted gross deficit.

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

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Table 4b. Returns with Form 8615 Tax Computation: Tax Items, by Type of Tax Computation and Size of Adjusted Gross Income, Tax Years 2005-2007

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

Type of tax computation by size of adjusted gross income	Tax Year 2007					
	Number of returns	Income tax before credits, (regular tax computation) [1]	Tax generated with Schedule D computation [2]	Tax differences due to regular tax computation vs. with Schedule D computation	Tax generated	Tax differences due to Form 8615 computation vs. with Schedule D computation
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with Form 8615 tax computation						
Total	419,089	912,711	573,048	-339,663	869,685	296,637
Under \$5,000 [3]	215,751	45,027	27,937	-17,090	54,141	26,204
\$5,000 under \$10,000	103,144	56,675	35,547	-21,128	83,241	47,694
\$10,000 under \$15,000	34,321	40,854	26,028	-14,826	59,313	33,285
\$15,000 under \$20,000	22,283	43,278	25,207	-18,071	59,738	34,531
\$20,000 under \$25,000	* 4,824	* 13,542	* 6,381	* -7,161	* 14,741	* 8,360
\$25,000 under \$30,000	9,652	30,975	18,502	-12,473	45,884	27,382
\$30,000 under \$40,000	10,828	46,199	28,910	-17,289	64,729	35,819
\$40,000 under \$50,000	* 2,519	* 13,802	* 7,599	* -6,203	* 12,789	* 5,190
\$50,000 under \$75,000	8,208	93,194	59,262	-33,932	90,228	30,966
\$75,000 under \$100,000	* 659	* 14,038	* 10,151	* -3,887	* 12,669	* 2,518
\$100,000 under \$200,000	5,545	141,881	94,713	-47,168	122,860	28,147
\$200,000 under \$500,000	* 721	* 58,093	* 30,621	* -27,472	* 32,729	* 2,108
\$500,000 under \$1,000,000	321	67,937	48,161	-19,776	54,294	6,133
\$1,000,000 under \$1,500,000	* 115	* 40,699	* 34,408	* -6,291	* 36,885	* 2,477
\$1,500,000 under \$2,000,000	91	43,530	20,652	-22,878	23,439	2,787
\$2,000,000 under \$5,000,000	88	75,446	46,481	-28,965	48,644	2,163
\$5,000,000 under \$10,000,000	13	28,240	19,425	-8,815	19,930	505
\$10,000,000 or more	* 6	* 59,302	* 33,064	* -26,238	* 33,433	* 369

Type of tax computation by size of adjusted gross income	Tax Year 2006					
	Number of returns	Income tax before credits, (regular tax computation) [1]	Tax generated with Schedule D computation [2]	Tax differences due to regular tax computation vs. with Schedule D computation	Tax generated	Tax differences due to Form 8615 computation vs. with Schedule D computation
	(7)	(8)	(9)	(10)	(11)	(12)
Returns with Form 8615 tax computation						
Total	352,987	902,985	595,014	-307,971	885,659	290,645
Under \$5,000 [3]	181,301	39,027	24,820	-14,207	47,623	22,803
\$5,000 under \$10,000	79,780	46,170	30,653	-15,517	69,668	39,015
\$10,000 under \$15,000	33,649	43,483	25,674	-17,809	58,843	33,169
\$15,000 under \$20,000	14,763	27,655	16,030	-11,625	35,832	19,802
\$20,000 under \$25,000	* 9,577	* 24,562	* 14,887	* -9,675	* 37,631	* 22,744
\$25,000 under \$30,000	7,543	26,983	15,374	-11,609	42,337	26,963
\$30,000 under \$40,000	8,489	40,875	27,859	-13,016	63,337	35,478
\$40,000 under \$50,000	* 4,179	* 31,903	* 21,684	* -10,219	* 40,304	* 18,620
\$50,000 under \$75,000	* 3,430	* 38,356	* 25,492	* -12,864	* 35,872	* 10,380
\$75,000 under \$100,000	* 5,873	* 96,782	* 76,869	* -19,913	* 102,207	* 25,338
\$100,000 under \$200,000	* 2,862	* 91,601	* 51,785	* -39,816	* 68,564	* 16,779
\$200,000 under \$500,000	* 761	* 73,915	* 56,764	* -17,151	* 66,722	* 9,958
\$500,000 under \$1,000,000	* 521	* 107,362	* 66,371	* -40,991	* 70,447	* 4,076
\$1,000,000 under \$1,500,000	* 122	* 50,575	* 36,053	* -14,522	* 37,882	* 1,829
\$1,500,000 under \$2,000,000	* 33	* 18,179	* 13,235	* -4,944	* 13,939	* 704
\$2,000,000 under \$5,000,000	83	93,232	61,219	-32,013	63,606	2,387
\$5,000,000 under \$10,000,000	** 20	** 52,324	** 30,244	** -22,080	** 30,844	** 600
\$10,000,000 or more	**	**	**	**	**	**

Footnotes at end of table.

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Table 4b. Returns with Form 8615 Tax Computation: Tax Items, by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2005-2007—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Tax Year 2005					
	Number of returns	Income tax before credits, (regular tax computation) [1]	Tax generated with Schedule D computation [2]	Tax differences due to regular tax computation vs. with Schedule D computation	Tax generated	Tax differences due to Form 8615 computation vs. with Schedule D computation
	(13)	(14)	(15)	(16)	(17)	(18)
Returns with Form 8615 tax computation						
Total	141,612	443,840	302,464	-141,376	419,425	116,961
Under \$5,000 [3]	75,994	14,233	9,339	-4,894	18,545	9,206
\$5,000 under \$10,000	30,456	18,043	11,490	-6,553	29,306	17,816
\$10,000 under \$15,000	13,373	15,450	9,306	-6,144	18,249	8,943
\$15,000 under \$20,000	* 4,553	* 8,614	* 6,913	* -1,701	* 14,033	* 7,120
\$20,000 under \$25,000	* 3,213	* 8,887	* 7,295	* -1,592	* 14,336	* 7,041
\$25,000 under \$30,000	* 3,240	* 11,754	* 8,825	* -2,929	* 18,576	* 9,751
\$30,000 under \$40,000	* 2,549	* 12,425	* 8,158	* -4,267	* 17,239	* 9,081
\$40,000 under \$50,000	* 1,872	* 10,764	* 7,247	* -3,517	* 14,354	* 7,107
\$50,000 under \$75,000	* 2,528	* 29,939	* 18,238	* -11,701	* 27,754	* 9,516
\$75,000 under \$100,000	* 624	* 9,548	* 8,062	* -1,486	* 13,259	* 5,197
\$100,000 under \$200,000	* 1,549	* 44,966	* 26,339	* -18,627	* 33,637	* 7,298
\$200,000 under \$500,000	* 1,228	* 96,553	* 63,524	* -33,029	* 75,326	* 11,802
\$500,000 under \$1,000,000	* 305	* 62,680	* 50,024	* -12,656	* 54,636	* 4,612
\$1,000,000 under \$1,500,000	* 82	* 33,970	* 26,663	* -7,307	* 28,066	* 1,403
\$1,500,000 under \$2,000,000	* 16	* 7,785	* 3,424	* -4,361	* 3,477	* 53
\$2,000,000 under \$5,000,000	* 19	* 21,829	* 16,629	* -5,200	* 17,161	* 532
\$5,000,000 under \$10,000,000	* 8	* 18,603	* 9,353	* -9,250	* 9,525	* 172
\$10,000,000 or more	* 3	* 17,795	* 11,636	* -6,159	* 11,946	* 310

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

** Data combined to avoid disclosure of information for specific taxpayers.

[1] Includes special taxes (tax on lump sum distributions from Form 4972 and tax on election to report child's interest and dividends, Form 8814) not included in tax generated.

[2] For returns that did not have Schedule D worksheet, the regular tax computation was used to calculate tax generated. For 2007, 45,012 returns had no worksheet. For 2006, 43,766 returns had no worksheet. For 2005, 23,115 returns had no worksheet.

[3] Includes returns with adjusted gross deficit.

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

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Table 5. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns [1]:							
1986	102,087,623	102,088	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987	106,154,761	106,155	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988	108,872,859	108,873	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989	111,312,721	111,313	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990	112,812,262	112,812	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991	113,804,104	113,804	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992	112,652,759	112,653	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993	113,681,387	113,681	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994	114,989,920	114,990	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995	117,274,186	117,274	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996	119,441,767	119,442	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997	121,503,284	121,503	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998	123,775,831	123,776	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999	126,008,974	126,009	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
2000	128,227,143	128,227	1,282,271	6,411,357	12,822,714	32,056,786	64,113,572
2001	128,817,051	128,817	1,288,171	6,440,853	12,881,705	32,204,263	64,408,526
2002	128,323,986	128,324	1,283,240	6,416,199	12,832,399	32,080,997	64,161,993
2003	128,609,786	128,610	1,286,098	6,430,489	12,860,979	32,152,447	64,304,893
2004	130,371,156	130,371	1,303,712	6,518,558	13,037,116	32,592,789	65,185,578
2005	132,611,637	132,612	1,326,116	6,630,582	13,261,164	33,152,909	66,305,819
2006	135,719,160	135,719	1,357,192	6,785,958	13,571,916	33,929,790	67,859,580
2007	[2] 141,070,971	141,071	1,410,710	7,053,549	14,107,097	35,267,743	70,535,486
Adjusted gross income floor on percentiles (current dollars):							
1986	N/A	[6]	118,818	62,377	48,656	32,242	17,302
1987	N/A	[6]	139,289	68,414	52,921	33,983	17,768
1988	N/A	[6]	157,136	72,735	55,437	35,398	18,367
1989	N/A	[6]	163,869	76,933	58,263	36,839	18,993
1990	N/A	[6]	167,421	79,064	60,287	38,080	19,767
1991	N/A	[6]	170,139	81,720	61,944	38,929	20,097
1992	N/A	[6]	181,904	85,103	64,457	40,378	20,803
1993	N/A	[6]	185,715	87,386	66,077	41,210	21,179
1994	N/A	[6]	195,726	91,226	68,753	42,742	21,802
1995	N/A	[6]	209,406	96,221	72,094	44,207	22,344
1996	N/A	[6]	227,546	101,141	74,986	45,757	23,174
1997	N/A	[6]	250,736	108,048	79,212	48,173	24,393
1998	N/A	[6]	269,496	114,729	83,220	50,607	25,491
1999	N/A	[6]	293,415	120,846	87,682	52,965	26,415
2000	N/A	[6]	313,469	128,336	92,144	55,225	27,682
2001	N/A	1,324,487	292,913	127,904	92,754	56,085	28,528
2002	N/A	1,191,673	285,424	126,525	92,663	56,401	28,654
2003	N/A	1,262,760	295,495	130,080	94,891	57,343	29,019
2004	N/A	1,548,941	328,049	137,056	99,112	60,041	30,122
2005	N/A	1,848,791	364,657	145,283	103,912	62,068	30,881
2006	N/A	2,044,689	388,806	153,542	108,904	64,702	31,987
2007	N/A	2,155,365	410,096	160,041	113,018	66,532	32,879

Footnotes at end of table.

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Table 5. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Adjusted gross income floor on percentiles (constant dollars) [3]:							
1986	N/A	[6]	108,411	56,913	44,394	29,418	15,786
1987	N/A	[6]	122,614	60,224	46,585	29,915	15,641
1988	N/A	[6]	132,828	61,484	46,861	29,922	15,526
1989	N/A	[6]	132,152	62,043	46,986	29,709	15,317
1990	N/A	[6]	128,096	60,493	46,126	29,135	15,124
1991	N/A	[6]	124,919	60,000	45,480	28,582	14,756
1992	N/A	[6]	129,654	60,658	45,942	28,780	14,828
1993	N/A	[6]	128,522	60,475	45,728	28,519	14,657
1994	N/A	[6]	132,069	61,556	46,392	28,841	14,711
1995	N/A	[6]	137,406	63,137	47,306	29,007	14,661
1996	N/A	[6]	145,026	64,462	47,792	29,163	14,769
1997	N/A	[6]	156,222	67,320	49,353	30,014	15,198
1998	N/A	[6]	164,427	69,999	50,775	30,877	15,553
1999	N/A	[6]	176,119	72,537	52,630	31,792	15,855
2000	N/A	[6]	182,038	74,527	53,510	32,070	16,075
2001	N/A	747,875	165,394	72,221	52,374	31,669	16,108
2002	N/A	662,409	158,657	70,331	51,508	31,351	15,928
2003	N/A	686,283	160,595	70,696	51,571	31,165	15,771
2004	N/A	819,979	173,663	72,555	52,468	31,785	15,946
2005	N/A	946,642	186,716	74,390	53,206	31,781	15,812
2006	N/A	1,014,231	192,860	76,162	54,020	32,094	15,867
2007	N/A	1,039,732	197,827	77,203	54,519	32,095	15,861
Adjusted gross income (millions of dollars):							
1986	2,524,124	[6]	285,197	608,467	886,510	1,490,173	2,103,569
1987	2,813,728	[6]	346,635	722,221	1,038,221	1,709,389	2,373,869
1988	3,124,156	[6]	473,527	890,702	1,232,536	1,950,860	2,657,865
1989	3,298,858	[6]	468,079	918,421	1,286,539	2,054,478	2,805,235
1990	3,451,237	[6]	483,252	953,337	1,338,032	2,144,177	2,932,537
1991	3,516,142	[6]	456,603	943,350	1,343,202	2,174,765	2,984,003
1992	3,680,552	[6]	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993	3,775,578	[6]	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994	3,961,146	[6]	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995	4,244,607	[6]	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996	4,590,527	[6]	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997	5,023,457	[6]	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998	5,469,211	[6]	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999	5,909,329	[6]	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
2000	6,423,977	[6]	1,336,773	2,267,403	2,955,386	4,313,786	5,589,755
2001	6,241,036	505,752	1,094,296	1,996,492	2,690,589	4,071,034	5,379,286
2002	6,113,778	431,644	985,781	1,867,787	2,553,475	3,935,504	5,244,029
2003	6,287,586	476,041	1,054,567	1,960,676	2,663,470	4,078,227	5,407,851
2004	6,875,123	628,522	1,306,417	2,299,595	3,049,275	4,546,401	5,952,781
2005	7,507,958	799,403	1,591,711	2,683,934	3,487,010	5,069,455	6,544,824
2006	8,122,040	911,054	1,791,886	2,977,714	3,843,144	5,535,830	7,105,599
2007	8,798,500	1,049,358	2,008,259	3,294,542	4,227,839	6,045,354	7,720,213

Footnotes at end of table.

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Table 5. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total income tax (millions of dollars): [4]							
1986	366,979	[6]	94,491	156,240	200,703	278,976	343,289
1987	369,046	[6]	91,559	159,642	205,230	283,857	346,655
1988	412,761	[6]	113,841	188,303	236,411	321,297	389,145
1989	432,838	[6]	109,259	190,188	241,458	334,258	407,599
1990	447,061	[6]	112,338	195,088	247,514	344,340	421,075
1991	448,349	[6]	111,267	194,480	250,282	346,511	423,759
1992	476,163	[6]	131,156	218,479	276,213	373,700	452,070
1993	502,720	[6]	145,836	238,083	297,808	398,516	478,563
1994	534,754	[6]	154,337	254,106	317,902	425,402	509,256
1995	588,331	[6]	178,035	287,741	357,402	472,808	561,225
1996	658,124	[6]	212,626	335,433	411,404	535,164	629,684
1997	727,303	[6]	241,239	377,241	459,639	594,007	696,161
1998	788,452	[6]	274,009	424,506	512,836	651,964	755,240
1999	877,292	[6]	317,419	486,464	583,002	732,890	842,168
2000	980,521	[6]	366,929	553,670	660,150	823,706	942,179
2001	887,882	142,616	300,898	472,823	576,163	736,053	852,642
2002	796,862	122,975	268,608	428,680	523,812	668,558	768,963
2003	747,939	117,275	256,340	406,597	492,452	627,380	722,027
2004	831,890	145,118	306,902	475,224	567,273	705,915	804,471
2005	934,703	180,008	368,132	557,759	657,085	803,772	906,028
2006	1,023,739	200,281	408,369	615,680	724,740	883,153	993,176
2007	* 1,115,760	225,239	450,926	676,293	794,432	965,875	1,083,499
Average tax rate (percentage): [5]							
1986	14.54	[6]	33.13	25.68	22.64	18.72	16.32
1987	13.12	[6]	26.41	22.10	19.77	16.61	14.60
1988	13.21	[6]	24.04	21.14	19.18	16.47	14.64
1989	13.12	[6]	23.34	20.71	18.77	16.27	14.53
1990	12.95	[6]	23.25	20.46	18.50	16.06	14.36
1991	12.75	[6]	24.37	20.62	18.63	15.93	14.20
1992	12.94	[6]	25.05	21.19	19.13	16.25	14.44
1993	13.32	[6]	28.01	22.71	20.20	16.90	14.90
1994	13.50	[6]	28.23	23.04	20.48	17.15	15.11
1995	13.86	[6]	28.73	23.53	20.97	17.58	15.47
1996	14.34	[6]	28.87	24.07	21.55	18.12	15.96
1997	14.48	[6]	27.64	23.62	21.36	18.18	16.09
1998	14.42	[6]	27.12	23.63	21.42	18.16	16.00
1999	14.85	[6]	27.53	24.18	21.98	18.66	16.43
2000	15.26	[6]	27.45	24.42	22.34	19.09	16.86
2001	14.23	28.20	27.50	23.68	21.41	18.08	15.85
2002	13.03	28.49	27.25	22.95	20.51	16.99	14.66
2003	11.90	24.64	24.31	20.74	18.49	15.38	13.35
2004	12.10	23.09	23.49	20.67	18.60	15.53	13.51
2005	12.45	22.52	23.13	20.78	18.84	15.86	13.84
2006	12.60	21.98	22.79	20.68	18.86	15.95	13.98
2007	12.68	21.46	22.45	20.53	18.79	15.98	14.03

Footnotes at end of table.

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Table 5. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Adjusted gross income share (percentage):							
1986	100.00	[6]	11.30	24.11	35.12	59.04	83.34
1987	100.00	[6]	12.32	25.67	36.90	60.75	84.37
1988	100.00	[6]	15.16	28.51	39.45	62.44	85.07
1989	100.00	[6]	14.19	27.84	39.00	62.28	85.04
1990	100.00	[6]	14.00	27.62	38.77	62.13	84.97
1991	100.00	[6]	12.99	26.83	38.20	61.85	84.87
1992	100.00	[6]	14.23	28.01	39.23	62.47	85.08
1993	100.00	[6]	13.79	27.76	39.05	62.45	85.08
1994	100.00	[6]	13.80	27.85	39.19	62.64	85.11
1995	100.00	[6]	14.60	28.81	40.16	63.37	85.46
1996	100.00	[6]	16.04	30.36	41.59	64.32	85.92
1997	100.00	[6]	17.38	31.79	42.83	65.05	86.16
1998	100.00	[6]	18.47	32.85	43.77	65.63	86.33
1999	100.00	[6]	19.51	34.04	44.89	66.46	86.75
2000	100.00	[6]	20.81	35.30	46.01	67.15	87.01
2001	100.00	8.10	17.53	31.99	43.11	65.23	86.19
2002	100.00	7.06	16.12	30.55	41.77	64.37	85.77
2003	100.00	7.57	16.77	31.18	42.36	64.86	86.01
2004	100.00	9.14	19.00	33.45	44.35	66.13	86.58
2005	100.00	10.65	21.20	35.75	46.44	67.52	87.17
2006	100.00	11.22	22.06	36.66	47.32	68.16	87.49
2007	100.00	11.93	22.83	37.44	48.05	68.71	87.74
Total income tax share (percentage):							
1986	100.00	[6]	25.75	42.57	54.69	76.02	93.54
1987	100.00	[6]	24.81	43.26	55.61	76.92	93.93
1988	100.00	[6]	27.58	45.62	57.28	77.84	94.28
1989	100.00	[6]	25.24	43.94	55.78	77.22	94.17
1990	100.00	[6]	25.13	43.64	55.36	77.02	94.19
1991	100.00	[6]	24.82	43.38	55.82	77.29	94.52
1992	100.00	[6]	27.54	45.88	58.01	78.48	94.94
1993	100.00	[6]	29.01	47.36	59.24	79.27	95.19
1994	100.00	[6]	28.86	47.52	59.45	79.55	95.23
1995	100.00	[6]	30.26	48.91	60.75	80.36	95.39
1996	100.00	[6]	32.31	50.97	62.51	81.32	95.68
1997	100.00	[6]	33.17	51.87	63.20	81.67	95.72
1998	100.00	[6]	34.75	53.84	65.04	82.69	95.79
1999	100.00	[6]	36.18	55.45	66.45	83.54	96.00
2000	100.00	[6]	37.42	56.47	67.33	84.01	96.09
2001	100.00	16.06	33.89	53.25	64.89	82.90	96.03
2002	100.00	15.43	33.71	53.80	65.73	83.90	96.50
2003	100.00	15.68	34.27	54.36	65.84	83.88	96.54
2004	100.00	17.44	36.89	57.13	68.19	84.86	96.70
2005	100.00	19.26	39.38	59.67	70.30	85.99	96.93
2006	100.00	19.56	39.89	60.14	70.79	86.27	97.01
2007	100.00	20.19	40.42	60.63	71.22	86.59	97.11

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 5. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

Footnotes

* Revised from previously published value of 1,115.6.

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 5. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2007, there were 5,559 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2007 the

[4] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

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

[6] Not Calculated.

Individual Income Tax Rates and Shares, 2007

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Table 6. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns [1]:						
1986	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
1991	113,804,104	56,902,052	85,353,078	102,423,694	108,113,899	112,666,063
1992	112,652,759	56,326,380	84,489,560	101,387,483	107,020,121	111,526,231
1993	113,681,387	56,840,693	85,261,040	102,313,248	107,997,318	112,544,573
1994	114,989,920	57,494,960	86,242,440	103,490,928	109,240,424	113,840,021
1995	117,274,186	58,637,093	87,955,640	105,546,767	111,410,477	116,101,444
1996	119,441,767	59,720,883	89,581,325	107,497,590	113,469,679	118,247,349
1997	121,503,284	60,751,642	91,127,463	109,352,956	115,428,120	120,288,251
1998	123,775,831	61,887,916	92,831,873	111,398,248	117,587,039	122,538,073
1999	126,008,974	63,004,487	94,506,731	113,408,077	119,708,525	124,748,884
2000	128,227,143	64,113,572	96,170,357	115,404,429	121,815,786	126,944,872
2001	128,817,051	64,408,526	96,612,788	115,935,346	122,376,198	127,528,880
2002	128,323,986	64,161,993	96,242,990	115,491,587	121,907,787	127,040,746
2003	128,609,786	64,304,893	96,457,340	115,748,807	122,179,297	127,323,688
2004	130,371,156	65,185,578	97,778,367	117,334,040	123,852,598	129,067,444
2005	132,611,637	66,305,819	99,458,728	119,350,473	125,981,055	131,285,521
2006	135,719,160	67,859,580	101,789,370	122,147,244	128,933,202	134,361,968
2007	[2] 141,070,971	70,535,486	105,803,228	126,963,874	134,017,422	139,660,261
Adjusted gross income (millions of dollars):						
1986	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
2000	6,423,977	834,222	2,110,190	3,468,590	4,156,573	5,087,204
2001	6,241,036	861,750	2,170,001	3,550,447	4,244,543	5,146,740
2002	6,113,778	869,750	2,178,274	3,560,303	4,245,991	5,127,997
2003	6,287,586	879,735	2,209,359	3,624,117	4,326,911	5,233,019
2004	6,875,123	922,342	2,328,722	3,825,848	4,575,529	5,568,706
2005	7,507,958	963,135	2,438,504	4,020,948	4,824,024	5,916,248
2006	8,122,040	1,016,441	2,586,209	4,278,895	5,144,325	6,330,153
2007	8,798,500	1,078,287	2,753,146	4,570,661	5,503,958	6,790,241

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 6. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(7)	(8)	(9)	(10)	(11)	(12)
Total income tax (millions of dollars) [3]:						
1986	366,979	23,690	88,002	166,276	210,739	272,488
1987	369,046	22,391	85,189	163,816	209,404	277,488
1988	412,761	23,616	91,464	176,350	224,459	298,920
1989	432,838	25,239	98,580	191,380	242,650	323,579
1990	447,061	25,986	102,721	199,547	251,973	334,723
1991	448,349	24,554	101,837	198,067	253,869	337,081
1992	476,163	24,093	102,463	199,950	257,683	345,007
1993	502,720	24,157	104,203	204,912	264,637	356,884
1994	534,754	25,499	109,353	216,852	280,648	380,418
1995	588,331	27,106	115,523	230,929	300,590	410,296
1996	658,124	28,440	122,960	246,720	322,691	445,498
1997	727,303	31,134	133,296	267,664	350,062	486,064
1998	788,452	33,212	136,488	275,615	363,946	514,442
1999	877,292	35,126	144,402	294,290	390,828	559,874
2000	980,521	38,343	156,816	320,371	426,851	613,592
2001	887,882	35,239	151,826	311,719	415,059	586,984
2002	796,862	27,899	128,304	273,050	368,182	528,254
2003	747,932	25,912	120,564	255,486	341,341	491,597
2004	831,890	27,418	125,973	264,617	356,666	524,988
2005	934,703	28,673	130,930	277,618	376,942	566,571
2006	1,023,739	30,561	140,586	298,999	408,058	615,370
2007	[2] 1,115,760	32,261	149,630	321,073	439,212	664,579
Average tax rate (percentage) [4]:						
1986	14.54	5.63	8.51	10.15	11.00	12.17
1987	13.12	5.09	7.71	9.23	10.01	11.25
1988	13.21	5.06	7.80	9.32	10.05	11.28
1989	13.12	5.11	7.92	9.51	10.19	11.43
1990	12.95	5.01	7.86	9.44	10.09	11.28
1991	12.75	4.61	7.59	9.12	9.87	11.04
1992	12.94	4.39	7.42	8.94	9.73	10.93
1993	13.32	4.29	7.35	8.90	9.70	10.96
1994	13.50	4.32	7.39	9.00	9.82	11.14
1995	13.86	4.39	7.43	9.09	9.95	11.32
1996	14.34	4.40	7.51	9.20	10.09	11.56
1997	14.48	4.48	7.59	9.32	10.22	11.71
1998	14.42	4.44	7.26	8.96	9.91	11.54
1999	14.85	4.49	7.29	9.04	10.03	11.77
2000	15.26	4.60	7.43	9.24	10.27	12.06
2001	14.23	4.09	7.00	8.78	9.78	11.41
2002	13.03	3.21	5.89	7.67	8.67	10.30
2003	11.90	2.95	5.46	7.05	7.89	9.39
2004	12.10	2.97	5.41	6.92	7.80	9.43
2005	12.45	2.98	5.37	6.90	7.81	9.58
2006	12.60	3.01	5.44	6.99	7.93	9.72
2007	12.68	2.99	5.43	7.02	7.98	9.79

Footnotes at end of table.

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Table 6. Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(13)	(14)	(15)	(16)	(17)	(18)
Adjusted gross income share (percentage):						
1986	100.00	16.66	40.96	64.88	75.89	88.70
1987	100.00	15.63	39.25	63.10	74.33	87.68
1988	100.00	14.93	37.56	60.55	71.49	84.84
1989	100.00	14.96	37.72	61.00	72.16	85.81
1990	100.00	15.03	37.87	61.23	72.38	86.00
1991	100.00	15.13	38.15	61.80	73.17	87.01
1992	100.00	14.92	37.53	60.77	71.99	85.77
1993	100.00	14.92	37.55	60.95	72.24	86.21
1994	100.00	14.89	37.36	60.81	72.15	86.20
1995	100.00	14.54	36.63	59.84	71.19	85.40
1996	100.00	14.08	35.68	58.41	69.64	83.96
1997	100.00	13.84	34.95	57.17	68.21	82.63
1998	100.00	13.67	34.37	56.23	67.15	81.53
1999	100.00	13.25	33.54	55.11	65.96	80.49
2000	100.00	12.99	32.85	53.99	64.70	79.19
2001	100.00	13.81	34.77	56.89	68.01	82.47
2002	100.00	14.23	35.63	58.23	69.45	83.88
2003	100.00	13.99	35.14	57.64	68.82	83.23
2004	100.00	13.42	33.87	55.65	66.55	81.00
2005	100.00	12.83	32.48	53.56	64.25	78.80
2006	100.00	12.51	31.84	52.68	63.34	77.94
2007	100.00	12.26	31.29	51.95	62.56	77.18
Total income tax share (percentage):						
1986	100.00	6.46	23.98	45.31	57.43	74.25
1987	100.00	6.07	23.08	44.39	56.74	75.19
1988	100.00	5.72	22.16	42.72	54.38	72.42
1989	100.00	5.83	22.78	44.22	56.06	74.76
1990	100.00	5.81	22.98	44.64	56.36	74.87
1991	100.00	5.48	22.71	44.18	56.62	75.18
1992	100.00	5.06	21.52	41.99	54.12	72.46
1993	100.00	4.81	20.73	40.76	52.64	70.99
1994	100.00	4.77	20.45	40.55	52.48	71.14
1995	100.00	4.61	19.64	39.25	51.09	69.74
1996	100.00	4.32	18.68	37.49	49.03	67.69
1997	100.00	4.28	18.33	36.80	48.13	66.83
1998	100.00	4.21	17.31	34.96	46.16	65.25
1999	100.00	4.00	16.46	33.55	44.55	63.82
2000	100.00	3.91	15.99	32.67	43.53	62.58
2001	100.00	3.97	17.10	35.11	46.75	66.11
2002	100.00	3.50	16.10	34.27	46.20	66.29
2003	100.00	3.46	16.12	34.16	45.64	65.73
2004	100.00	3.30	15.14	31.81	42.87	63.11
2005	100.00	3.07	14.01	29.70	40.33	60.62
2006	100.00	2.99	13.73	29.21	39.86	60.11
2007	100.00	2.89	13.41	28.78	39.37	59.58

* Revised from previously published value of 1,115.6.

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2007, there were 5,559 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[4] The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

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Table 7. Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2007

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns [1]:						
1986	101,988,805	1,019,888	5,099,440	10,198,881	25,497,201	50,994,402
1987	106,191,624	1,061,916	5,309,581	10,619,162	26,547,906	53,095,812
1988	108,879,154	1,088,792	5,443,958	10,887,915	27,219,788	54,439,577
1989	111,328,835	1,113,288	5,566,442	11,132,884	27,832,209	55,664,418
1990	112,717,959	1,127,180	5,635,898	11,271,796	28,179,490	56,358,980
1991	113,823,123	1,138,231	5,691,156	11,382,312	28,455,781	56,911,562
1992	112,687,747	1,126,877	5,634,387	11,268,775	28,171,937	56,343,874
1993	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
1994	115,061,112	1,150,611	5,753,056	11,506,111	28,765,278	57,530,556
1995	117,333,779	1,173,338	5,866,689	11,733,378	29,333,445	58,666,889
1996	119,487,813	1,194,878	5,974,391	11,948,781	29,871,953	59,743,906
1997	121,555,156	1,215,552	6,077,758	12,155,516	30,388,789	60,777,578
1998	123,852,016	1,238,520	6,192,601	12,385,202	30,963,004	61,926,008
1999	126,107,596	1,261,076	6,305,380	12,610,760	31,526,899	63,053,798
2000	128,340,271	1,283,403	6,417,014	12,834,027	32,085,068	64,170,135
2001	128,863,007	1,288,630	6,443,150	12,886,301	32,215,752	64,431,504
2002	128,415,184	1,284,152	6,420,759	12,841,518	32,103,796	64,207,592
2003	128,757,145	1,287,571	6,437,857	12,875,715	32,189,286	64,378,573
2004	130,508,966	1,305,090	6,525,448	13,050,897	32,627,242	65,254,483
2005	132,730,734	1,327,307	6,636,537	13,273,073	33,182,684	66,365,367
2006	135,854,749	1,358,547	6,792,737	13,585,475	33,963,687	67,927,375
2007	[2] 141,252,080	1,412,521	7,062,604	14,125,208	35,313,020	70,626,040
Income floor on percentiles (current dollars):						
1986	N/A	147,863	68,362	52,035	33,623	17,909
1987	N/A	145,624	69,222	53,094	34,165	17,959
1988	N/A	161,774	73,451	55,532	35,432	18,534
1989	N/A	169,603	77,542	58,429	36,783	19,152
1990	N/A	174,813	80,400	60,623	38,026	19,947
1991	N/A	180,268	83,300	62,413	38,913	20,302
1992	N/A	197,031	87,370	65,283	40,423	21,041
1993	N/A	199,698	88,992	66,685	41,013	21,390
1994	N/A	210,742	93,186	69,118	42,480	22,000
1995	N/A	224,523	98,420	72,210	43,860	22,575
1996	N/A	246,268	103,489	75,574	45,508	23,378
1997	N/A	268,889	110,949	79,598	47,738	24,551
1998	N/A	301,513	120,262	84,904	50,232	25,612
1999	N/A	332,253	126,643	89,172	52,399	26,487
2000	N/A	353,945	134,128	93,715	54,592	27,647
2001	N/A	323,861	131,728	93,633	55,203	28,404
2002	N/A	315,937	132,253	93,833	55,695	28,541
2003	N/A	327,160	134,818	96,021	56,573	28,896
2004	N/A	363,905	142,975	100,957	59,112	29,899
2005	N/A	402,354	152,048	105,958	61,055	30,588
2006	N/A	437,036	162,043	111,560	63,694	31,693
2007	N/A	458,846	168,478	115,564	65,340	32,400

Footnotes at end of table.

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[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(7)	(8)	(9)	(10)	(11)	(12)
Income floor on percentiles (constant dollars) [3]:						
1986	N/A	134,912	62,374	47,477	30,678	16,340
1987	N/A	128,190	60,935	46,738	30,075	15,809
1988	N/A	136,749	62,089	46,942	29,951	15,667
1989	N/A	136,777	62,534	47,120	29,664	15,445
1990	N/A	133,751	61,515	46,383	29,094	15,262
1991	N/A	132,355	61,160	45,825	28,571	14,906
1992	N/A	140,436	62,274	46,531	28,812	14,997
1993	N/A	138,199	61,586	46,149	28,383	14,803
1994	N/A	142,201	62,879	46,638	28,664	14,845
1995	N/A	147,325	64,580	47,382	28,780	14,813
1996	N/A	156,959	65,959	48,167	29,004	14,900
1997	N/A	167,532	69,127	49,594	29,743	15,297
1998	N/A	183,962	73,375	51,802	30,648	15,627
1999	N/A	199,432	76,016	53,525	31,452	15,899
2000	N/A	205,543	77,891	54,422	31,703	16,055
2001	N/A	182,869	74,381	52,870	31,171	16,038
2002	N/A	175,618	73,515	52,158	30,959	15,865
2003	N/A	177,804	73,271	52,185	30,746	15,704
2004	N/A	192,644	75,688	53,445	31,293	15,828
2005	N/A	206,018	77,854	54,254	31,262	15,662
2006	N/A	216,784	80,378	55,337	31,594	15,721
2007	N/A	221,344	81,273	55,747	31,520	15,630
Income (millions of current dollars):						
1986	2,804,691	427,513	796,935	1,097,550	1,732,231	2,368,620
1987	2,856,118	363,880	749,240	1,067,438	1,741,747	2,411,715
1988	3,153,639	484,675	911,170	1,255,108	1,973,061	2,683,524
1989	3,336,571	486,976	947,363	1,317,619	2,085,003	2,838,481
1990	3,497,118	504,687	987,582	1,376,162	2,182,091	2,973,847
1991	3,577,337	478,756	985,590	1,390,924	2,224,979	3,038,428
1992	3,763,002	556,421	1,090,019	1,509,728	2,369,701	3,206,490
1993	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
1994	4,033,642	579,564	1,161,972	1,617,250	2,544,400	3,436,167
1995	4,317,506	653,717	1,284,726	1,772,890	2,754,988	3,692,267
1996	4,670,644	772,868	1,462,979	1,984,931	3,025,107	4,015,461
1997	5,112,706	918,007	1,679,877	2,242,353	3,353,245	4,409,075
1998	5,626,390	1,072,779	1,925,214	2,542,399	3,742,006	4,869,467
1999	6,082,931	1,236,081	2,166,370	2,825,789	4,099,929	5,290,805
2000	6,601,494	1,424,436	2,430,957	3,138,299	4,495,910	5,758,808
2001	6,361,523	1,159,037	2,121,055	2,828,677	4,202,776	5,491,703
2002	6,262,714	1,057,775	2,005,658	2,712,226	4,092,069	5,383,263
2003	6,429,711	1,122,582	2,091,401	2,813,645	4,226,517	5,539,087
2004	7,044,141	1,383,978	2,453,830	3,228,229	4,726,625	6,111,786
2005	7,701,103	1,678,406	2,863,229	3,694,152	5,278,659	6,729,456
2006	8,365,645	1,900,311	3,202,445	4,101,178	5,798,340	7,340,135
2007	9,048,579	2,121,037	3,533,346	4,502,869	6,324,119	7,963,204

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Table 7. Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(13)	(14)	(15)	(16)	(17)	(18)
Total income tax (millions of current dollars) [4]:						
1986	366,763	93,128	155,553	198,862	277,578	342,296
1987	368,924	89,908	158,485	204,050	282,970	346,228
1988	412,549	112,208	186,793	235,121	320,152	388,631
1989	432,643	107,508	188,588	240,229	333,285	407,106
1990	446,906	110,530	192,991	245,856	342,926	420,345
1991	448,177	107,926	192,548	246,745	345,168	423,180
1992	476,067	127,361	216,303	272,361	372,352	451,494
1993	502,638	142,329	235,908	294,238	397,261	477,997
1994	534,693	150,133	250,770	314,909	423,743	508,540
1995	588,292	173,877	284,036	354,427	471,035	560,748
1996	658,059	208,071	331,404	407,726	532,750	628,918
1997	731,123	238,978	376,046	459,674	595,060	699,131
1998	783,437	262,464	413,303	503,577	644,182	749,547
1999	877,199	307,382	479,531	577,903	729,679	841,172
2000	980,459	355,911	546,102	654,155	819,937	941,304
2001	887,770	291,907	466,057	570,430	732,094	851,539
2002	796,763	259,192	420,834	517,937	664,670	767,890
2003	747,800	248,107	400,202	487,657	624,070	720,861
2004	831,815	297,199	467,728	562,092	702,203	803,521
2005	934,524	359,060	549,667	651,220	800,022	904,857
2006	1,023,556	396,274	605,877	717,713	878,565	991,763
2007	1,115,338	437,537	665,659	786,765	961,228	1,081,951
Average tax rate (percentage) [5]:						
1986	13.08	21.78	19.52	18.12	16.02	14.45
1987	12.92	24.71	21.15	19.12	16.25	14.36
1988	13.08	23.15	20.50	18.73	16.23	14.48
1989	12.97	22.08	19.91	18.23	15.98	14.34
1990	12.78	21.90	19.54	17.87	15.72	14.13
1991	12.53	22.54	19.54	17.74	15.51	13.93
1992	12.65	22.89	19.84	18.04	15.71	14.08
1993	13.06	25.69	21.35	19.14	16.40	14.58
1994	13.26	25.90	21.58	19.47	16.65	14.80
1995	13.63	26.60	22.11	19.99	17.10	15.19
1996	14.09	26.92	22.65	20.54	17.61	15.66
1997	14.30	26.03	22.39	20.50	17.75	15.86
1998	13.92	24.47	21.47	19.81	17.21	15.39
1999	14.42	24.87	22.14	20.45	17.80	15.90
2000	14.85	24.99	22.46	20.84	18.24	16.35
2001	13.96	25.19	21.97	20.17	17.42	15.51
2002	12.72	24.50	20.98	19.10	16.24	14.26
2003	11.63	22.10	19.14	17.33	14.77	13.01
2004	11.81	21.47	19.06	17.41	14.86	13.15
2005	12.13	21.39	19.20	17.63	15.16	13.45
2006	12.24	20.85	18.92	17.50	15.15	13.51
2007	12.33	20.63	18.84	17.47	15.20	13.59

Footnotes at end of table.

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[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(19)	(20)	(21)	(22)	(23)	(24)
Income share (percentage):						
1986	100.00	15.24	28.41	39.13	61.76	84.45
1987	100.00	12.74	26.23	37.37	60.98	84.44
1988	100.00	15.37	28.89	39.80	62.56	85.09
1989	100.00	14.60	28.39	39.49	62.49	85.07
1990	100.00	14.43	28.24	39.35	62.40	85.04
1991	100.00	13.38	27.55	38.88	62.20	84.94
1992	100.00	14.79	28.97	40.12	62.97	85.21
1993	100.00	14.39	28.71	39.93	62.93	85.18
1994	100.00	14.37	28.81	40.09	63.08	85.19
1995	100.00	15.14	29.76	41.06	63.81	85.52
1996	100.00	16.55	31.32	42.50	64.77	85.97
1997	100.00	17.96	32.86	43.86	65.59	86.24
1998	100.00	19.07	34.22	45.19	66.51	86.55
1999	100.00	20.32	35.61	46.45	67.40	86.98
2000	100.00	21.58	36.82	47.54	68.10	87.23
2001	100.00	18.22	33.34	44.47	66.07	86.33
2002	100.00	16.89	32.03	43.31	65.34	85.96
2003	100.00	17.46	32.53	43.76	65.73	86.15
2004	100.00	19.65	34.84	45.83	67.10	86.76
2005	100.00	21.79	37.18	47.97	68.54	87.38
2006	100.00	22.72	38.28	49.02	69.31	87.74
2007	100.00	23.44	39.05	49.76	69.89	88.01
Total income tax share (percentage):						
1986	100.00	25.39	42.41	54.22	75.68	93.33
1987	100.00	24.37	42.96	55.31	76.70	93.85
1988	100.00	27.20	45.28	56.99	77.60	94.20
1989	100.00	24.85	43.59	55.53	77.03	94.10
1990	100.00	24.73	43.18	55.01	76.73	94.06
1991	100.00	24.08	42.96	55.06	77.02	94.42
1992	100.00	26.75	45.44	57.21	78.21	94.84
1993	100.00	28.32	46.93	58.54	79.04	95.10
1994	100.00	28.08	46.90	58.90	79.25	95.11
1995	100.00	29.56	48.28	60.25	80.07	95.32
1996	100.00	31.62	50.36	61.96	80.96	95.57
1997	100.00	32.69	51.43	62.87	81.39	95.62
1998	100.00	33.50	52.76	64.28	82.23	95.67
1999	100.00	35.04	54.67	65.88	83.18	95.89
2000	100.00	36.30	55.70	66.72	83.63	96.01
2001	100.00	32.88	52.50	64.25	82.46	95.92
2002	100.00	32.53	52.82	65.01	83.42	96.38
2003	100.00	33.18	53.52	65.21	83.45	96.40
2004	100.00	35.73	56.23	67.57	84.42	96.60
2005	100.00	38.42	58.82	69.68	85.61	96.83
2006	100.00	38.72	59.19	70.12	85.83	96.89
2007	100.00	39.23	59.68	70.54	86.18	97.01

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 7. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2007, there were 5,559 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982=84=100). For 2007 the CPI-U=207.3.

[4] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

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

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Table 8. Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2007

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns [1]:						
1986	101,988,805	50,994,402	76,491,604	91,789,924	96,889,365	100,968,917
1987	106,191,624	53,095,812	79,643,718	95,572,462	100,882,043	105,129,708
1988	108,879,154	54,439,577	81,659,366	97,991,239	103,435,196	107,790,362
1989	111,328,835	55,664,417	83,496,626	100,195,951	105,762,393	110,215,547
1990	112,717,959	56,358,980	84,538,469	101,446,163	107,082,061	111,590,779
1991	113,823,123	56,911,562	85,367,342	102,440,811	108,131,967	112,684,892
1992	112,687,747	56,343,874	84,515,810	101,418,972	107,053,360	111,560,870
1993	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
1994	115,061,112	57,530,556	86,295,834	103,555,001	109,308,056	113,910,501
1995	117,333,779	58,666,890	88,000,334	105,600,401	111,467,090	116,160,441
1996	119,487,813	59,743,907	89,615,860	107,539,032	113,513,422	118,292,935
1997	121,555,156	60,777,578	91,166,367	109,399,640	115,477,398	120,339,604
1998	123,852,016	61,926,008	92,889,012	111,466,814	117,659,415	122,613,496
1999	126,107,596	63,053,798	94,580,697	113,496,836	119,802,216	124,846,520
2000	128,340,271	64,170,135	96,255,203	115,506,243	121,923,257	127,056,868
2001	128,863,007	64,431,504	96,647,255	115,976,706	122,419,857	127,574,377
2002	128,415,184	64,207,592	96,311,388	115,573,666	121,994,425	127,131,032
2003	128,757,145	64,378,573	96,567,859	115,881,431	122,319,288	127,469,574
2004	130,508,966	65,254,483	97,881,725	117,458,069	123,983,518	129,203,876
2005	132,730,734	66,365,367	99,548,051	119,457,661	126,094,197	131,403,427
2006	135,854,749	67,927,375	101,891,062	122,269,274	129,062,012	134,496,202
2007	[2] 141,252,080	70,626,040	105,939,060	127,126,872	134,189,476	139,839,559
Income (millions of current dollars):						
1986	2,804,691	436,071	1,072,460	1,707,142	2,007,756	2,377,178
1987	2,856,118	444,403	1,114,372	1,788,680	2,106,878	2,492,238
1988	3,153,639	470,115	1,180,578	1,898,531	2,242,469	2,668,964
1989	3,336,571	498,089	1,251,567	2,018,952	2,389,207	2,849,595
1990	3,497,118	523,271	1,315,027	2,120,956	2,509,535	2,992,431
1991	3,577,337	538,910	1,352,358	2,186,413	2,591,748	3,098,582
1992	3,763,002	556,512	1,393,300	2,253,273	2,672,983	3,206,581
1993	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
1994	4,033,642	597,475	1,489,242	2,416,392	2,871,670	3,454,078
1995	4,317,506	625,239	1,562,518	2,544,615	3,032,780	3,663,789
1996	4,670,644	655,183	1,645,537	2,685,713	3,207,665	3,897,777
1997	5,112,706	703,631	1,759,461	2,870,353	3,432,828	4,194,699
1998	5,626,390	756,923	1,884,384	3,083,991	3,701,176	4,553,611
1999	6,082,931	792,125	1,983,002	3,257,142	3,916,561	4,846,850
2000	6,601,494	842,686	2,105,584	3,463,195	4,170,537	5,177,058
2001	6,361,523	869,820	2,158,748	3,532,846	4,240,468	5,202,486
2002	6,262,714	879,451	2,170,646	3,550,488	4,257,056	5,204,939
2003	6,429,711	890,624	2,203,193	3,616,066	4,338,310	5,307,129
2004	7,044,141	932,354	2,317,516	3,815,911	4,590,311	5,660,163
2005	7,701,103	971,647	2,422,444	4,006,951	4,837,875	6,022,698
2006	8,365,645	1,025,509	2,567,304	4,264,467	5,163,200	6,465,334
2007	9,048,579	1,085,375	2,724,460	4,545,709	5,515,232	6,927,542

Footnotes at end of table.

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Table 8. Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(7)	(8)	(9)	(10)	(11)	(12)
Total income tax (millions of current dollars) [3]:						
1986	366,763	24,467	89,186	167,901	211,210	273,635
1987	368,924	22,696	85,954	164,874	210,439	279,016
1988	412,549	23,918	92,397	177,429	225,756	300,341
1989	432,643	25,537	99,358	192,414	244,055	325,135
1990	446,906	26,562	103,980	201,050	253,915	336,376
1991	448,177	24,997	103,009	201,432	255,629	340,251
1992	476,067	24,573	103,715	203,706	259,764	348,706
1993	502,638	24,641	105,377	208,400	266,730	360,309
1994	534,693	26,153	110,950	219,783	283,923	384,560
1995	588,292	27,544	117,257	233,864	304,256	414,415
1996	658,059	29,142	125,310	250,333	326,655	449,988
1997	731,123	31,992	136,063	271,450	355,078	492,146
1998	783,437	33,889	139,249	279,860	370,134	520,973
1999	877,199	36,027	147,520	299,294	397,669	569,817
2000	980,459	39,155	160,521	326,304	434,357	624,548
2001	887,770	36,230	155,676	317,341	421,713	595,863
2002	796,763	28,872	132,093	278,827	375,930	537,571
2003	747,800	26,939	123,731	260,143	347,598	499,694
2004	831,815	28,294	129,610	269,723	364,087	534,616
2005	934,524	29,668	134,499	283,305	384,857	575,464
2006	1,023,556	31,796	144,991	305,843	417,680	627,282
2007	1,115,338	33,387	154,109	328,573	449,679	677,801
Average tax rate (percentage) [4]:						
1986	13.08	5.61	8.32	9.84	10.52	11.51
1987	12.92	5.11	7.71	9.22	9.99	11.20
1988	13.08	5.09	7.83	9.35	10.07	11.25
1989	12.97	5.13	7.94	9.53	10.21	11.41
1990	12.78	5.08	7.91	9.48	10.12	11.24
1991	12.53	4.64	7.62	9.21	9.86	10.98
1992	12.65	4.42	7.44	9.04	9.72	10.87
1993	13.06	4.32	7.38	9.01	9.72	10.93
1994	13.26	4.38	7.45	9.10	9.89	11.13
1995	13.63	4.41	7.50	9.19	10.03	11.31
1996	14.09	4.45	7.62	9.32	10.18	11.54
1997	14.30	4.55	7.73	9.46	10.34	11.73
1998	13.92	4.48	7.39	9.07	10.00	11.44
1999	14.42	4.55	7.44	9.19	10.15	11.76
2000	14.85	4.65	7.62	9.42	10.41	12.06
2001	13.96	4.17	7.21	8.98	9.95	11.45
2002	12.72	3.28	6.09	7.85	8.83	10.33
2003	11.63	3.02	5.62	7.19	8.01	9.42
2004	11.81	3.03	5.59	7.07	7.93	9.45
2005	12.13	3.05	5.55	7.07	7.96	9.55
2006	12.24	3.10	5.65	7.17	8.09	9.70
2007	12.33	3.08	5.66	7.23	8.15	9.78

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2007

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Table 8. Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2007—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(13)	(14)	(15)	(16)	(17)	(18)
Income share (percentage):						
1986	100.00	15.55	38.24	60.87	71.59	84.76
1987	100.00	15.56	39.02	62.63	73.77	87.26
1988	100.00	14.91	37.44	60.20	71.11	84.63
1989	100.00	14.93	37.51	60.51	71.61	85.40
1990	100.00	14.96	37.60	60.65	71.76	85.57
1991	100.00	15.06	37.80	61.12	72.45	86.62
1992	100.00	14.79	37.03	59.88	71.03	85.21
1993	100.00	14.82	37.07	60.07	71.29	85.61
1994	100.00	14.81	36.92	59.91	71.19	85.63
1995	100.00	14.48	36.19	58.94	70.24	84.86
1996	100.00	14.03	35.23	57.50	68.68	83.45
1997	100.00	13.76	34.41	56.14	67.14	82.04
1998	100.00	13.45	33.49	54.81	65.78	80.93
1999	100.00	13.02	32.60	53.55	64.39	79.68
2000	100.00	12.77	31.90	52.46	63.18	78.42
2001	100.00	13.67	33.93	55.53	66.66	81.78
2002	100.00	14.04	34.66	56.69	67.97	83.11
2003	100.00	13.85	34.27	56.24	67.47	82.54
2004	100.00	13.24	32.90	54.17	65.16	80.35
2005	100.00	12.62	31.46	52.03	62.82	78.21
2006	100.00	12.26	30.69	50.98	61.72	77.28
2007	100.00	12.00	30.11	50.24	60.95	76.56
Total income tax share (percentage):						
1986	100.00	6.67	24.32	45.78	57.59	74.61
1987	100.00	6.15	23.30	44.69	57.04	75.63
1988	100.00	5.80	22.40	43.01	54.72	72.80
1989	100.00	5.90	22.97	44.47	56.41	75.15
1990	100.00	5.94	23.27	44.99	56.82	75.27
1991	100.00	5.58	22.98	44.94	57.04	75.92
1992	100.00	5.16	21.79	42.79	54.56	73.25
1993	100.00	4.90	20.96	41.46	53.07	71.68
1994	100.00	4.89	20.75	41.10	53.10	71.92
1995	100.00	4.68	19.93	39.75	51.72	70.44
1996	100.00	4.43	19.04	38.04	49.64	68.38
1997	100.00	4.38	18.61	37.13	48.57	67.31
1998	100.00	4.33	17.77	35.72	47.24	66.50
1999	100.00	4.11	16.82	34.12	45.33	64.96
2000	100.00	3.99	16.37	33.28	44.30	63.70
2001	100.00	4.08	17.54	35.75	47.50	67.12
2002	100.00	3.62	16.58	34.99	47.18	67.47
2003	100.00	3.60	16.55	34.79	46.48	66.82
2004	100.00	3.40	15.58	32.43	43.77	64.27
2005	100.00	3.17	14.39	30.32	41.18	61.58
2006	100.00	3.11	14.17	29.88	40.81	61.28
2007	100.00	2.99	13.82	29.46	40.32	60.77

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 8. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2007, there were 5,559 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[4] The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

Sales of Capital Assets Reported on Individual Tax Returns, 2007

by Janette Wilson and Pearson Liddell

For Tax Year 2007, taxpayers realized \$914.0 billion in net capital gains less losses reported on 283.1 million asset transactions with overall sales of \$5.3 trillion. Passthrough income represented the largest share of net gains less losses, followed by corporate stock. Passthrough gains reflect gains from sales of capital assets by partnerships, S corporations, or fiduciaries that are reported and taxed on individual income tax returns. Passthrough income of \$366.9 billion represented 40.1 percent of all net gains, while \$227.9 billion from sales of corporate stock accounted for 24.9 percent of the total. This represents a major change, as, historically, gains on corporate stock have accounted for the largest share of total net capital gains less losses. A significant share of the passthrough gains, however, likely represents capital gains from the sale of stock and other securities by investment partnerships.

In terms of the number of transactions reported, corporate stock sales of 175.5 million represented 62.0 percent of the total sales reported. Although the net gains realized from passthrough income were the highest gains of all asset types, in terms of number of sales, these transactions only represented 1.9 percent of the total number of transactions.

The last cross-section data available for comparison is from the Tax Year 1999 Sales of Capital Assets (SOCA) study.¹ Figure A shows that, in contrast to Tax Year 1999, where, in terms of net gains realized, corporate stock income was highest followed by passthrough income, for Tax Year 2007, the reverse was true. In 1999, corporate stock net gains of \$225.1 billion represented 42.4 percent of the total net gain amount, and passthrough income of \$134.0 billion comprised 25.3 percent of the total. In both tax years, capital gain distributions from mutual funds were third highest in terms of percentage of total net gains less losses. In Tax Year 1999, this category represented 11.5 percent of all gains, or \$61.0 billion, and, in Tax Year 2007, these gains dropped as a percentage of all gains to 9.4 percent, even though the total gains from these increased to \$86.0 billion.

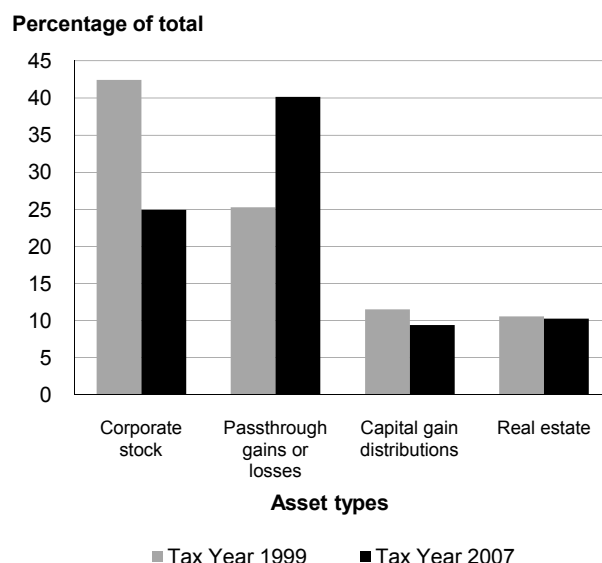
Janette Wilson and Pearson Liddell are economists with the Individual Research Section. This article was prepared under the direction of Michael Strudler, Chief.

Tables 1 through 4 present detailed data on sales of capital assets for Tax Year 2007. Tables 1 and 2 show aggregated data from transactions reported on the following tax forms: Schedule D (Capital Gains and Losses and Reconciliation of Forms 1099B); Form 4797 (Gains and Losses from Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions); Form 6252 (Installment Sales); Form 8824 (Like-Kind Exchanges); Form 4684 (Casualties and Thefts); Form 2439 (Undistributed Long-Term Capital Gains); and Form 6781 (Gains and Losses from Section 1256 Contracts and Straddles). Capital gains and losses reported on other forms and carried to Schedule D were also included. Tables 3 and 4 present data on months of sale and holding periods.

Table 1 shows the distribution of gain, loss, and no gain or loss realized on transactions, by asset type and length of time held (short-term or long-term). Capital gain distributions and passthrough income from partnerships, S corporations, and estates and trusts were counted as one transaction even though

Figure A

Percentage of Total Net Gains Less Losses for Selected Asset Types from Sales of Capital Assets, Tax Years 1999 and 2007



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the gain or loss may have been from more than one entity and reflected many transactions at the entity level.

Figure B presents net capital gains less losses for select asset types. As stated above, the most gains were (\$366.9 billion) from passthrough entities, followed by \$227.9 billion from corporate stock sales. Capital gain distributions from mutual funds were \$86.0 billion. Other assets types with a significant amount of net gain were partnerships and residential rental property, with \$49.1 billion and \$37.3 billion in gains, respectively. Details from Table 1c show that most of the gains reported for these transaction types were from long-term sales.

Detailed data from Table 1 for these transactions show that long-term corporate stock gains of \$223.3 billion (Table 1c) represented 98.0 percent of the total short and long-term gains from stock sales (Table 1a). Long-term passthrough income of \$338.8 comprised 92.4 percent of the total amount. Even though the bulk of income from the sales of stocks was for long-term transactions, in terms of the number of transactions, long-term corporate stock sales of 72.6 million represented just 41.4 percent of the total number. However, for long-term passthrough

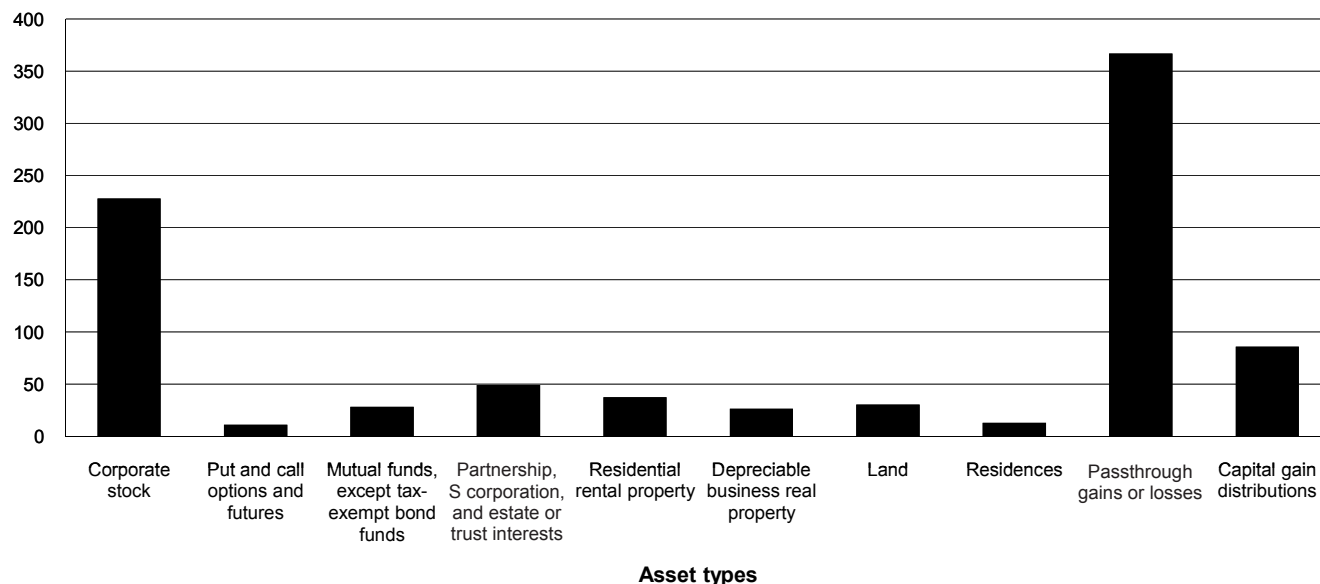
income, transactions of 4.1 million represented most (76.6 percent) of the total number of all passthrough income sales. Long-term net gains represented 99.6 percent of all partnership gains and 97.1 percent of residential rental net gains. Table 1b shows that, for short-term capital asset sales, passthrough income represented 68.3 percent, or \$28.1 billion, of all short-term gains realized (\$41.1 billion). Net gains from sales of futures contracts of \$8.2 billion represented the second highest amount, followed by corporate stock net gains of \$4.6 billion. In terms of numbers of sales and sales price, corporate stock sales of 102.9 million having \$1.9 trillion in sales price represented the highest, followed by 19.7 million mutual fund sales having \$312.4 billion in sales price. Although the amount of net gains from futures contracts was significant, only 0.7 million futures contract sales were reported, having a sales price of \$38.9 billion.

Details from Table 1b show that corporate stock sales comprise the majority of both total sales price and basis, with \$48.8 billion in short-term stock gains largely offset by \$44.2 billion in losses. For long-term transactions shown in Table 1c, passthrough income was the highest in terms of net

Figure B

Net Gains Less Losses from Sales of Capital Assets for Selected Asset Types, Tax Year 2007

Billions of dollars



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gains, having \$338.8 billion, followed by corporate stock net gains of \$223.3 billion. Third highest net gains for long-term transactions were capital gain distributions at \$86.0 billion followed by partnership gains of \$49.0 billion.

Although passthrough income represented the highest amount of long-term net gains, the number of passthrough income transactions of 4.1 million was only approximately 3.0 percent of the total 136.2 million transactions. Corporate stock sales of 72.6 million represented 53.3 percent of the total. Taxpayers reporting these transactions also reported the most (\$705.4 billion) in sales price amount, which was 36.1 percent of the total amount of almost \$2.0 trillion.

The overall average capital gains realized on all transactions was \$3,228. Passthrough transactions had the highest average gain amount for both short-term and long-term sales, having an overall average of \$69,319, with \$22,703 for short-term transactions and \$83,523 for long-term. The overall average capital gains for corporate stock sales was \$1,298, with long-term sales having an average of \$3,076. For Tax Year 1999, the overall average net gain amount was \$2,909. Passthrough income transactions reported the highest overall average amount, but, in contrast to \$69,319 in Tax Year 2007, the average was \$29,355 in 1999.

Table 2 shows the distribution of short-term and long-term gains and losses by adjusted gross income (AGI) group for selected asset types. For all asset types, 10.8 million taxpayers reported short-term gains or losses, and 24.9 million taxpayers reported long-term gains or losses. For Tax Year 1999, these numbers were 11.1 million and 25.6 million, respectively.

The most returns with short-term gains or losses were filed by those taxpayers in the \$50,000 under \$100,000 AGI group. This group filed 2.8 million tax returns, or 26.0 percent of the total. Although these taxpayers filed the most tax returns with short-term capital gains and losses and reported \$9.5 billion in short-term gains, the taxpayers in the \$1,000,000 or more AGI group reported the most short-term gains of \$72.0 billion. This represented 52.7 percent of the total short-term net gains of \$136.5 billion.

Overall, \$41.1 billion short-term capital gains less losses were realized by taxpayers filing tax returns with short-term transactions. As Figure C

shows, those taxpayers in any group with AGI less than \$100,000 realized net losses. It also shows that taxpayers in the highest AGI group realized almost all (\$39.1 billion or 95.2 percent) of the total net short-term gain amount reported for Tax Year 2007.

For returns with long-term gains or losses (shown in Figure D and Table 2a), the largest number of returns were filed by taxpayers with AGI of \$50,000 to \$100,000. These taxpayers filed 7.1 million tax returns, which accounted for 28.4 percent of all returns filed with long-term gains or losses. The largest amount of gains were reported on returns filed by those taxpayers in the over \$1,000,000 AGI group. Of the total \$970.4 billion long-term net gains reported, \$565.8 billion (58.3 percent) of this were reported by these taxpayers. Those taxpayers in the over \$1,000,000 AGI group realized \$545.2 billion, or 62.5 percent of the total long-term net gains realized of \$873.0 billion. Taxpayers in the \$200,000 under \$500,000 reported \$102.9 billion capital gains less losses, or 11.8 percent of the total net gains.

More taxpayers reported sales of corporate stock than any other asset category in both Tax Years 1999 and 2007. For Tax Year 2007, taxpayers reported short-term gains or losses of corporate stock sales on 6.4 million tax returns and long-term gains or losses on 9.7 million returns. For 1999, short-term stock sales were reported on 7.1 million returns and long-term sales on 8.8 million returns.

Taxpayers in Tax Year 2007 reported 102.9 million short-term stock sale transactions and 72.6 million long-term transactions. (In Tax Year 1999, 72.7 million short-term and 32.8 million long-term transactions were reported). This illustrates a decided increase in trading, especially in the number of long-term sales.

For short-term stock transactions, the majority of net gains (\$2.7 billion) were realized by those taxpayers in the \$1,000,000 or more AGI group. This group also reported the most long-term net gains from corporate stock sales, having gains of \$144.7 billion, or 64.8 percent of the total net gain amount.

Those taxpayers in the highest AGI group consistently reported the most net gains for all asset categories. However, returns filed by this group having short-term transactions did not always follow this pattern. For example, Table 2d shows that, for real estate transactions, these taxpayers reported \$0.5 billion, or 20.2 percent of the total short-term net gain amount realized of \$2.3 billion. However, slightly

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Figure C

Short-Term Capital Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Year 2007

Billions of dollars

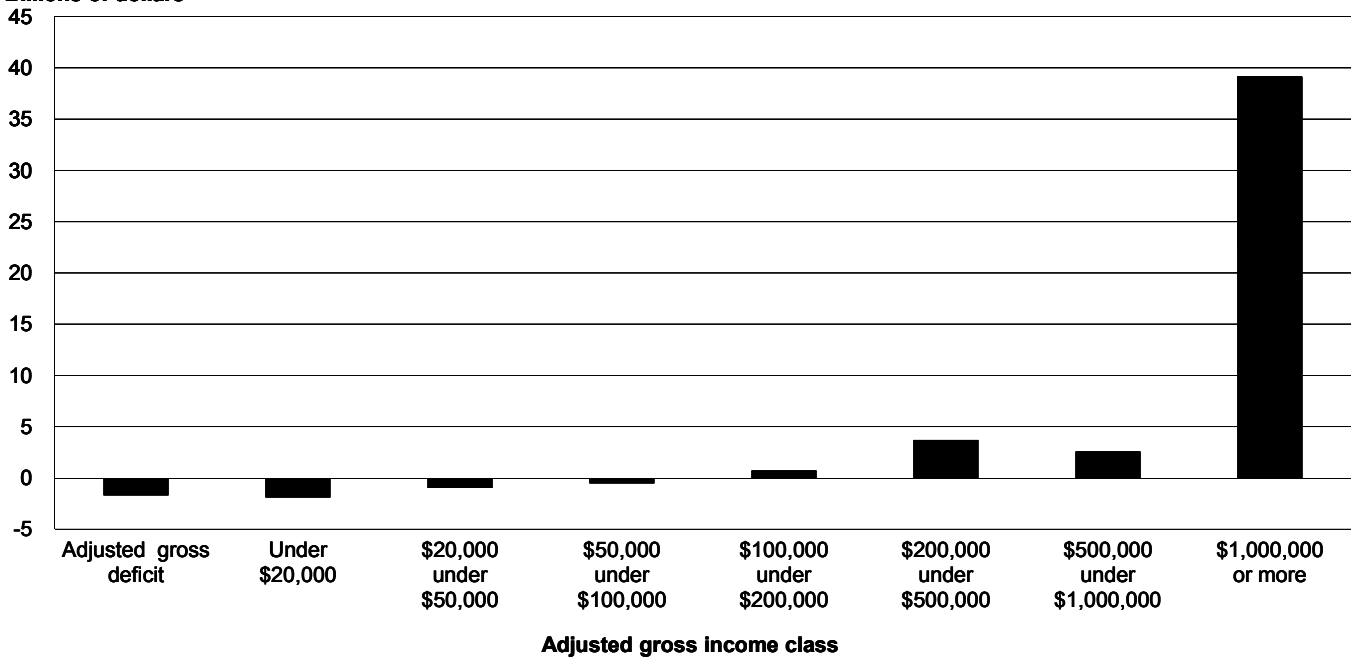
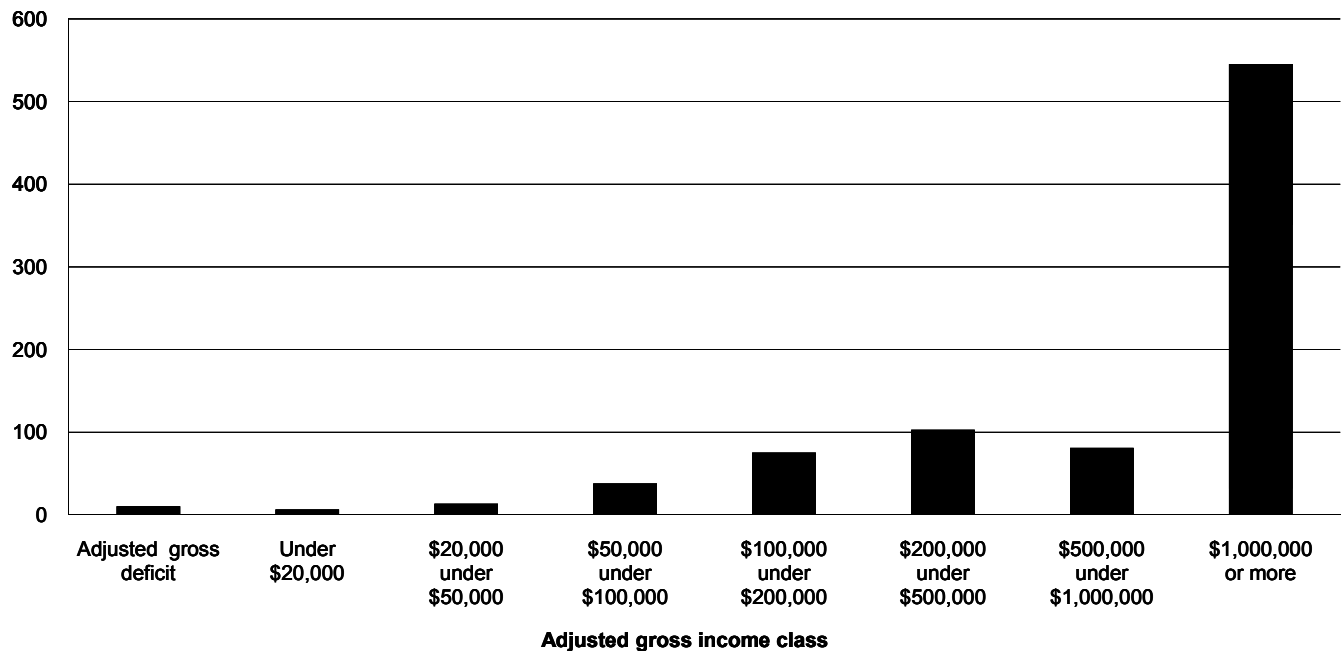


Figure D

Long-Term Capital Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Year 2007

Billions of dollars



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more (23.5 percent) was reported by those taxpayers in the \$50,000 under \$100,000 group.

Figures E and F show that, for Tax Years 1999 and 2007, the number of transactions per return increased with income (with the exception of taxpayers with a negative gross income). For Tax Year 2007, an overall average of 13.5 short-term transactions was reported on returns with short-term sales, and 5.5 long-term transactions on those returns with long-term sales. Taxpayers in the highest income group with AGI of one million or more reported an average of 69.5 short-term transactions per return and an average of 40.9 long-term transaction on returns with long-term sales. The average numbers of transactions in this income class increased over the 40.6 and 18.3 average transactions per return, respectively, reported for Tax Year 1999.

The average number of corporate stock sale transactions per return was higher than for other as-

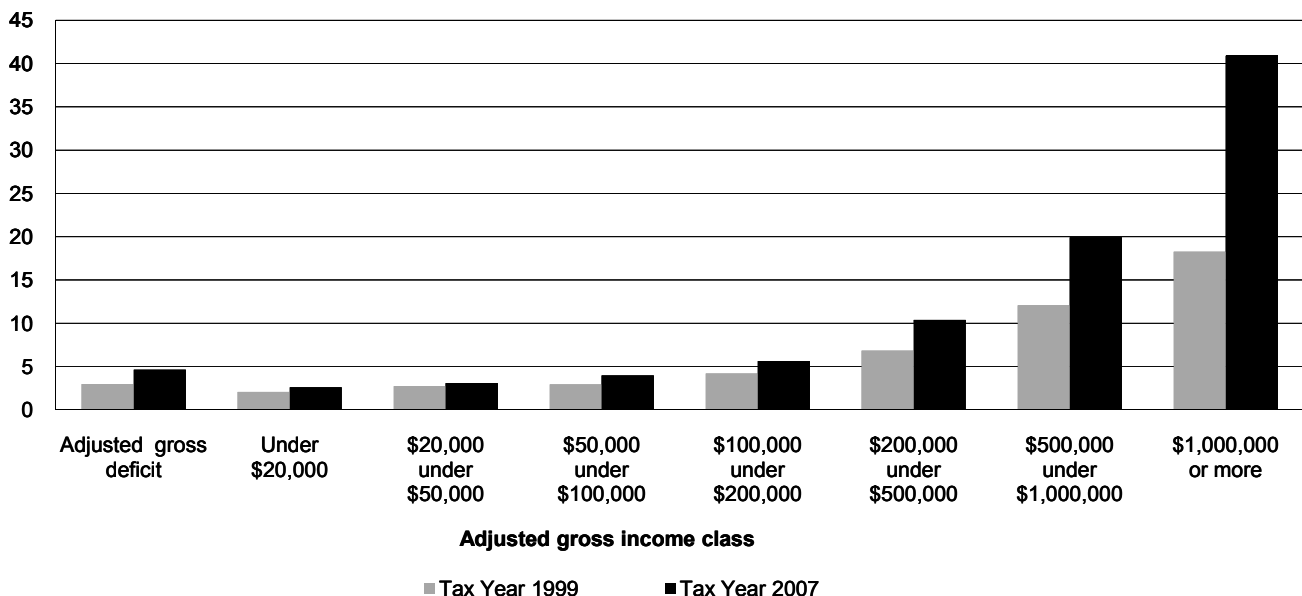
set types. On average, 16.1 short-term stock transactions were reported per return with stock sales, and 7.5 for long-term. Taxpayers having AGI over \$1,000,000 reported 77.3 short-term stock transactions per return and 51.5 long-term per return with stock sales. For Tax Year 1999, for these taxpayers, the averages were 42.3 and 16.9, respectively.

Figure G and H show capital losses by month of sale for short and long-term transactions for Tax Years 1999 and 2007. Taxpayers realized significantly higher losses in December than any other month. Details in Table 3 show that 5.8 million short-term loss transactions were reported in the month of December, realizing losses of \$11.2 billion, or 20.2 percent of the total amount (when calculating percentages, transactions with undeterminable dates were omitted). November was the next highest month, with 14.3 percent of the total, having 5.6 million transactions and \$7.9 billion in losses.

Figure E

Average Number of Long-Term Transactions Per Return from Sales of Capital Assets, by Size of Adjusted Gross Income Class, Tax Years 1999 and 2007

Average number of transactions



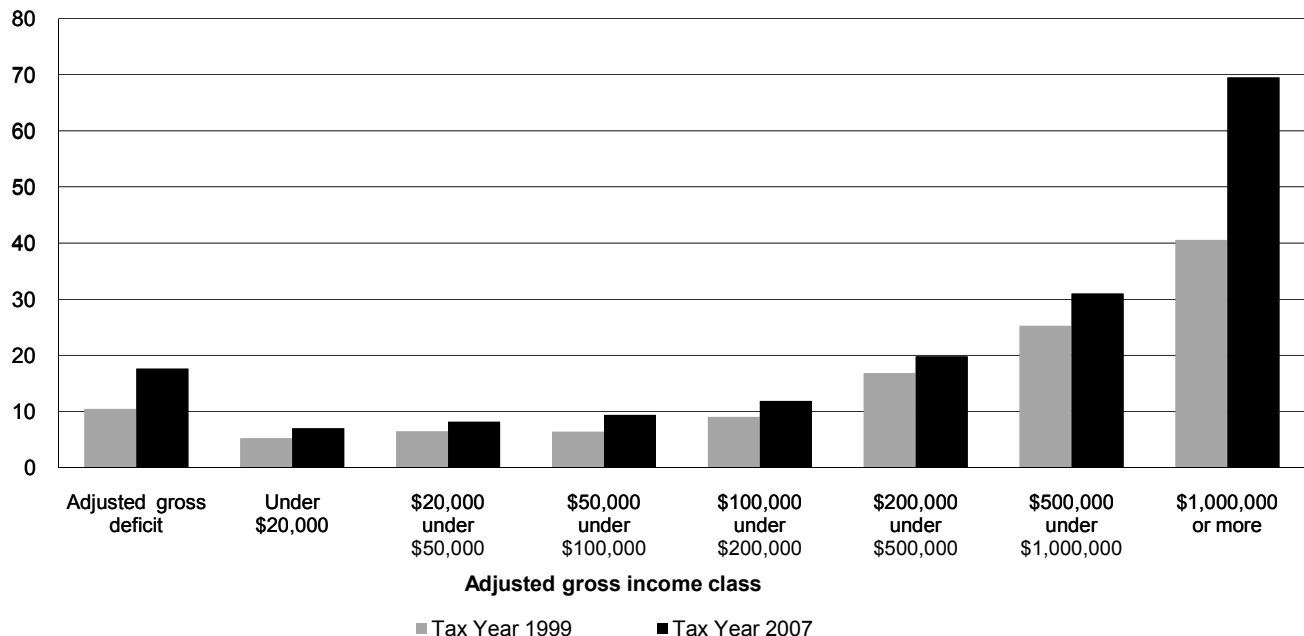
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Figure F

Average Number of Short-Term Transactions Per Return from Sales of Capital Assets, by Size of Adjusted Gross Income Class, Tax Years 1999 and 2007

Average number of transactions



For long-term transactions, losses realized in December were \$20.7 billion, or 27.8 percent of the total reported on 5.0 million transactions. Again, the next highest month for sales reported was November. Table 3b shows the month of sale for corporate stock transactions. Short-term losses of \$7.2 billion were reported in December, or 21.6 percent of the total loss amount. Long-term corporate stock losses in December were even higher, representing 29.1 percent of the total loss.

A comparison with Tax Year 1999 data shows that short-term December losses were 22.1 percent of all losses. In addition, December losses realized for corporate stock were a higher percentage of the total losses than Tax Year 2007 at 34.0 percent.

Table 4 shows the distribution of transactions by holding period for selected asset types. For short-term sales, capital assets held less than 1 month were the largest category for both those transactions realizing a net gain and those reporting a loss. The number of short-term gain sales held under 1 month was 21.5 million, or 32.5 percent of the total number of trans-

actions (when undeterminable dates are not included in the total). Sales of these transactions realized \$19.0 billion in gains (31.7 percent of the total gain amount). For short-term loss transactions, a similar pattern is evident, with 31.1 percent (13.6 million transactions) held under 1 month, reporting losses of \$14.3 billion, or 25.9 percent of the total.

For long-term sales, most sales are held less than 18 months. For long-term net gain sales, 32.3 million transactions were reported (39.1 percent of the total, not including sales where the period could not be determined), with realizations of \$167.8 billion, representing 35.9 percent of the total net gain amount. Long-term loss transactions held less than 18 months accounted for 38.4 percent of the number of transactions and 36.2 percent of the loss amount (11.2 million and \$26.9 billion, respectively).

Corporate stock sales reported in Table 4b show a similar pattern for both short-term and long-term sales. For gain transactions, 34.0 percent, or 16.6 million sales, realized 33.0 percent (\$12.1 billion) of total net capital gains. Those long-term sales held

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Figure G

Months of Sale for Capital Asset Losses, Tax Year 1999

Loss amount (billions of dollars)

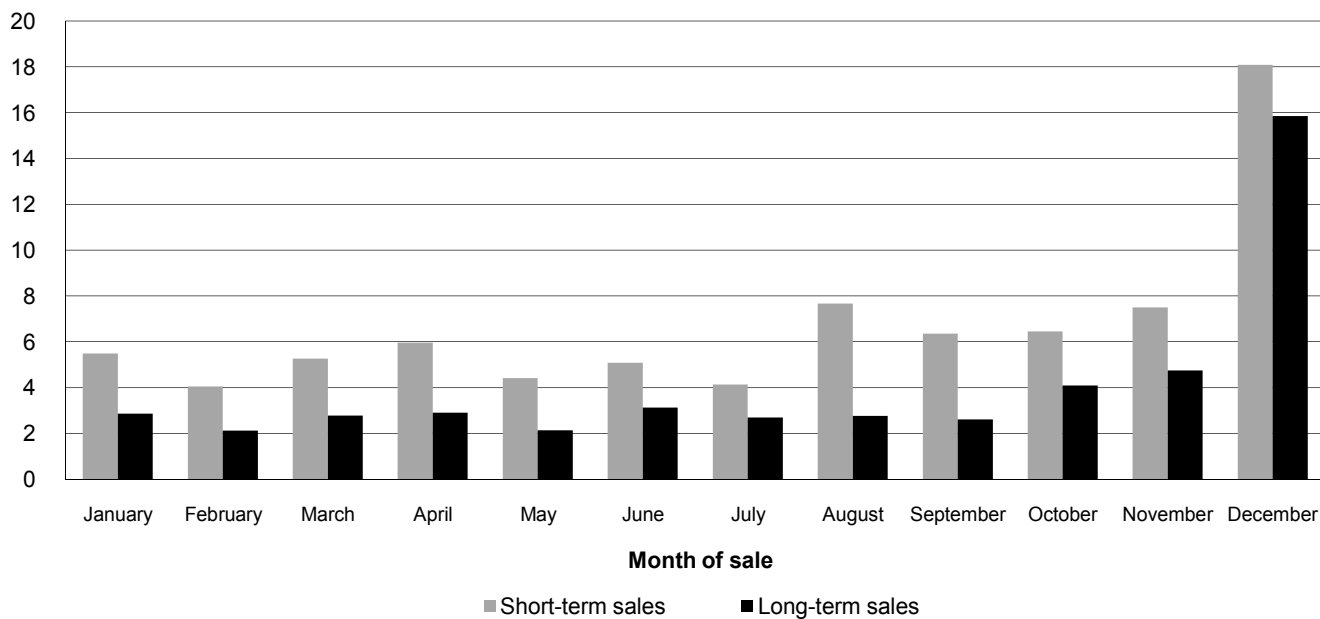
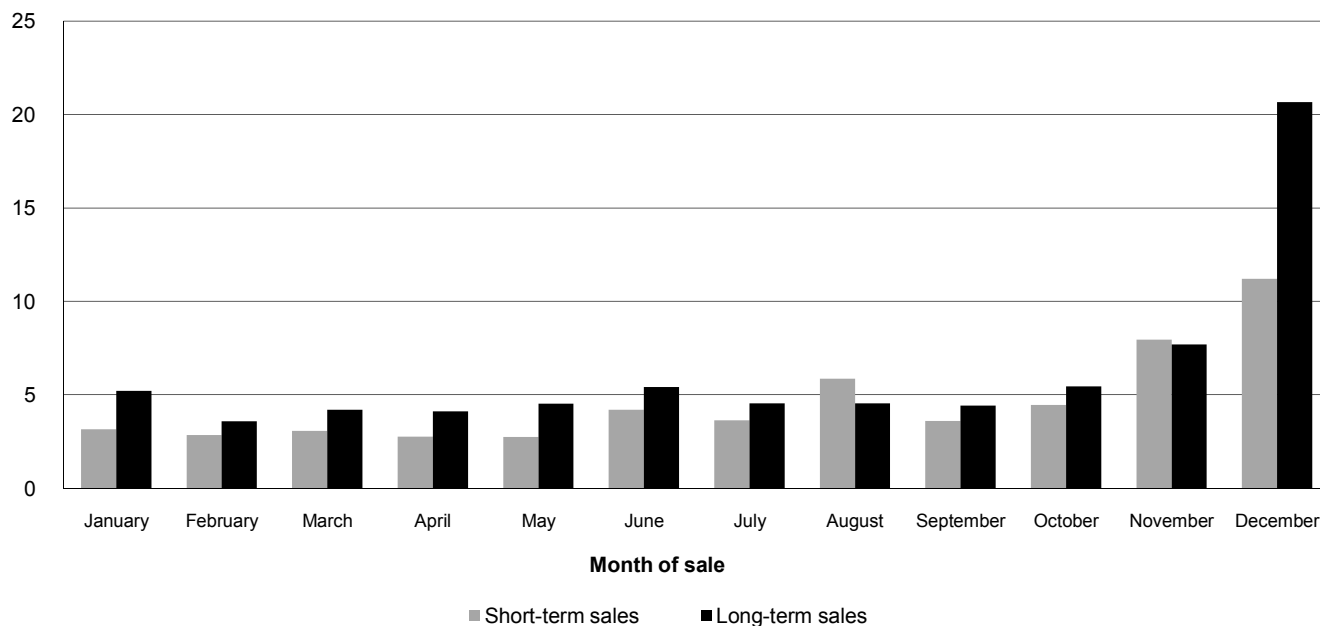


Figure H

Months of Sale for Capital Asset Losses, Tax Year 2007

Loss amount (billions of dollars)



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under 18 months represented 37.3 percent of all sales and 37.6 percent of the total gain amount (19.3 million transactions reporting \$89.7 billion gains).

Explanation of Selected Terms

Categories of Assets:

Corporate stock—Includes shares of publicly traded and closely held common and preferred stock, stock rights, and stock warrants. In addition, short sales of corporate stock were included.

U.S. Government obligations—Includes bonds, notes, bills, and other certificates of indebtedness issued by, backed, or guaranteed by the U.S. Government or Federal agencies.

State and local government obligations—Includes bonds, notes, bills and other certificates of indebtedness issued by, backed, or guaranteed by States, cities, or local governments.

Other bonds, notes, and debentures—Includes bonds and other debt obligations issued by corporations and all other types of debt obligations.

Put and call options—A call gives the holder the right to buy the underlying asset by a certain date for a certain price. A put option gives the right to sell an asset by a certain date for a certain price. This category includes put and call options, straddles, and futures contracts on corporate stock.

Futures contracts—Includes futures contracts on commodities, foreign currency, interest rates, stock price indexes, and other financial derivatives and instruments.

Tax-exempt bond mutual funds—Includes sale of shares of mutual funds and investment trusts invested in bonds and other debt instruments of state and local governments.

Partnerships, S corporations, and estates and trusts—Includes sales of partnership interests and S corporations. S corporations allocate earnings to shareholders and are taxed at the individual shareholder level.

Mutual funds, except tax-exempt bond funds—Includes sales of shares of mutual funds and real estate investment trusts.

Livestock—Includes cattle and other animals held for work, breeding, and bearing fur, and depreciable animals.

Timber—Includes cut or standing timber, and timber sales that qualify for 1231 (treatment).

Involuntary conversions—Includes involuntary conversions resulting from destruction, theft, condemnation, or eminent domain.

Residential rental property—Includes apartments, duplexes, motels, nursing homes, and similar residential properties.

Depreciable business personal property—Includes property used in business, such as equipment, machinery, and vehicles.

Depreciable business real property—Includes office buildings, shopping malls, factory buildings, warehouses, and similar real property.

Farmland—Includes farm and ranch land, farms, and ranches.

Other land—Includes undeveloped land other than farmland.

Residences—Principal residences and secondary homes.

Other assets—Includes other assets not included in the above categories, such as collectibles, bad debts, and copyrights.

Unidentifiable—Includes assets where the description is unreadable, unidentifiable, or not present.

Passthrough gains and losses—Includes capital gains on assets sold by partnerships, S corporations, and estates and trusts, and distributed to be taxed at the individual partner, shareholder, and beneficiary level.

Capital gain distributions—Distributions by mutual funds to shareholders of capital gains from sales of assets by mutual funds.

Other Terms:

Basis—The original cost of the investment adjusted by adding the cost of expenses of the sale or any improvement costs. In addition, depreciation, amortization and depletion deductions are subtracted.

Sales price—The gross selling price of the asset, including the cash or fair market value of other property received.

Capital asset—Property owned and used for investment, personal, or pleasure uses.

Gain (or loss)—The difference between the sales price and the cost or other basis, less any depreciation.

Net gain/loss—Net capital gains less capital losses.

Short-term—The holding period for short-term capital gains and losses is 1 year or less.

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Long-term—The holding period for long-term capital gains and losses is more than 1 year.

Data Source and Limitations

The Sales of Capital Assets Study is a subsample of the Individual Statistics of Income sample. Records were selected for the sample and subsample either if they possessed certain combinations of the four ending digits of the Social Security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN were less than or equal to the stratum sample or subsampling rate times 100,000. The Tax Year 2007 estimates for the Sale of Capital Assets Study are based on a subsample of 266,841 returns randomly

selected from an original sample of 336,226 returns and a final population of 153,832,380 returns.² The original sample was used to produce the estimates in previously published SOI reports for Tax Year 2007, such as *Statistics of Income—Individual Income Tax Returns 2007*—Publication 1304.

Since the data represented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data, the magnitude of the potential sampling error must be known. Coefficients of variation (CVs) are used to measure that magnitude. The reliability of estimates based on samples, and the coefficient of variation for evaluating the precision of estimates based on samples, are discussed in the Appendix to this issue of the *Bulletin*.

² Liu, Yan; Michael Strudler; Jana Scali; and Janette Wilson (2008), "Statistics of Income Sales of Capital Assets Sample Redesign for Tax Year 2007," Proceedings of the American Statistical Association, Survey Research Method Section.

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Table 1a. Short-Term and Long-Term Capital Gains and Losses, by Asset Type

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

Transactions by asset type	All transactions				Gain transactions
	Number	Sales price	Basis	Net gain/loss	Number
	(1)	(2)	(3)	(4)	(5)
Total	283,135	5,335,639,612	4,809,313,963	914,042,040	170,829
Corporate stock	175,535	2,577,754,682	2,348,636,262	227,899,475	106,901
U.S. Government obligations	2,467	140,961,917	140,973,070	211,005	641
State and local government obligations	2,985	240,489,690	239,713,731	784,132	759
Other bonds, notes, and debentures	1,792	115,317,165	115,545,986	-238,117	436
Put and call options	6,672	60,391,858	57,931,358	2,674,767	3,632
Futures contracts	733	47,044,022	38,772,247	8,381,409	399
Mutual funds, except tax-exempt bond funds	44,852	538,678,122	512,336,390	28,129,389	28,208
Tax-exempt bond mutual funds	3,621	65,716,313	66,334,384	-691,750	702
Partnership, S corporation, and estate or trust interests	4,835	134,611,252	86,074,031	49,145,134	2,651
Livestock	719	4,850,612	1,707,740	2,411,515	399
Timber	94	2,415,536	1,017,972	1,366,931	80
Involuntary conversions	297	911,105	215,691	256,902	28
Residential rental property	1,304	205,378,641	156,244,067	37,311,783	920
Depreciable business personal property	2,118	19,335,473	12,277,004	2,297,692	313
Depreciable business real property	537	84,580,777	51,467,931	26,357,298	397
Farmland	84	9,663,260	4,511,049	4,584,038	71
Other land	682	64,626,573	35,461,282	25,682,168	537
Residences	399	142,954,190	100,875,084	12,832,996	139
Other assets	11,703	759,163,728	725,663,483	25,724,929	3,889
Unidentifiable	711	120,794,696	113,555,201	5,981,865	407
Passthrough gains or losses	5,293	N/A	N/A	366,909,407	3,620
Capital gain distributions	15,702	N/A	N/A	86,029,074	15,702

Transactions by asset type	Gain transactions—continued			Loss transactions	
	Sales price	Basis	Gain	Number	Sales price
	(6)	(7)	(8)	(9)	(10)
Total	2,922,300,221	2,262,478,572	1,106,865,343	93,403	1,711,118,471
Corporate stock	1,556,528,928	1,236,404,570	320,121,692	61,891	886,109,561
U.S. Government obligations	53,651,101	53,100,787	695,864	575	18,611,301
State and local government obligations	38,988,067	36,592,957	2,230,513	974	65,547,224
Other bonds, notes, and debentures	15,037,581	13,197,414	1,825,251	637	30,074,883
Put and call options	29,653,571	18,994,628	11,175,605	2,773	24,136,465
Futures contracts	27,092,385	8,031,205	19,276,305	328	7,292,840
Mutual funds, except tax-exempt bond funds	343,575,523	300,463,583	43,612,621	12,668	156,884,771
Tax-exempt bond mutual funds	13,602,420	12,913,220	755,948	2,196	36,407,246
Partnership, S corporation, and estate or trust interests	99,249,216	41,767,460	58,928,225	2,002	28,156,177
Livestock	3,697,192	708,577	2,748,594	130	311,922
Timber	2,187,128	763,467	1,425,844	9	38,937
Involuntary conversions	773,341	211,991	562,436	44	26,467
Residential rental property	137,706,970	90,652,728	42,569,377	220	29,847,357
Depreciable business personal property	8,220,362	3,177,407	3,536,167	369	1,520,633
Depreciable business real property	66,411,895	35,464,060	27,843,783	79	7,974,166
Farmland	8,492,956	3,678,621	4,649,821	9	196,657
Other land	52,855,559	24,493,198	26,813,625	72	4,410,077
Residences	64,447,832	38,947,746	14,861,287	26	2,450,231
Other assets	353,041,898	303,684,290	44,093,416	6,683	341,933,719
Unidentifiable	47,086,295	39,230,663	8,340,659	212	69,187,836
Passthrough gains or losses	N/A	N/A	384,769,237	1,507	N/A
Capital gain distributions	N/A	N/A	86,029,074	N/A	N/A

Footnotes at end of table.

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Table 1a. Short-Term and Long-Term Capital Gains and Losses, by Asset Type—Continued

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

Transactions by asset type	Loss transactions—continued		Transactions with no gain or loss		
	Basis	Loss	Number	Sales price	Basis
	(11)	(12)	(13)	(14)	(15)
Total	1,879,035,765	192,823,303	18,903	702,220,920	667,799,627
Corporate stock	976,157,954	92,222,217	6,743	135,116,193	136,073,738
U.S. Government obligations	19,112,682	484,859	1,251	68,699,515	68,759,600
State and local government obligations	67,081,165	1,446,382	1,252	135,954,398	136,039,610
Other bonds, notes, and debentures	32,112,932	2,063,368	719	70,204,702	70,235,640
Put and call options	31,981,920	8,500,838	267	6,601,822	6,954,809
Futures contracts	18,080,291	10,894,896	6	12,658,797	12,660,750
Mutual funds, except tax-exempt bond funds	172,363,809	15,483,232	3,976	38,217,829	39,508,999
Tax-exempt bond mutual funds	37,777,828	1,447,697	723	15,706,647	15,643,337
Partnership, S corporation, and estate or trust interests	37,619,692	9,783,092	182	7,205,860	6,686,880
Livestock	643,569	337,078	189	841,498	355,593
Timber	97,790	58,914	6	189,472	156,714
Involuntary conversions	-100,954	305,534	225	111,296	104,655
Residential rental property	35,065,483	5,257,595	164	37,824,313	30,525,856
Depreciable business personal property	2,741,494	1,238,476	1,436	9,594,478	6,358,103
Depreciable business real property	9,488,523	1,486,485	61	10,194,715	6,515,348
Farmland	262,442	65,782	5	973,647	569,986
Other land	5,613,150	1,131,457	73	7,360,937	5,354,933
Residences	3,718,292	2,028,291	234	76,056,127	58,209,046
Other assets	358,195,750	18,368,487	1,132	64,188,111	63,783,443
Unidentifiable	71,021,952	2,358,794	93	4,520,565	3,302,586
Passthrough gains or losses	N/A	17,859,829	166	N/A	N/A
Capital gain distributions	N/A	N/A	N/A	N/A	N/A

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

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 1b. Short-Term Capital Gains and Losses, by Asset Type

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

Transactions by asset type	All transactions				Gain transactions
	Number	Sales price	Basis	Net gain/loss	Number
	(1)	(2)	(3)	(4)	(5)
Total	146,937	3,383,523,736	3,363,766,472	41,087,433	75,319
Corporate stock	102,946	1,872,355,765	1,867,434,261	4,609,819	55,751
U.S. Government obligations	1,260	102,934,899	102,983,546	162,108	374
State and local government obligations	599	116,405,075	116,535,821	-116,203	78
Other bonds, notes, and debentures	661	81,111,792	81,506,206	-358,843	167
Put and call options	6,449	53,488,178	51,820,806	1,623,861	3,526
Futures contracts	703	38,849,300	30,808,489	8,159,497	379
Mutual funds, except tax-exempt bond funds	19,683	312,395,371	314,408,307	-204,203	10,362
Tax-exempt bond mutual funds	1,138	28,282,038	28,540,617	-345,370	181
Partnership, S corporation, and estate or trust interests	2,406	32,988,985	32,952,572	192,925	1,011
Livestock	138	699,920	541,374	180,596	74
Timber	12	388,298	381,523	6,775	6
Involuntary conversions	23	36,426	-166,323	-230,365	3
Residential rental property	200	27,451,993	26,128,032	1,063,504	127
Depreciable business personal property	189	2,667,415	2,603,622	90,368	68
Depreciable business real property	57	7,352,457	6,752,996	568,966	37
Farmland	5	288,313	266,615	23,230	4
Other land	54	4,507,777	3,981,902	657,486	32
Residences	19	5,052,152	5,054,736	283,282	8
Other assets	8,842	599,692,161	595,346,962	-3,423,308	2,175
Unidentifiable	317	96,575,420	95,884,406	79,051	165
Passthrough gains or losses	1,236	N/A	N/A	28,064,258	791

Transactions by asset type	Gain transactions—continued			Loss transactions	
	Sales price	Basis	Gain	Number	Sales price
	(6)	(7)	(8)	(9)	(10)
Total	1,602,906,410	1,496,768,737	136,505,225	62,149	1,371,585,534
Corporate stock	998,093,347	949,513,062	48,806,845	42,705	766,966,956
U.S. Government obligations	41,707,777	41,458,146	394,482	223	9,401,596
State and local government obligations	9,420,565	9,189,517	203,013	213	27,426,044
Other bonds, notes, and debentures	6,317,529	5,997,517	321,368	242	20,621,159
Put and call options	26,552,081	17,378,152	9,591,915	2,701	22,065,454
Futures contracts	25,202,089	6,592,330	18,823,794	320	1,210,711
Mutual funds, except tax-exempt bond funds	177,941,757	171,581,149	6,824,484	6,883	102,345,038
Tax-exempt bond mutual funds	4,298,785	4,226,240	77,912	668	13,244,309
Partnership, S corporation, and estate or trust interests	14,729,201	12,269,191	2,628,775	1,309	16,063,889
Livestock	510,529	204,301	313,114	54	129,147
Timber	348,607	326,607	22,000	4	21,456
Involuntary conversions	35,891	6,668	29,223	21	77
Residential rental property	16,932,795	14,827,117	2,132,143	51	7,736,786
Depreciable business personal property	1,348,711	879,457	465,963	66	669,752
Depreciable business real property	4,675,134	3,890,394	766,520	14	1,975,184
Farmland	170,858	130,998	41,391	[1]	5,693
Other land	3,137,488	2,331,605	812,598	10	625,539
Residences	2,153,834	1,790,095	357,956	1	492,275
Other assets	240,130,567	226,427,160	6,976,108	6,114	314,914,878
Unidentifiable	29,198,867	27,749,033	1,167,212	113	65,669,590
Passthrough gains or losses	N/A	N/A	35,748,407	439	N/A

Footnotes at end of table.

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Table 1b. Short-Term Capital Gains and Losses, by Asset Type—Continued

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

Transactions by asset type	Loss transactions—continued		Transactions with no gain or loss		
	Basis	Loss	Number	Sales price	Basis
	(11)	(12)	(13)	(14)	(15)
Total	1,455,027,554	95,417,792	9,469	409,031,791	411,970,181
Corporate stock	809,288,491	44,197,026	4,490	107,295,462	108,632,709
U.S. Government obligations	9,655,176	232,374	663	51,825,526	51,870,223
State and local government obligations	27,783,489	319,216	308	79,558,466	79,562,815
Other bonds, notes, and debentures	21,301,187	680,211	252	54,173,103	54,207,502
Put and call options	29,380,399	7,968,054	223	4,870,642	5,062,255
Futures contracts	11,777,718	10,664,297	5	12,436,501	12,438,441
Mutual funds, except tax-exempt bond funds	109,415,395	7,028,688	2,438	32,108,576	33,411,764
Tax-exempt bond mutual funds	13,572,008	423,282	289	10,738,944	10,742,369
Partnership, S corporation, and estate or trust interests	18,450,828	2,435,850	86	2,195,895	2,232,554
Livestock	261,683	132,518	10	60,244	75,390
Timber	36,682	15,226	2	18,235	18,235
Involuntary conversions	-173,449	259,589	[1]	*458	*458
Residential rental property	8,809,084	1,068,639	22	2,782,412	2,491,831
Depreciable business personal property	1,045,573	375,595	54	648,952	678,592
Depreciable business real property	2,191,159	197,554	6	702,139	671,443
Farmland	23,855	18,162	1	111,762	111,762
Other land	871,299	155,112	13	744,750	778,999
Residences	562,849	74,674	10	2,406,044	2,701,792
Other assets	324,166,474	10,399,416	553	44,646,716	44,753,328
Unidentifiable	66,607,655	1,088,161	39	1,706,963	1,527,718
Passthrough gains or losses	N/A	7,684,148	6	N/A	N/A

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

[1] Less than 500.

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 1c. Long-Term Capital Gains and Losses, by Asset Type

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

Transactions by asset type	All transactions				Gain transactions
	Number	Sales price	Basis	Net gain/loss	Number
	(1)	(2)	(3)	(4)	(5)
Total	136,198	1,952,115,877	1,445,547,492	872,954,607	95,510
Corporate stock	72,589	705,398,917	481,202,001	223,289,657	51,149
U.S. Government obligations	1,206	38,027,018	37,989,524	48,897	267
State and local government obligations	2,385	124,084,615	123,177,910	900,335	680
Other bonds, notes, and debentures	1,131	34,205,373	34,039,780	120,725	269
Put and call options	223	6,903,681	6,110,553	1,050,906	106
Futures contracts	29	8,194,722	7,963,758	221,912	20
Mutual funds, except tax-exempt bond funds	25,169	226,282,751	197,928,083	28,333,592	17,846
Tax-exempt bond mutual funds	2,483	37,434,275	37,793,766	-346,380	521
Partnership, S corporation, and estate or trust interests	2,429	101,622,267	53,121,459	48,952,209	1,640
Livestock	581	4,150,692	1,166,366	2,230,920	325
Timber	83	2,027,238	636,448	1,360,156	74
Involuntary conversions	273	874,678	382,015	487,267	25
Residential rental property	1,104	177,926,648	130,116,035	36,248,279	793
Depreciable business personal property	1,929	16,668,058	9,673,382	2,207,324	244
Depreciable business real property	480	77,228,320	44,714,935	25,788,332	360
Farmland	80	9,374,947	4,244,435	4,560,809	68
Other land	627	60,118,796	31,479,379	25,024,681	505
Residences	380	137,902,038	95,820,348	12,549,713	132
Other assets	2,861	159,471,567	130,316,521	29,148,237	1,714
Unidentifiable	395	24,219,276	17,670,795	5,902,814	241
Passthrough gains or losses	4,057	N/A	N/A	338,845,149	2,830
Capital gain distributions	15,702	N/A	N/A	86,029,074	15,702
Transactions by asset type	Gain transactions—continued			Loss transactions	
	Sales price	Basis	Gain	Number	Sales price
	(6)	(7)	(8)	(9)	(10)
Total	1,319,393,810	765,709,835	970,360,118	31,254	339,532,937
Corporate stock	558,435,581	286,891,509	271,314,848	19,186	119,142,605
U.S. Government obligations	11,943,324	11,642,641	301,382	352	9,209,704
State and local government obligations	29,567,503	27,403,440	2,027,500	761	38,121,181
Other bonds, notes, and debentures	8,720,052	7,199,897	1,503,882	395	9,453,723
Put and call options	3,101,490	1,616,476	1,583,689	73	2,071,010
Futures contracts	1,890,296	1,438,876	452,510	8	6,082,130
Mutual funds, except tax-exempt bond funds	165,633,766	128,882,434	36,788,137	5,785	54,539,733
Tax-exempt bond mutual funds	9,303,635	8,686,980	678,035	1,529	23,162,937
Partnership, S corporation, and estate or trust interests	84,520,014	29,498,269	56,299,450	693	12,092,288
Livestock	3,186,663	504,276	2,435,480	76	182,775
Timber	1,838,521	436,860	1,403,844	5	17,481
Involuntary conversions	737,450	205,323	533,212	23	26,390
Residential rental property	120,774,175	75,825,611	40,437,234	169	22,110,572
Depreciable business personal property	6,871,651	2,297,950	3,070,205	303	850,881
Depreciable business real property	61,736,762	31,573,667	27,077,263	65	5,998,982
Farmland	8,322,098	3,547,623	4,608,429	9	190,964
Other land	49,718,071	22,161,594	26,001,027	63	3,784,538
Residences	62,293,998	37,157,651	14,503,330	25	1,957,956
Other assets	112,911,330	77,257,130	37,117,308	568	27,018,841
Unidentifiable	17,887,429	11,481,629	7,173,447	99	3,518,245
Passthrough gains or losses	N/A	N/A	349,020,830	1,067	N/A
Capital gain distributions	N/A	N/A	86,029,074	N/A	N/A

Footnotes at end of table.

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Table 1c. Long-Term Capital Gains and Losses, by Asset Type—Continued

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

Transactions by asset type	Loss transactions—continued		Transactions with no gain or loss		
	Basis	Loss	Number	Sales price	Basis
	(11)	(12)	(13)	(14)	(15)
Total	424,008,211	97,405,511	9,434	293,189,129	255,829,447
Corporate stock	166,869,463	48,025,191	2,254	27,820,731	27,441,029
U.S. Government obligations	9,457,506	252,484	588	16,873,989	16,889,377
State and local government obligations	39,297,676	1,127,166	944	56,395,931	56,476,795
Other bonds, notes, and debentures	10,811,745	1,383,157	466	16,031,599	16,028,138
Put and call options	2,601,522	532,784	44	1,731,180	1,892,555
Futures contracts	6,302,573	230,599	1	222,296	222,310
Mutual funds, except tax-exempt bond funds	62,948,414	8,454,544	1,538	6,109,252	6,097,235
Tax-exempt bond mutual funds	24,205,819	1,024,415	434	4,967,702	4,900,967
Partnership, S corporation, and estate or trust interests	19,168,865	7,347,242	96	5,009,964	4,454,326
Livestock	381,886	204,561	180	781,254	280,203
Timber	61,109	43,688	4	171,237	138,479
Involuntary conversions	72,495	45,946	225	110,838	104,197
Residential rental property	26,256,399	4,188,955	142	35,041,901	28,034,025
Depreciable business personal property	1,695,921	862,881	1,383	8,945,526	5,679,511
Depreciable business real property	7,297,364	1,288,931	55	9,492,576	5,843,904
Farmland	238,588	47,621	4	861,885	458,224
Other land	4,741,851	976,346	60	6,616,187	4,575,934
Residences	3,155,443	1,953,617	224	73,650,083	55,507,253
Other assets	34,029,276	7,969,071	579	19,541,395	19,030,115
Unidentifiable	4,414,297	1,270,633	54	2,813,602	1,774,868
Passthrough gains or losses	N/A	10,175,681	160	N/A	N/A
Capital gain distributions	N/A	N/A	N/A	N/A	N/A

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

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 2a. Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

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

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions [1]			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All asset types							
All returns:	10,849,740	8,699,515	84,787,974	136,505,225	6,005,012	62,148,577	95,417,792
Adjusted gross deficit	249,847	179,362	2,237,523	3,593,365	162,307	2,159,284	5,281,897
Under \$20,000	1,247,417	997,047	5,252,364	3,029,993	578,177	3,471,654	4,917,931
\$20,000 under \$50,000	1,663,952	1,304,338	7,448,513	4,179,460	824,552	6,068,630	5,143,161
\$50,000 under \$100,000	2,821,228	2,214,190	14,488,284	9,497,739	1,472,637	11,867,341	10,020,889
\$100,000 under \$200,000	2,709,539	2,204,132	20,721,231	14,215,266	1,529,239	11,380,531	13,484,990
\$200,000 under \$500,000	1,462,563	1,198,158	17,086,255	18,850,775	927,973	11,832,497	15,145,935
\$500,000 under \$1,000,000	399,571	340,980	7,023,763	11,153,412	282,141	5,352,144	8,562,651
\$1,000,000 or more	295,625	261,307	10,530,041	71,985,215	227,986	10,016,497	32,860,337
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions [1]			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All asset types							
All returns:	24,858,010	23,255,067	104,943,933	970,360,118	8,125,440	31,254,140	97,405,511
Adjusted gross deficit	528,194	436,873	1,690,231	18,972,684	252,463	758,845	8,561,059
Under \$20,000	3,726,745	3,456,015	7,693,536	11,575,287	937,919	2,003,528	5,002,746
\$20,000 under \$50,000	4,699,306	4,347,045	11,237,180	21,810,598	1,288,116	3,239,219	8,343,462
\$50,000 under \$100,000	7,057,152	6,599,896	21,969,954	53,829,126	2,099,950	6,037,105	15,800,289
\$100,000 under \$200,000	5,591,777	5,287,486	24,298,331	90,296,228	1,948,573	7,180,669	14,986,513
\$200,000 under \$500,000	2,345,069	2,240,970	18,479,646	118,740,762	1,065,368	5,878,693	15,822,518
\$500,000 under \$1,000,000	547,437	531,889	8,360,156	89,306,171	301,518	2,549,793	8,225,432
\$1,000,000 or more	362,331	354,893	11,214,899	565,829,263	231,535	3,606,286	20,663,492

[1] Transactions with no gain or loss are included with gain transactions.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns show both. Detail may not add to totals because of rounding.

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Table 2b. Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

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

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions [1]			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Corporate stock							
All returns:	6,402,266	5,070,714	60,241,032	48,806,845	3,608,776	42,704,594	44,197,026
Adjusted gross deficit	120,303	92,290	1,561,922	1,236,516	80,294	1,590,015	1,941,854
Under \$20,000	621,322	489,014	3,461,431	1,858,495	311,762	2,709,983	2,922,601
\$20,000 under \$50,000	912,060	735,593	4,769,931	2,410,532	442,485	3,637,444	3,027,387
\$50,000 under \$100,000	1,658,459	1,289,346	9,823,836	5,747,939	884,453	6,850,189	5,922,001
\$100,000 under \$200,000	1,707,717	1,350,739	15,171,278	8,150,359	975,874	8,249,725	7,409,992
\$200,000 under \$500,000	941,003	748,502	12,262,207	10,206,257	590,389	9,132,545	7,712,114
\$500,000 under \$1,000,000	255,535	209,035	5,280,328	5,552,283	180,647	4,060,405	4,298,962
\$1,000,000 or more	185,866	156,195	7,910,099	13,644,463	142,871	6,474,288	10,962,116
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions [1]			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Corporate stock							
All returns:	9,638,542	7,893,208	53,402,826	271,314,848	4,583,504	19,186,098	48,025,191
Adjusted gross deficit	173,655	124,675	740,141	2,455,195	103,556	371,583	2,044,194
Under \$20,000	1,063,603	845,314	2,114,600	2,649,206	445,249	940,415	2,214,459
\$20,000 under \$50,000	1,529,364	1,217,851	3,805,508	5,366,007	659,868	1,639,612	3,987,801
\$50,000 under \$100,000	2,664,289	2,142,037	8,508,987	14,628,286	1,212,332	3,292,382	7,931,861
\$100,000 under \$200,000	2,469,576	2,050,431	12,343,244	26,718,442	1,183,625	4,545,618	8,531,566
\$200,000 under \$500,000	1,212,854	1,037,233	11,426,327	37,566,903	663,658	3,908,019	9,010,738
\$500,000 under \$1,000,000	304,058	272,631	5,813,710	27,356,916	176,824	1,759,078	4,421,302
\$1,000,000 or more	221,143	203,037	8,650,308	154,573,893	138,392	2,729,392	9,883,269

[1] Transactions with no gain or loss are included with gain transactions.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns show both. Detail may not add to totals because of rounding.

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Table 2c. Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

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

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions [1]			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bonds and other securities [2]							
All returns:	580,992	458,060	1,842,673	918,864	221,772	677,864	1,231,801
Adjusted gross deficit	12,164	7,027	23,427	30,796	8,588	19,944	43,712
Under \$20,000	45,867	41,868	159,265	4,751	11,754	26,942	5,441
\$20,000 under \$50,000	50,651	40,857	113,385	8,402	13,367	34,426	73,188
\$50,000 under \$100,000	109,797	77,674	307,304	38,008	47,201	141,311	123,040
\$100,000 under \$200,000	137,112	116,283	393,520	85,905	44,338	110,720	129,296
\$200,000 under \$500,000	117,516	88,672	377,293	108,440	48,959	133,307	223,765
\$500,000 under \$1,000,000	47,049	36,255	142,621	81,981	19,671	71,655	56,007
\$1,000,000 or more	60,836	49,424	325,857	560,581	27,893	139,559	577,353
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions [1]			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Bonds and other securities [2]							
All returns:	1,510,975	1,222,285	3,214,402	3,832,765	589,207	1,507,993	2,762,807
Adjusted gross deficit	20,167	15,383	39,721	88,820	9,240	22,987	199,771
Under \$20,000	156,877	126,041	208,998	78,331	48,351	91,160	64,333
\$20,000 under \$50,000	202,817	157,835	352,310	100,434	75,094	149,010	184,844
\$50,000 under \$100,000	372,606	302,661	695,509	273,279	136,896	283,034	706,586
\$100,000 under \$200,000	346,403	277,074	692,856	454,001	136,396	319,985	399,842
\$200,000 under \$500,000	242,782	197,520	569,288	684,365	107,925	319,691	379,904
\$500,000 under \$1,000,000	85,972	72,730	269,883	400,239	35,709	135,601	179,669
\$1,000,000 or more	83,352	73,041	385,838	1,753,295	39,596	186,524	647,858

[1] Transactions with no gain or loss are included with gain transactions.

[2] Bonds and other securities includes U.S. Government obligations, State and local government obligations, and other notes and debentures.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns show both. Detail may not add to totals because of rounding.

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Table 2d. Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

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

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions [1]			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Real estate [2]							
All returns:	229,166	178,621	240,862	3,752,652	63,374	74,483	1,439,466
Adjusted gross deficit	17,509	11,939	13,895	313,918	6,528	9,205	370,028
Under \$20,000	19,806	14,378	17,819	128,206	7,048	8,349	83,172
\$20,000 under \$50,000	44,243	33,850	38,888	312,307	11,668	11,668	140,502
\$50,000 under \$100,000	64,142	55,801	69,044	833,328	13,125	13,948	288,674
\$100,000 under \$200,000	52,811	38,308	62,014	821,427	17,371	20,693	284,829
\$200,000 under \$500,000	20,888	16,658	27,153	596,647	5,215	7,666	115,695
\$500,000 under \$1,000,000	4,836	3,966	6,362	152,249	1,031	1,393	28,654
\$1,000,000 or more	4,930	3,721	5,687	594,571	1,389	1,561	127,912
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions [1]			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Real estate [2]							
All returns:	1,655,202	1,473,419	1,986,376	98,123,954	247,273	304,925	6,501,853
Adjusted gross deficit	75,570	51,252	71,512	3,385,297	31,747	42,855	1,782,670
Under \$20,000	157,744	135,285	156,903	1,412,249	29,502	31,708	548,506
\$20,000 under \$50,000	277,624	239,796	316,235	3,155,971	52,453	68,054	716,507
\$50,000 under \$100,000	434,836	391,132	498,782	8,127,090	55,956	73,472	1,356,151
\$100,000 under \$200,000	400,404	365,301	499,076	16,953,541	48,521	54,667	769,191
\$200,000 under \$500,000	211,109	198,441	293,743	22,425,443	19,240	22,248	637,572
\$500,000 under \$1,000,000	57,951	54,733	90,048	14,676,955	5,316	6,427	237,428
\$1,000,000 or more	39,964	37,478	60,077	27,987,408	4,539	5,494	453,829

[1] Transactions with no gain or loss are included with gain transactions.

[2] Real estate includes residential rental property, depreciable business property, farmland, and other land.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns show both. Detail may not add to totals because of rounding.

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Table 2e. Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

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

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions [1]			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Other asset types [2]							
All returns:	6,185,837	4,740,496	22,463,406	83,026,864	3,262,935	18,691,636	48,549,498
Adjusted gross deficit	153,946	100,098	638,279	2,012,136	95,033	540,119	2,926,303
Under \$20,000	711,518	552,449	1,613,849	1,038,541	308,649	726,380	1,906,717
\$20,000 under \$50,000	896,652	659,683	2,526,309	1,448,220	445,098	2,385,092	1,902,084
\$50,000 under \$100,000	1,498,518	1,115,708	4,288,099	2,878,465	759,833	4,861,893	3,687,174
\$100,000 under \$200,000	1,481,260	1,159,070	5,094,419	5,157,574	768,135	2,999,393	5,660,873
\$200,000 under \$500,000	909,466	712,074	4,419,602	7,939,430	532,322	2,558,979	7,094,362
\$500,000 under \$1,000,000	291,332	235,779	1,594,452	5,366,899	183,579	1,218,692	4,179,029
\$1,000,000 or more	243,145	205,635	2,288,399	57,185,600	170,286	3,401,089	21,192,955
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions [1]			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Other asset types [2]							
All returns:	20,234,136	19,337,316	46,340,329	597,088,552	4,149,434	10,255,124	40,115,660
Adjusted gross deficit	405,819	353,246	838,857	13,043,372	137,205	321,420	4,534,423
Under \$20,000	3,055,905	2,890,655	5,213,036	7,435,501	508,838	940,245	2,175,448
\$20,000 under \$50,000	3,737,361	3,552,401	6,763,127	13,188,185	645,123	1,382,543	3,454,309
\$50,000 under \$100,000	5,668,303	5,437,133	12,266,677	30,800,470	992,876	2,388,217	5,805,691
\$100,000 under \$200,000	4,527,447	4,366,438	10,763,155	46,170,244	945,266	2,260,399	5,285,915
\$200,000 under \$500,000	1,999,372	1,924,276	6,190,287	58,064,051	566,181	1,628,735	5,794,304
\$500,000 under \$1,000,000	497,226	479,638	2,186,515	46,872,061	192,758	648,687	3,387,033
\$1,000,000 or more	342,703	333,528	2,118,676	381,514,666	161,187	684,877	9,678,537

[1] Transactions with no gain or loss are included with gain transactions.

[2] Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; all mutual funds; partnership, S corporation, and estate or trust interests; passthrough gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns show both. Detail may not add to totals because of rounding.

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Table 3a. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

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

Type of transaction, month of sale	All asset types							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	84,788	2,011,938,202	1,908,738,917	136,505,225	62,149	1,371,585,534	1,455,027,554	95,417,792
January	5,965	75,105,790	70,345,139	4,922,882	2,825	37,588,513	40,562,236	3,157,911
February	5,299	63,653,497	59,022,328	4,575,814	2,244	32,553,605	35,418,586	2,852,645
March	4,943	57,714,545	53,907,231	3,902,221	3,126	34,445,658	37,404,084	3,074,214
April	6,222	71,019,442	66,202,768	4,900,114	2,451	30,085,740	32,691,390	2,758,371
May	6,112	66,808,469	61,760,224	5,025,945	2,675	38,762,208	41,284,156	2,743,369
June	5,310	63,862,971	58,886,250	5,257,405	2,887	38,515,749	42,595,480	4,205,769
July	5,716	82,209,815	76,762,106	5,781,025	3,273	37,703,083	41,122,619	3,630,499
August	5,170	74,100,134	69,434,775	4,977,330	5,471	47,157,758	52,836,389	5,861,166
September	4,901	79,486,722	75,784,725	4,119,263	3,311	38,033,027	41,476,389	3,606,399
October	6,883	94,358,411	88,951,269	6,225,102	4,091	44,454,915	48,867,491	4,462,009
November	5,379	93,026,530	88,058,514	5,490,439	5,623	58,050,990	65,865,869	7,943,655
December	4,255	121,338,694	110,406,907	5,455,752	5,828	128,143,141	139,091,439	11,200,394
Not determinable	18,633	1,069,253,181	1,029,216,683	75,871,932	18,343	806,091,146	835,811,426	39,921,389
Long-term transactions								
Total:	104,944	1,612,582,939	1,021,539,281	970,360,118	31,254	339,532,937	424,008,211	97,405,511
January	7,914	121,046,574	70,620,681	43,798,434	2,273	21,055,583	26,210,468	5,204,590
February	5,979	99,056,466	61,985,830	33,941,415	1,726	17,387,990	20,979,731	3,585,806
March	6,345	111,126,715	70,424,123	35,658,421	1,969	17,958,003	22,166,126	4,194,836
April	7,839	113,667,119	71,120,908	37,485,097	1,945	20,065,386	24,177,943	4,110,665
May	7,585	124,681,558	77,026,394	41,917,194	1,838	18,728,663	23,292,581	4,530,018
June	7,420	168,589,629	109,847,055	51,741,748	2,189	33,577,742	38,988,579	5,418,073
July	7,500	122,919,396	73,121,924	41,599,534	2,081	22,826,162	27,371,856	4,548,269
August	6,620	115,846,491	77,259,231	34,072,583	2,502	23,769,916	28,288,077	4,538,439
September	5,785	92,813,519	58,126,495	30,420,419	1,873	19,055,274	23,453,556	4,426,364
October	8,000	108,281,565	65,189,091	41,054,243	2,644	22,855,472	28,316,032	5,440,923
November	6,159	99,830,909	62,278,568	33,842,933	3,111	27,506,132	35,246,086	7,694,940
December	5,578	133,021,931	89,131,846	41,826,831	5,042	50,145,377	70,841,511	20,670,084
Not determinable	22,220	201,701,068	135,407,137	503,001,265	2,060	44,601,239	54,675,666	23,042,506

[1] Transactions with no gain or loss are included with gain transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 3b. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

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

Type of transaction, month of sale	Corporate stock							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	60,241	1,105,388,809	1,058,145,771	48,806,845	42,705	766,966,956	809,288,491	44,197,026
January	4,416	43,165,589	40,458,633	2,845,311	2,137	26,637,543	28,088,813	1,577,728
February	3,880	36,543,918	33,767,159	2,747,469	1,768	23,714,676	25,018,263	1,364,097
March	3,637	31,794,116	29,741,868	2,199,732	2,461	25,391,860	27,093,795	1,839,648
April	4,729	35,551,971	32,716,059	2,942,551	1,972	21,391,459	22,549,163	1,285,048
May	4,751	39,028,294	35,693,749	3,210,850	2,115	28,352,241	29,565,079	1,374,781
June	3,830	37,552,391	34,750,968	2,862,113	2,123	25,674,350	27,692,507	2,149,308
July	4,322	42,977,032	39,747,508	3,479,367	2,439	25,829,821	27,545,446	1,915,056
August	3,827	40,226,050	37,687,510	2,750,036	4,163	31,206,045	34,564,148	3,492,472
September	3,538	45,298,413	42,703,773	2,649,448	2,578	26,716,501	29,023,941	2,436,745
October	5,048	58,162,554	54,042,454	4,267,862	3,272	29,945,788	32,832,714	2,968,398
November	4,006	56,429,026	52,912,696	3,825,924	4,505	42,605,975	48,346,960	5,813,256
December	2,951	62,492,418	59,808,096	2,952,188	4,389	90,738,305	97,811,245	7,222,781
Not determinable	11,306	576,167,037	564,115,297	12,073,992	8,781	368,762,392	379,156,415	10,757,708
Long-term transactions								
Total:	53,403	586,256,312	314,332,537	271,314,848	19,186	119,142,605	166,869,463	48,025,191
January	5,027	44,624,473	22,168,311	22,275,074	1,342	7,244,266	10,232,804	2,990,358
February	3,685	35,167,313	17,856,020	17,341,886	1,063	6,100,326	8,276,306	2,173,064
March	4,037	35,770,842	18,688,309	17,017,326	1,248	6,633,864	9,079,456	2,441,051
April	5,251	38,753,194	20,168,660	18,631,869	1,260	6,983,199	9,536,698	2,551,376
May	4,962	45,632,263	21,998,155	23,620,500	1,203	6,869,547	9,696,685	2,825,080
June	4,399	51,537,072	29,277,923	22,245,930	1,173	7,948,920	10,598,854	2,676,481
July	4,765	41,953,365	20,384,631	21,578,605	1,261	7,453,795	9,756,851	2,285,913
August	4,198	37,161,011	20,087,420	17,077,570	1,557	7,653,176	10,272,376	2,631,108
September	3,641	32,749,704	16,696,525	16,057,333	1,166	6,883,935	9,115,727	2,235,716
October	5,147	46,449,446	22,032,399	24,387,766	1,777	8,158,775	11,473,436	3,309,238
November	3,930	37,364,070	18,811,653	18,257,365	2,262	11,006,112	15,631,486	4,628,093
December	2,866	47,429,584	27,524,816	19,904,832	3,396	19,342,727	31,988,332	12,623,456
Not determinable	1,495	91,663,974	58,637,716	32,918,792	479	16,863,962	21,210,452	4,654,257

[1] Transactions with no gain or loss are included with gain transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 3c. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

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

Type of transaction, month of sale	Bond and other securities [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	1,843	243,002,966	242,285,721	918,864	678	57,448,800	58,739,852	1,231,801
January	128	14,445,750	14,417,458	33,235	44	2,568,543	2,600,849	23,677
February	125	12,726,810	12,679,257	49,135	39	2,746,116	2,760,426	13,665
March	141	11,425,925	11,389,010	46,491	39	2,241,293	2,259,686	18,453
April	145	18,967,061	18,917,931	61,115	52	3,617,990	3,656,788	23,311
May	147	12,717,583	12,689,911	38,147	53	3,183,950	3,227,436	42,822
June	107	10,489,067	10,396,133	102,278	94	4,808,445	5,018,867	211,110
July	119	23,921,431	23,924,680	31,322	46	3,470,161	3,532,519	59,572
August	155	14,155,488	14,111,849	44,236	60	3,413,388	3,530,402	115,114
September	153	15,047,338	14,979,660	54,049	35	2,366,035	2,400,587	36,693
October	150	13,188,391	13,157,688	46,253	39	3,197,330	3,272,210	49,879
November	158	16,338,677	16,295,897	85,035	52	3,122,671	3,209,277	83,536
December	167	17,418,359	17,334,319	107,970	64	4,006,559	4,322,745	316,489
Not determinable	148	62,161,085	61,991,929	219,598	62	18,706,316	18,948,060	237,480
Long-term transactions								
Total:	3,214	139,532,398	135,640,287	3,832,765	1,508	56,784,608	59,566,926	2,762,807
January	251	9,449,393	9,123,638	307,715	141	4,697,045	4,948,456	247,976
February	231	9,545,716	9,249,218	298,188	105	3,910,456	4,077,005	163,399
March	210	8,800,792	8,542,643	245,401	118	3,650,220	4,095,541	450,691
April	242	9,347,381	9,122,763	231,845	131	4,421,402	4,552,461	125,433
May	253	11,222,533	10,998,625	233,126	119	4,306,079	4,475,806	148,582
June	250	11,253,349	10,849,602	403,165	160	7,853,061	8,070,534	217,679
July	289	12,700,887	12,403,360	278,998	122	4,032,799	4,206,276	173,776
August	279	13,280,112	13,028,347	253,176	122	5,083,575	5,251,105	169,152
September	232	9,199,088	8,909,648	268,706	89	3,869,570	3,984,835	126,313
October	259	11,409,882	11,091,312	333,224	99	3,788,081	3,977,922	172,110
November	284	12,341,358	12,035,417	296,017	128	4,719,399	4,956,534	233,399
December	324	14,637,505	14,349,902	310,540	139	5,237,035	5,658,863	437,199
Not determinable	112	6,344,403	5,935,811	372,663	36	1,215,887	1,311,588	97,098

[1] Bonds and other securities includes U.S. Government obligations, State and local government obligations, and other notes and debentures.

[2] Transactions with no gain or loss are included with gain transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 3d. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

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

Type of transaction, month of sale	Real estate [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	241	29,257,338	25,234,148	3,752,652	74	10,343,201	11,895,397	1,439,466
January	22	2,857,096	2,455,407	362,365	8	1,458,571	1,574,409	115,816
February	17	1,924,132	1,688,437	211,229	8	987,928	1,292,642	211,387
March	21	3,228,703	2,768,777	345,554	1	258,982	304,531	29,216
April	22	2,650,465	2,346,278	263,555	7	777,234	841,615	64,381
May	18	1,841,890	1,589,906	251,079	4	1,051,165	1,213,844	162,679
June	12	1,960,903	1,640,889	300,866	4	510,190	588,985	78,877
July	22	2,465,238	2,178,647	306,545	5	651,380	720,359	68,917
August	25	3,071,508	2,688,004	329,200	9	926,334	1,032,269	107,713
September	25	2,531,654	2,179,323	307,356	3	346,837	424,282	77,445
October	16	2,166,672	1,939,260	226,798	3	986,507	1,105,303	118,796
November	14	1,425,026	1,221,633	173,609	5	484,197	567,215	78,023
December	10	1,234,327	1,061,807	173,453	8	1,373,730	1,540,464	166,791
Not determinable	18	1,899,722	1,475,780	501,044	8	530,146	689,478	159,426
Long-term transactions								
Total:	1,986	292,563,655	172,020,583	98,123,954	305	32,085,057	38,534,202	6,501,853
January	194	25,679,001	14,056,957	9,558,049	21	2,493,222	2,917,100	441,758
February	133	21,203,995	12,845,825	7,201,060	19	2,153,074	2,516,109	356,434
March	161	27,628,464	16,896,667	8,790,815	19	1,969,873	2,324,025	338,034
April	171	28,531,775	16,608,649	9,377,777	26	3,022,432	3,426,309	403,876
May	189	26,570,999	15,051,762	9,005,691	29	1,776,082	2,114,771	336,001
June	185	29,230,555	16,909,511	9,658,074	37	3,965,058	4,527,990	540,056
July	179	24,408,416	13,498,021	8,297,577	26	2,928,653	3,489,793	551,985
August	169	27,007,383	17,102,806	7,672,514	27	3,071,716	3,572,333	500,638
September	163	21,771,095	13,291,519	6,859,440	21	2,215,182	2,655,099	441,133
October	130	16,852,740	10,239,032	6,004,551	30	2,979,816	3,596,797	617,091
November	139	18,732,021	10,900,543	6,461,075	20	2,449,623	3,020,964	561,020
December	124	19,598,427	11,781,201	6,845,966	24	2,539,190	3,711,344	1,172,472
Not determinable	48	5,348,784	2,838,091	2,391,366	5	521,137	661,568	241,354

[1] Real estate includes residential rental property, depreciable business property, farmland, and other land.

[2] Transactions with no gain or loss are included with gain transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 3e. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

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

Type of transaction, month of sale	Other asset types [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	22,463	634,289,089	583,073,278	83,026,864	18,692	536,826,577	575,103,815	48,549,498
January	1,400	14,637,354	13,013,642	1,681,971	636	6,923,855	8,298,165	1,440,690
February	1,277	12,458,637	10,887,475	1,567,981	428	5,104,885	6,347,255	1,263,496
March	1,145	11,265,800	10,007,575	1,310,445	624	6,553,522	7,746,071	1,186,898
April	1,326	13,849,944	12,222,499	1,632,893	420	4,299,056	5,643,824	1,385,631
May	1,196	13,220,703	11,786,658	1,525,870	503	6,174,852	7,277,797	1,163,087
June	1,361	13,860,611	12,098,261	1,992,147	666	7,522,763	9,295,121	1,766,475
July	1,253	12,846,113	10,911,271	1,963,791	782	7,751,720	9,324,295	1,586,954
August	1,163	16,647,088	14,947,411	1,853,857	1,238	11,611,991	13,709,569	2,145,866
September	1,185	16,609,317	15,921,969	1,108,411	695	8,603,654	9,627,579	1,055,515
October	1,669	20,840,793	19,811,867	1,684,189	778	10,325,291	11,657,264	1,324,937
November	1,201	18,833,801	17,628,288	1,405,871	1,061	11,838,148	13,742,417	1,968,841
December	1,127	40,193,590	32,202,685	2,222,141	1,368	32,024,547	35,416,986	3,494,333
Not determinable	7,161	429,025,336	401,633,677	63,077,298	9,492	418,092,292	437,017,473	28,766,774
Long-term transactions								
Total:	46,340	594,230,574	399,545,874	597,088,552	10,255	131,520,668	159,037,619	40,115,660
January	2,442	41,293,707	25,271,774	11,657,597	769	6,621,050	8,112,108	1,524,498
February	1,931	33,139,442	22,034,767	9,100,281	539	5,224,133	6,110,311	892,910
March	1,937	38,926,617	26,296,505	9,604,880	585	5,704,047	6,667,103	965,059
April	2,175	37,034,769	25,220,836	9,243,607	528	5,638,353	6,662,475	1,029,980
May	2,180	41,255,763	28,977,852	9,057,877	488	5,776,955	7,005,319	1,220,355
June	2,585	76,568,653	52,810,019	19,434,579	819	13,810,704	15,791,201	1,983,857
July	2,267	43,856,729	26,835,911	11,444,353	673	8,410,915	9,918,936	1,536,595
August	1,975	38,397,986	27,040,658	9,069,323	797	7,961,449	9,192,263	1,237,542
September	1,749	29,093,632	19,228,803	7,234,940	597	6,086,587	7,697,896	1,623,202
October	2,464	33,569,496	21,826,348	10,328,702	738	7,928,800	9,267,877	1,342,483
November	1,807	31,393,461	20,530,955	8,828,476	701	9,330,999	11,637,102	2,272,428
December	2,265	51,356,414	35,475,928	14,765,493	1,482	23,026,424	29,482,971	6,436,956
Not determinable	20,565	98,343,906	67,995,519	467,318,444	1,540	26,000,252	31,492,058	18,049,796

[1] Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; all mutual funds; partnership, S corporation, and estate or trust interests; passthrough gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

[2] Transactions with no gain or loss are included with gain transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 4a. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

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

Type of transaction, length of time held	All asset types							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	84,788	2,011,938,202	1,908,738,918	136,505,225	62,149	1,371,585,534	1,455,027,554	95,417,792
Under 1 month	21,524	456,424,095	439,743,058	19,033,916	13,614	260,558,965	272,927,998	14,301,737
1 month under 2 months	6,516	88,841,773	83,185,803	5,988,697	5,308	47,469,519	56,123,306	8,661,696
2 months under 3 months	4,941	58,739,774	51,711,249	7,171,478	3,986	32,611,899	37,825,706	5,216,770
3 months under 4 months	4,751	51,130,258	47,475,233	3,756,214	3,595	24,584,650	28,395,219	3,822,052
4 months under 5 months	4,028	36,027,923	32,888,603	3,160,648	2,987	21,413,834	24,784,515	3,364,452
5 months under 6 months	3,813	33,570,930	30,644,280	3,097,349	2,642	18,175,480	21,775,083	3,568,028
6 months under 7 months	4,101	49,219,211	46,235,439	3,114,284	2,499	29,949,553	32,884,091	2,889,329
7 months under 8 months	3,584	29,540,336	26,574,320	2,932,729	1,963	19,936,843	22,568,332	2,620,050
8 months under 9 months	3,168	21,999,737	19,613,824	2,405,900	1,831	14,075,597	16,313,202	2,229,801
9 months under 10 months	3,125	24,491,599	21,864,637	2,590,084	1,750	12,567,567	14,760,747	2,188,044
10 months under 11 months	2,831	21,332,866	19,178,813	2,333,436	1,709	19,259,434	21,375,613	2,109,354
11 months under 12 months	2,832	23,360,003	21,176,629	2,244,489	1,446	14,205,041	16,213,962	2,006,583
1 year or more [2]	915	46,661,596	38,395,192	2,267,629	469	50,487,441	52,713,839	2,181,173
Period not determinable	18,659	1,070,598,100	1,030,051,838	76,408,372	18,348	806,289,710	836,365,943	40,258,722
Long-term transactions								
Total:	104,944	1,612,582,939	1,021,539,281	970,360,118	31,254	339,532,937	424,008,211	97,405,511
Under 18 months [3]	32,345	532,456,255	358,721,291	167,786,332	11,207	133,267,265	160,154,778	26,944,544
18 months under 2 years	11,483	101,111,351	80,129,822	20,221,044	4,045	34,950,032	41,354,781	6,415,484
2 years under 3 years	13,649	144,184,616	107,364,968	33,250,811	4,512	43,796,602	52,634,690	8,797,487
3 years under 4 years	7,563	101,132,772	70,795,837	26,383,595	2,350	23,785,435	29,374,051	5,535,904
4 years under 5 years	4,258	72,414,477	47,802,539	20,787,769	1,201	14,545,236	18,085,442	3,532,638
5 years under 10 years	8,569	216,302,474	129,152,031	71,682,249	4,911	34,047,285	51,386,703	17,313,132
10 years under 15 years	2,560	88,902,796	40,426,916	39,721,640	693	5,868,189	8,876,670	3,008,369
15 years under 20 years	963	52,726,175	22,106,436	25,432,735	150	2,290,047	3,905,438	1,615,050
20 years or more	1,334	101,650,955	29,632,305	62,092,677	125	2,381,608	3,559,991	1,200,399
Period not determinable	22,220	201,701,068	135,407,137	503,001,265	2,060	44,601,239	54,675,666	23,042,506

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 4b. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

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

Type of transaction, length of time held	Corporate stocks							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	60,241	1,105,388,809	1,058,145,771	48,806,845	42,705	766,966,956	809,288,491	44,197,026
Under 1 month	16,625	313,390,429	302,363,707	12,123,424	10,693	210,812,133	218,511,268	9,236,004
1 month under 2 months	4,700	43,581,570	40,064,711	3,629,883	3,963	30,964,647	34,950,508	3,985,015
2 months under 3 months	3,724	28,634,955	25,642,532	3,047,413	3,118	20,773,064	23,683,322	2,916,496
3 months under 4 months	3,461	19,987,552	17,623,084	2,465,169	2,844	14,004,638	16,399,898	2,393,537
4 months under 5 months	2,974	15,423,633	13,296,655	2,169,253	2,312	11,871,096	14,074,830	2,204,882
5 months under 6 months	2,820	15,423,785	13,340,297	2,100,408	2,045	10,069,689	12,613,056	2,540,814
6 months under 7 months	2,874	19,100,163	17,023,678	2,088,787	1,949	21,790,897	23,708,240	1,922,963
7 months under 8 months	2,648	12,797,014	10,786,853	2,017,080	1,486	12,145,250	13,861,667	1,711,565
8 months under 9 months	2,386	10,601,814	8,959,648	1,666,265	1,432	7,206,006	8,622,415	1,412,211
9 months under 10 months	2,204	9,752,767	8,085,493	1,671,358	1,370	6,065,712	7,552,471	1,482,490
10 months under 11 months	2,006	9,782,535	8,238,696	1,550,221	1,327	12,893,806	14,345,952	1,427,845
11 months under 12 months	2,000	10,507,197	8,989,239	1,525,159	1,086	7,101,354	8,333,116	1,229,314
1 year or more [2]	514	20,177,241	19,563,282	669,119	298	32,498,345	33,454,137	966,079
Period not determinable	11,307	576,228,152	564,167,897	12,083,306	8,782	368,770,319	379,177,610	10,767,811
Long-term transactions								
Total:	53,403	586,256,312	314,332,537	271,314,848	19,186	119,142,605	166,869,463	48,025,191
Under 18 months [3]	19,348	212,265,885	122,092,016	89,742,312	7,120	44,292,905	59,224,251	14,948,270
18 months under 2 years	8,306	38,963,732	27,104,732	11,856,959	2,817	11,225,006	14,786,282	3,557,500
2 years under 3 years	9,541	50,579,310	32,269,964	18,362,013	2,904	14,551,330	19,144,609	4,582,446
3 years under 4 years	4,959	35,166,754	21,211,323	13,980,215	1,378	8,048,203	11,434,956	3,385,354
4 years under 5 years	2,723	22,572,537	11,242,818	11,333,088	639	4,264,909	5,990,755	1,723,219
5 years under 10 years	4,635	64,614,853	27,581,385	36,815,183	3,406	16,345,546	28,765,504	12,404,174
10 years under 15 years	1,273	26,725,873	7,434,922	19,217,549	302	1,685,268	3,057,322	1,380,086
15 years under 20 years	489	13,498,629	2,780,176	10,756,819	69	1,046,629	1,860,085	813,454
20 years or more	633	30,204,765	3,977,485	26,331,917	73	818,845	1,395,248	576,431
Period not determinable	1,495	91,663,974	58,637,716	32,918,792	479	16,863,962	21,210,452	4,654,257

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 4c. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

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

Type of transaction, length of time held	Bonds and other securities [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	1,843	243,002,966	242,285,721	918,864	678	57,448,800	58,739,852	1,231,801
Under 1 month	588	63,060,489	62,941,581	176,660	75	6,557,223	6,684,080	107,055
1 month under 2 months	125	27,589,999	27,513,462	82,715	67	5,364,585	5,411,520	47,034
2 months under 3 months	109	13,810,896	13,755,808	49,420	58	3,824,234	3,970,167	141,983
3 months under 4 months	137	15,134,384	15,102,206	49,824	72	4,021,105	4,109,652	91,269
4 months under 5 months	89	10,287,150	10,207,219	83,189	55	3,107,030	3,218,240	105,752
5 months under 6 months	83	8,373,617	8,327,581	54,033	48	2,044,992	2,120,633	47,181
6 months under 7 months	172	13,230,910	13,190,297	50,046	48	2,436,683	2,593,893	161,237
7 months under 8 months	76	6,000,378	5,987,601	22,577	35	2,240,001	2,294,671	55,370
8 months under 9 months	64	4,817,327	4,793,318	21,488	38	2,019,232	2,073,058	53,735
9 months under 10 months	86	6,228,447	6,213,899	18,432	40	2,167,509	2,221,419	55,646
10 months under 11 months	56	4,548,095	4,522,271	28,027	39	2,097,156	2,145,134	43,835
11 months under 12 months	69	4,882,979	4,869,371	49,613	30	2,318,879	2,373,692	52,439
1 year or more [3]	42	2,877,210	2,869,178	13,242	13	543,855	575,633	31,783
Period not determinable	148	62,161,085	61,991,929	219,598	62	18,706,316	18,948,060	237,480
Long-term transactions								
Total:	3,214	139,532,398	135,640,287	3,832,765	1,508	56,784,608	59,566,926	2,762,807
Under 18 months [4]	1,011	44,984,173	43,977,525	974,319	358	15,497,184	16,067,545	576,647
18 months under 2 years	252	14,484,297	14,284,445	191,506	212	8,887,742	9,137,511	272,995
2 years under 3 years	350	18,006,524	17,781,106	243,624	310	12,478,795	12,937,917	459,325
3 years under 4 years	209	10,020,301	9,833,501	198,129	202	7,070,503	7,448,484	340,473
4 years under 5 years	192	8,300,504	8,164,589	137,951	121	4,731,868	5,276,419	543,387
5 years under 10 years	792	29,795,571	29,041,761	800,104	213	5,953,236	6,350,477	385,387
10 years under 15 years	220	5,259,476	4,846,427	434,808	40	712,037	757,973	45,931
15 years under 20 years	48	1,215,579	1,027,152	188,428	10	120,266	140,271	19,914
20 years or more	27	1,121,571	747,970	291,233	5	117,090	138,740	21,650
Period not determinable	112	6,344,403	5,935,811	372,663	36	1,215,887	1,311,588	97,098

[1] Bonds and other securities includes U.S. Government obligations, State and local government obligations, and other notes and debentures.

[2] Transactions with no gain or loss are included with gain transactions.

[3] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[4] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 4d. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

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

Type of transaction, length of time held	Real estate [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	241	29,257,338	25,234,148	3,752,652	74	10,343,201	11,895,397	1,439,466
Under 1 month	28	2,270,488	1,715,551	393,633	7	534,292	702,009	74,390
1 month under 2 months	15	1,714,636	1,485,663	226,482	2	276,200	298,656	22,433
2 months under 3 months	17	1,929,168	1,716,086	257,477	3	264,545	296,232	31,688
3 months under 4 months	25	3,580,870	3,162,198	407,701	4	198,871	260,246	61,375
4 months under 5 months	23	2,208,161	1,887,208	288,045	7	1,070,352	1,170,203	99,851
5 months under 6 months	21	2,951,797	2,736,882	295,611	3	914,017	1,110,484	196,467
6 months under 7 months	19	2,635,147	2,311,924	238,176	4	553,154	605,464	52,310
7 months under 8 months	15	2,187,301	1,949,192	180,142	6	1,156,674	1,285,618	128,944
8 months under 9 months	12	1,575,745	1,376,904	197,566	6	1,410,489	1,553,282	142,792
9 months under 10 months	12	1,794,910	1,477,194	233,309	6	875,135	974,221	96,688
10 months under 11 months	11	1,529,505	1,369,216	143,328	7	1,066,669	1,202,172	137,300
11 months under 12 months	14	1,341,315	1,150,848	179,531	5	588,428	663,128	74,700
1 year or more [3]	8	1,036,626	896,152	128,795	6	727,666	855,384	111,385
Period not determinable	21	2,501,670	1,999,130	582,855	8	706,709	918,298	209,143
Long-term transactions								
Total:	1,986	292,563,655	172,020,583	98,123,954	305	32,085,057	38,534,202	6,501,853
Under 18 months [4]	352	56,643,892	37,174,568	16,727,447	67	9,979,353	11,787,262	1,790,884
18 months under 2 years	106	17,827,988	14,345,354	3,138,775	39	6,204,924	7,278,264	1,073,871
2 years under 3 years	170	33,009,754	24,736,660	6,488,736	46	6,623,949	7,782,375	1,125,428
3 years under 4 years	149	24,870,336	17,738,875	5,206,562	32	2,626,668	3,061,548	434,983
4 years under 5 years	94	16,701,648	10,946,119	4,406,193	20	1,243,390	1,474,974	231,587
5 years under 10 years	341	49,188,518	28,233,293	16,621,240	45	2,581,592	3,610,744	1,009,310
10 years under 15 years	225	27,382,070	13,100,006	11,146,602	22	821,522	1,158,691	337,087
15 years under 20 years	152	21,023,352	9,672,443	9,153,776	13	484,585	635,905	151,320
20 years or more	350	40,567,312	13,235,174	22,843,258	17	997,936	1,082,871	106,029
Period not determinable	48	5,348,784	2,838,091	2,391,366	5	521,137	661,568	241,354

[1] Real estate includes residential rental property, depreciable business property, farmland, and other land.

[2] Transactions with no gain or loss are included with gain transactions.

[3] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[4] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

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Table 4e. Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

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

Type of transaction, length of time held	Other asset types [1]							
	Gain transactions [2]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total:	22,463	634,289,089	583,073,278	83,026,864	18,692	536,826,577	575,103,815	48,549,498
Under 1 month	4,284	77,702,689	72,722,220	6,340,198	2,839	42,655,317	47,030,641	4,884,287
1 month under 2 months	1,677	15,955,569	14,121,967	2,049,617	1,276	10,864,086	15,462,623	4,607,215
2 months under 3 months	1,091	14,364,755	10,596,823	3,817,169	807	7,750,057	9,875,984	2,126,603
3 months under 4 months	1,129	12,427,452	11,587,744	833,520	676	6,360,036	7,625,424	1,275,871
4 months under 5 months	942	8,108,979	7,497,522	620,161	613	5,365,356	6,321,241	953,967
5 months under 6 months	890	6,821,731	6,239,520	647,296	546	5,146,782	5,930,909	783,566
6 months under 7 months	1,035	14,252,991	13,709,540	737,275	499	5,168,819	5,976,494	752,818
7 months under 8 months	845	8,555,642	7,850,675	712,930	436	4,394,918	5,126,376	724,171
8 months under 9 months	707	5,004,852	4,483,955	520,581	355	3,439,869	4,064,448	621,063
9 months under 10 months	823	6,715,476	6,088,051	666,984	335	3,459,212	4,012,636	553,220
10 months under 11 months	758	5,472,732	5,048,629	611,860	335	3,201,803	3,682,354	500,374
11 months under 12 months	749	6,628,511	6,167,170	490,185	326	4,196,380	4,844,025	650,129
1 year or more [3]	351	22,570,519	15,066,581	1,456,474	152	16,717,575	17,828,685	1,071,926
Period not determinable	7,183	429,707,193	401,892,882	63,522,613	9,496	418,106,366	437,321,975	29,044,287
Long-term transactions								
Total:	46,340	594,230,574	399,545,874	597,088,552	10,255	131,520,668	159,037,619	40,115,660
Under 18 months [4]	11,634	218,562,305	155,477,182	60,342,254	3,662	63,497,823	73,075,720	9,628,743
18 months under 2 years	2,818	29,835,333	24,395,291	5,033,803	977	8,632,359	10,152,724	1,511,117
2 years under 3 years	3,588	42,589,028	32,577,237	8,156,439	1,253	10,142,528	12,769,789	2,630,289
3 years under 4 years	2,246	31,075,381	22,012,139	6,998,689	739	6,040,061	7,429,063	1,375,094
4 years under 5 years	1,249	24,839,789	17,449,013	4,910,537	422	4,305,069	5,343,294	1,034,445
5 years under 10 years	2,801	72,703,533	44,295,593	17,445,723	1,246	9,166,911	12,659,978	3,514,260
10 years under 15 years	842	29,535,377	15,045,560	8,922,681	329	2,649,361	3,902,684	1,245,265
15 years under 20 years	274	16,988,614	8,626,666	5,333,712	58	638,567	1,269,176	630,363
20 years or more	323	29,757,307	11,671,675	12,626,270	30	447,737	943,132	496,289
Period not determinable	20,565	98,343,906	67,995,519	467,318,444	1,540	26,000,252	31,492,058	18,049,796

[1] Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; all mutual funds; partnership, S corporation, and estate or trust interests; passthrough gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

[2] Transactions with no gain or loss are included with gain transactions.

[3] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[4] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough gains or losses, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains, such as wash sales or sales of principal residences, and these transactions are not balanced.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

by Brett Collins

Projections of tax return filings prepared by the Internal Revenue Service (IRS) research staff show that a grand total of 238 million tax returns are expected to be filed with the IRS during Calendar Year (CY) 2010. This number represents a decrease of 1 percent from the estimated CY 2009 filings of 240.4 million returns. The primary cause of the continuing decrease in total returns from 2009 to 2010 is the residual effect of the Economic Stimulus Act of 2008. In February 2008, the stimulus program was signed into law, and, as a result, the national level of Forms 1040, 1040A, and 1040EZ returns increased by an estimated 14.4 million returns above baseline projections in CY 2008. Adjusting for some spillover effects of the Economic Stimulus Act, the projected total volume decreases back to its historical trend at the national level in 2009 and 2010.

This decrease in return counts also reflects the expected recessionary period in the U.S. economy and its implications for tax return volumes. Historically, recessionary periods are correlated with increases in unemployment and corresponding decreases in taxable income. This reduction in income can be expected to reduce overall individual tax return filings, as the projections indicate.

After CY 2010, grand total return filings are projected to grow at a more common average annual rate of 1.1 percent and are expected to reach 253.6 million returns by 2016. The average rate of growth is derived mainly by projected trends for the major return categories that comprise grand total filings, including individual income tax returns and business tax returns like employment tax returns, corporation tax returns, partnership returns, and estate tax returns.

In addition, projections for total electronic returns continue to show a steady increase over the forecast horizon. This growth of electronic filing furthers IRS's strategic goal to improve taxpayer service. For example, according to the most recent forecast, total individual electronic returns are esti-

mated to be 66 percent of all individual income tax returns filed in 2009 and are projected to constitute 79 percent of all returns in 2016.

Trend in Grand Total Returns

Table 1 shows the most current forecasts for major form types for Calendar Years 2009 to 2016. In preparing these forecasts, partial-year data through late summer 2009 were used to derive estimates for the year. Various elements that may affect IRS workload are carefully considered during the estimation process. These include economic and demographic trends, recent filing patterns, enacted legislation, and administrative changes. The total number of returns filed consists of two filing mediums—paper and electronic. The “grand total” category includes a wide variety of tax forms like individual, fiduciary, corporation, employment, partnership, exempt organization, Government entity, political organization, estate, gift, excise, estimated tax vouchers, and other forms as described in Table 1.

“Total primary returns” include the three major tax return categories that represent the bulk of forms processed by IRS submissions processing operations. Individual income tax returns generate 59 percent of the grand total. Employment tax returns generate 12.7 percent, and individual estimated tax payment vouchers generate 12.1 percent. In 2008, these three categories constituted approximately 84.9 percent of total return filings.

Figure A presents a list of the growth rates of selected tax return form types from 2009 to 2010 and the average annual change over the period from 2010 to 2016. In CY 2010, approximately 238 million returns are projected to be filed. This is a 1-percent decrease over the estimated 2009 filings of 240.4 million. The decrease in the grand total is reflected in the 5.2-percent decrease in paper filings, from 131.6 million returns in 2009 to 124.7 million returns in 2010.

Figure A also shows an average annual growth rate over the period 2010–2016. The grand total's average annual growth rate is expected to be 1.1 percent, reaching 253.6 million returns in 2016. Over this forecast horizon, this growth rate in grand

Brett Collins is an economist with Forecasting and Data Analysis, Office of Research. This article was prepared under the direction of Michael Sebastiani, Chief.

¹ Most of the values in Table 1 are reported in Calendar Year Return Projections for the United States and IRS Campuses: 2008–2016, IRS Document 6186, October 2009, National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury.

² Throughout the year, the Forecasting and Data Analysis group (FDA) under IRS National Headquarters Office of Research publishes forecasts of a large number of tax return filings and other IRS workload categories. These projections provide a foundation for IRS workload estimates/resource requirements contained in budget submissions and also help with other major IRS planning and analysis efforts.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

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Figure A

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2009-2016

Type of return	Estimated 2009	Projected 2010	Percentage increase over 2009	Projected 2016	Average annual percentage increase 2010-2016
	(1)	(2)	(3)	(4)	(5)
Grand total	240,415,900	238,017,200	-1.0	253,644,400	1.1
Paper grand total	131,558,000	124,657,000	-5.2	114,725,400	-1.4
Electronic grand total	108,857,900	113,360,200	4.1	138,919,000	3.4
Individual, total	141,841,400	139,485,000	-1.7	149,562,200	1.2
Forms 1040, 1040A, and 1040EZ	140,881,400	138,492,900	-1.7	148,377,700	1.2
Total individual paper returns	46,642,300	41,042,700	-12.0	30,899,500	-4.6
Form 1040	31,447,800	27,010,400	-14.1	20,303,600	-4.6
Form 1040A	8,052,300	7,787,400	-3.3	6,304,400	-3.5
Form 1040EZ	7,142,200	6,244,900	-12.6	4,291,400	-6.1
Total individual electronic returns	94,239,100	97,450,200	3.4	117,478,200	3.2
Online filing	31,900,300	33,285,500	4.3	38,314,500	2.4
Practitioner electronic filing	62,338,800	64,164,700	2.9	79,163,700	3.6
Form 1040NR/NR-EZ/C/EZ-T	700,500	726,600	3.7	882,800	3.3
Forms 1040PR and 1040SS	259,500	265,500	2.3	301,700	2.2
Individual estimated tax, Form 1040-ES, total	29,136,500	28,603,200	-1.8	27,676,400	-0.5
Form 1040-ES, paper	29,039,000	28,504,900	-1.8	27,538,600	-0.6
Form 1040-ES, electronic (credit card)	97,500	98,300	0.8	137,800	5.8
Partnership, Forms 1065/1065B, total	3,433,800	3,776,900	10.0	4,740,200	3.9
Paper partnership returns	2,481,700	2,636,000	6.2	3,073,400	2.6
Electronic partnership returns	952,100	1,140,900	19.8	1,666,800	6.5
Corporation, total	6,990,700	7,004,800	0.2	8,050,900	2.3
Paper corporation returns, total	5,281,100	4,927,700	-6.7	4,819,000	-0.4
Electronic corporation returns, total	1,709,600	2,077,100	21.5	3,231,900	7.6
Form 1120 and 1120-A total	2,172,900	2,145,700	-1.3	2,100,800	-0.4
Form 1120/1120-A electronic	447,300	561,500	25.5	810,100	6.3
Form 1120F, total	32,600	32,300	-0.9	35,500	1.6
Form 1120F electronic	900	2,300	155.6	10,400	28.6
Form 1120FSC, total	400	300	-25.0	100	-16.7
Form 1120H, total	231,400	226,700	-2.0	258,700	2.2
Form 1120RIC, total	12,800	12,700	-0.8	13,600	1.1
Form 1120S, total	4,517,500	4,561,100	1.0	5,601,100	3.5
Form 1120S, electronic	1,261,500	1,513,300	20.0	2,411,400	8.1
Forms 1120L/ND/PC/REIT/SF, total	14,500	14,400	-0.7	15,900	1.7
Form 1120C, total	8,700	11,600	33.3	25,100	13.7
Employment, total	30,622,100	30,797,600	0.6	31,697,500	0.5
Paper employment returns	23,637,400	23,689,600	0.2	23,993,600	0.2
Electronic employment returns	6,984,800	7,108,000	1.8	7,703,900	1.4
Forms 940, 940EZ, and 940PR, total	6,073,600	6,101,900	0.5	6,421,100	0.9
Forms 940, 940EZ, and 940PR, paper	4,800,200	4,776,800	-0.5	4,807,600	0.1
Form 940, e-file/online/XML	1,273,400	1,325,100	4.1	1,613,500	3.3
Forms 941, 941PR/SS/E, total	23,813,700	23,873,200	0.2	24,365,100	0.3
Forms 941, 941PR/SS/E, paper	18,117,800	18,110,100	0.0	18,301,800	0.2
Form 941, e-file/online/XML	5,695,900	5,763,100	1.2	6,063,300	0.8
Forms 943, 943PR and 943SS	231,500	228,600	-1.3	214,400	-1.1
Form 944, total	388,800	486,700	25.2	606,100	3.7
Form 944 paper	373,400	466,800	25.0	579,000	3.7
Form 944 e-file	15,500	19,800	27.7	27,100	5.4
Form 945	112,600	105,500	-6.3	88,800	-2.8
Form CT-1	1,900	1,800	-5.3	1,900	0.9
Exempt organization, total	1,210,600	1,254,200	3.6	1,303,600	0.6
Paper exempt organization, total	842,300	833,500	-1.0	754,200	-1.7
Electronic exempt organization, total	368,300	420,700	14.2	549,400	4.5
Form 990, total	389,400	398,800	2.4	455,200	2.2

Footnotes at end of figure.

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Figure A—Continued

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2009–2016—Continued

Type of return	Estimated 2009	Projected 2010	Percentage increase over 2009	Projected 2016	Average annual percentage increase 2010–2016
	(1)	(2)	(3)	(4)	(5)
Exempt organization total—continued					
Form 990, electronic	59,700	85,900	43.9	173,200	12.4
Form 990EZ, total	217,600	234,600	7.8	169,400	-5.3
Form 990EZ, electronic	24,800	34,100	37.5	37,600	1.6
Form 990-N	274,500	285,500	4.0	307,500	1.2
Form 990PF	98,300	101,300	3.1	119,100	2.7
Form 990PF, electronic	9,300	15,200	63.4	31,100	12.7
Form 990T	96,200	99,200	3.1	117,000	2.8
Form 4720	2,600	2,700	3.8	3,000	1.8
Form 5227	132,000	132,100	0.1	132,400	0.0
Supplemental documents, total	21,449,700	21,373,100	-0.4	24,739,000	2.5
Form 1040X, total	5,082,900	4,957,100	-2.5	5,788,800	2.6
Form 4868, total	9,671,600	9,677,100	0.1	11,635,000	3.1
Form 4868, paper	7,614,700	7,347,800	-3.5	7,204,000	-0.3
Form 4868, electronic	2,056,900	2,329,300	13.2	4,431,000	11.3
Credit card	69,600	73,900	6.2	100,300	5.2
E-file	1,987,300	2,255,400	13.5	4,330,700	11.5
Form 1120X	3,700	4,100	10.8	6,100	6.8
Form 5558	455,900	461,100	1.1	490,400	1.0
Form 7004, total	5,665,900	5,677,500	0.2	6,201,600	1.5
Form 7004, electronic	1,567,800	1,807,800	15.3	2,362,200	4.6
Form 8868, total	569,700	596,200	4.7	617,100	0.6
Form 8868, electronic	75,900	98,900	30.3	222,900	14.5

NOTES: For form and category definitions, see the text discussion and the footnotes to Table 1, at the end of this article. Detail may not add to total due to rounding.

total return filings represents a general shift among taxpayers from paper filing to electronic filing. According to current trends, paper filings are expected to continue declining by an average annual rate of 1.4 percent to a total of 114.7 million paper returns by 2016. Meanwhile, electronic filings (“e-filed” returns) are expected to increase at an average rate of 3.4 percent, reaching 138.9 million returns in 2016.

Impact of Stimulus Measures on the Grand Total

Economic Stimulus Act of 2008

In an effort to stimulate the U.S. economy, the Economic Stimulus Act of 2008 was signed into law in February 2008. The law provides tax rebates to qualifying low- and middle-income taxpayers. An estimated 130 million households are expected to have received the economic stimulus payment during Processing Year 2008. Eligible taxpayers triggered

rebates by filing a Tax Year (TY) 2007 individual income tax return. Eligibility requirements mainly consist of having a valid Social Security number and either an income tax liability or qualifying income of at least \$3,000. Qualifying income includes earned income and certain benefits from Social Security, Veterans Affairs, and/or Railroad Retirement. Eligible individuals can claim the economic stimulus payment by filing a federal income tax return for TY 2007. As a result, the level of Forms 1040, 1040A, and 1040EZ, including electronically filed returns, is estimated to have increased by around 14.4 million returns above its baseline to 154.7 million returns in 2008. The CY 2009 estimate of 141.8 million presented in the tables contains adjustments for residual spillover effects of the stimulus program as those individuals not eligible or who have not participated still have an opportunity to claim the tax credit in 2009, as well as some longer-term spillover effects on EITC participants and corresponding requisite filing among otherwise nonfiling taxpayers.

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American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 was signed into law. The \$787-billion plan was more than five times the cost of the prior year's Economic Stimulus Act of 2008 and included various tax relief measures, as well as new Federal spending. The forecast for CY 2009 includes an adjustment to reflect the estimated net impact of the downturn and the Federal response, resulting in a slight marginal projected decrease in the number of Forms 1040, 1040A, and 1040-EZ filed in the near term.

First-Time Homebuyer Credit

The American Recovery and Reinvestment Act (ARRA) of 2009 includes expanded benefits for first-time homebuyers. The Housing and Economic Recovery Act of 2008 established a tax credit worth up to \$7,500 to be repaid in the future. Under the ARRA, the credit amount, for homes purchased in 2009 before December 1, is \$8,000, and the credit does not have to be paid back as long as the home remains the taxpayer's primary residence for at least 3 years. Furthermore, first-time homebuyers can claim the credit on either a 2008 tax return or a 2009 tax return. If the home is purchased between April 16, 2009, and November 30, 2009, the taxpayer can still claim the credit on a 2008 tax return by requesting an extension of time to file (Form 4868) before the April 15 deadline or by filing an amended return (Form 1040-X). The projections in Table 1 include adjustments to account for the anticipated additional volumes expected in 2009, as well as some spillover volumes in 2010.

Changes to Forms 990, 990-N, and 5500SF and Their Impact on Grand Total

Form 990 and New Form 990-N

IRS has revised the requirement to file the Form 990 series starting from TY 2008 over a 3-year period. Filers will be allowed to file Form 990-EZ instead of Form 990. For Tax Year 2008 (returns filed in 2009), organizations with gross receipts less than \$1.0 million and total assets less than \$2.5 million may file Form 990-EZ. For Tax Year 2009 (returns filed in 2010), organizations with gross receipts less than

\$500,000 and total assets less than \$1.25 million may file Form 990-EZ. Form 990-EZ filing thresholds will be adjusted permanently to gross receipts less than \$200,000 and total assets less than \$500,000 beginning with Tax Year 2010.

Table 1 shows a total of 423,358 Form 990 returns (*Return of Organization Exempt From Income Tax*) filed in 2008. In 2009, this total is expected to decline to 389,400 returns, a reduction of approximately 34,000 returns. However, Form 990-EZ filers (*Short Form Return of Organization Exempt From Income Tax*) are expected to file 217,600 returns in 2009, up by over 46,000 from 171,342 Form 990EZs filed in 2008.

Beginning in CY 2008, the Pension Protection Act of 2006 requires that small organizations with gross receipts of less than \$25,000 file the new Form 990-N, also known as the "e-Postcard," on an annual basis. If any organization meeting these requirements fails to file Form 990-N for 3 consecutive years, its tax-exempt status will be revoked. Form 990-N can only be filed electronically.

New Form 5500-SF

The Form 5500 series comprises multiagency information returns filed to satisfy reporting requirements to IRS, the Department of Labor (DOL), and the Pension Benefit Guaranty Corporation. The Form 5500 series has been processed by the Department of Labor since CY 2000. However, DOL is creating a system to support the electronic filing mandate for Form 5500 returns satisfying reporting requirements under Title I of ERISA. Since some of the needed IRS data fall outside the scope of Title I, IRS will regain responsibility for processing portions of the Form 5500 data beginning January 1, 2010.

As part of revisions to the Form 5500 series, Form 5500-SF, *Short Form Annual Return/Report of Employee Benefit Plan*, was introduced to certain small pension and welfare benefit plans. Form 5500-SF is generally available to plans that 1) have fewer than 100 participants, 2) are eligible for the small plan audit waiver, 3) hold no employer securities, 4) have 100 percent of assets in investments that have a readily determinable fair market value, and 5) are not multiemployer plans. Most Form 5500-SF filers will not be required to file any schedules. Form 5500-SF must be filed electronically from Plan Year 2009.

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Trend in Individual Tax Returns

“Individual, Total” returns include paper and electronic portions of the major individual tax returns. These are Forms 1040 and 1040-A, *U.S. Individual Income Tax Return*; 1040EZ, *Income Tax Return for Single and Joint Filers with No Dependents*; Form 1040NR, *U.S. Non-Resident Alien Income Tax Return*; Form 1040-PR, *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia—Puerto Rico*; and Form 1040-SS, *U.S. Self-Employment Tax Return*. This category excludes Form 1040X, *Amended U.S. Individual Income Tax Return*, which is included under the “supplemental documents” heading.

The “individual, total” category constitutes the majority volume of tax return filings and is expected to fall to 141.8 million returns in 2009, from 154.7 million in 2008, as the impact of the Economic Stimulus Act of 2008 rapidly fades. Some residual spillover effect of the stimulus program is expected in 2009, resulting in a projected 2009 volume that remains slightly above the historical baseline.

After 2009, the “individual, total” series is expected to grow at an average annual rate of 1.2 percent through 2016. This projected growth is tied mainly to the expected increase in U.S. employment over the same period. At this rate, the projected number of total individual returns filed will be 149.6 million by 2016.

Trend in Individual Estimated Tax Returns

Form 1040-ES, *U.S. Estimated Tax for Individuals*, is used by individual taxpayers who need to make advance tax payments. Such filers are typically those who expect their tax withholdings to be less than 90 percent of their Federal tax liabilities for the year due to additional income, such as earnings from self-employment, interest, dividends, rents, and alimony. Individual taxpayers who make estimated tax payments often file more than one voucher (Form 1040-ES) during the course of the year, usually one per quarter.

Form 1040-ES represents the third largest share of the 2009 grand total. Form 1040-ES filings are expected to continue declining from 2009-2016, following a large (5.4 percent) drop in 2008. In 2009, approximately 29.1 million individual estimated tax vouchers are expected to be filed, a decrease of 0.3 percent from the 29.2 million vouchers filed in 2008. A total of 27.7 million returns are projected to be

filed in 2016, implying an average annual growth rate of -0.5 percent from 2009 to 2016.

Trend in Business and other Tax Returns

Employment Tax Returns

Paper and electronic versions of several business-related tax forms fall under the heading of “Employment, Total” returns. These forms include: the Form 940 series, *Employer’s Annual Federal Unemployment (FUTA) Tax Return*; the Form 941 series, *Employer’s Quarterly Federal Tax Return*; the Form 943 series, *Employer’s Annual Federal Tax Return for Agricultural Employees*; Form 944, *Employer’s Annual Federal Tax Return* (an annualized version of Form 941); Form 945, *Annual Return of Withheld Federal Income Tax*; and Form CT-1, *Employer’s Annual Railroad Tax Return*.

In 2009, employment tax returns constitute the second largest share of the grand total. After a 0.5 percent drop in 2008, when the interplay between the introduction of the annual Form 944 and the scaling back of the quarterly Form 941 lowered overall filings, the projected annual rate of growth for employment forms from 2010-2016 is a more typical 0.5 percent. The projected filings of Forms 940 and 941 comprise the bulk of employment tax return volume. Their projected growth over the 2009-2016 forecast period is tied mainly to expected trends in U.S. employment and real gross domestic product.

Corporation Tax Returns

Corporation income tax returns include a number of form types. The vast majority of these returns are filed on Form 1120, *U.S. Corporation Income Tax Return*; Form 1120A, *U.S. Corporation Short-Form Income Tax Return*; or Form 1120S, *U.S. Income Tax Return for an S Corporation* (returns filed by qualifying corporations electing to be taxed through shareholders). The remainder of corporation income tax returns are filed by entities like homeowners’ associations (Form 1120H); foreign corporations (Form 1120F); and real estate investment trusts (Form 1120REIT), among others. Amended returns (Form 1120X) are not included under corporation income tax returns, but are instead listed under “supplemental documents.” In CY 2009, the projected number of corporation returns filed is 7 million. This is a 1.8-percent increase over CY 2008. It is expected

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that these returns will continue to grow over the forecast horizon, reaching 8.1 million returns by CY 2016, as shown in Table 1.

Partnership Returns

Form 1065, *U.S. Partnership Return of Income*, is filed by a partnership to report income, deductions, tax credits, or losses. The projected number of these returns to have filed in CY 2009 is 3.4 million. This number, an increase of 2.5 percent over CY 2008, is projected to continue to grow at an average rate of 3.9 percent per year, reaching 4.7 million by CY 2016. Form 1065B, *U.S. Large Partnership Return of Income*, is also included in partnership returns. This form was introduced in CY 1999, and a relatively small number of Form 1065B returns have been filed to date.

Estate Tax Returns

Estate tax and generation-skipping transfer (GST) taxes are scheduled to be repealed on January 1, 2010, under Title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). However, the estate tax repeal and all other provisions of EGTRRA are scheduled to sunset on December 31, 2010. If the sunset provision is not repealed in 2011, estate tax law would return to the law in place prior to the enactment of EGTRRA on June 7, 2001. Under the prior law, the estate tax exclusion amount would have risen to \$1 million. Estimates developed in the projections reflect the provisions of EGTRRA.

Trends in Electronic Filing (e-file)

Individual Returns

As Table 1 indicates, 89.8 million individual income tax returns were filed electronically in 2008, and 94.2 million electronic returns are estimated to have been filed in 2009, a 5-percent increase. The projection for 2010 is 97.5 million returns, which also represent a substantial 3.4-percent growth rate. From 2010 through 2016, the growth rate of individual e-filed returns is expected to stabilize at an average annual rate of 3.2 percent, resulting in a total of 117.5 million e-filed returns in 2016.

The projected e-file pattern for individual returns in 2008-2011 is a stronger growth in the initial forecast years followed by a somewhat dampened growth in the later years. This is the typical growth pattern

for technology adoption and diffusion. Projected growth in e-file is much steeper than the overall growth in total individual return filings, and, under current trends, roughly 78.5-percent of individual income tax returns are projected to be filed electronically by 2016.

As reported in Table 1, “Total Individual Electronic Returns” are made up of two e-file categories: i) online filing and ii) practitioner e-file. Online filing enables taxpayers to use a computer, tax preparation software, or the Internet to file their returns. Online filing includes the “Free File” option, which is accessible from the IRS Web site and involves a public-private partnership between IRS and the Free File Alliance, a consortium of tax preparation software companies. In the case of practitioner electronic filing, taxpayers use a paid preparer to prepare and file their tax returns electronically.

Within the e-file categories, about 26.9 million people utilized online filing in 2008. That number is estimated to grow to 31.9 million in 2009, an 18.6-percent increase. A key driver of this increase is the elimination of electronic filing fees by certain tax preparation software companies, two of which announced that their respective desktop tax preparation software products would include free Federal e-filing beginning in September 2008, eliminating additional fees for electronically filing initial Federal tax returns. In addition to increasing growth in online filed returns, this development is also expected to contribute to a stronger drop in the number of computer-generated paper returns in 2009. Meanwhile, practitioners are expected to have filed 62.3 million returns electronically in 2009, down 0.9 percent from 62.9 million returns filed in 2008.

Various initiatives further encourage the growth of individual electronic filing. One is the IRS “e-services” program. This program is open to professional tax preparers who e-filed five or more accepted individual or business returns during a filing season. The program provides a suite of Web-based products that allow tax professionals to conduct business with the IRS electronically. These products include disclosure authorization, electronic account resolution, and a transcript delivery system. Authorized agents who submit (any of six) information returns subject to backup withholding can also make use of TIN (Taxpayer Identification Number) matching with e-services.

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Business Returns

IRS also continues to enhance its business e-file programs under the Modernized e-File (MeF) platform. Most of the common business tax forms are now available for e-file either through MeF or other electronic filing systems. This includes fiduciary (Form 1041), partnership (Form 1065), corporation (Forms 1120, 1120S), employment (Forms 940, 941, and 944), and tax-exempt (Forms 990, 990-EZ, 990-PF, and 990-N) returns.

Department of the Treasury regulations issued in 2005 mandate electronic filing of Federal returns for some large corporations and tax-exempt organizations whose assets exceed certain dollar thresholds. However, these e-file mandates only apply to those corporations and tax-exempt entities that file at least 250 other returns with IRS during a calendar year, such as employment returns, excise tax returns, and information reporting documents, such as Forms W-2, 1099-DIV, and Schedules K-1. The e-file mandates require corporations with gross assets of at least \$50 million to e-file their Forms 1120 or 1120S returns beginning in Calendar Year 2006. Beginning in 2007, this e-file requirement expanded to corporations with at least \$10 million in gross assets.

Figure A shows that 447,300 Form 1120 and 1.3 million Form 1120S returns are estimated to have e-filed in 2009. Assuming growth patterns typical of innovative technology-based products, the forecast for 2010 is 561,500 for the former and 1.5 million for the latter. These represent increases of 25.5 percent for Form 1120 and 20 percent for Form 1120S. In subsequent years, e-filed Forms 1120/1120S are both expected to continue to grow rapidly, reaching 810,100 Form 1120 returns and over 2.4 million Form 1120S returns filed electronically in 2016.

Tax-exempt organizations with \$10 million or more in total assets were also required to file Form 990 electronically beginning in 2007. Private foundations and charitable trusts were also impacted by changes in 2007, when they were required to file Form 990-PF, *Return of Private Foundation*, electronically, regardless of asset size. With the scope of the 2007 mandate limited to only those organizations filing at least 250 other tax returns, however, only a relatively small number of tax-exempt filers have been affected (an estimated 10,000 were covered by the mandate in 2007). The new Form 990-N

also debuted in 2008, increasing the modest e-filing percentage for exempt organization category by a noticeable amount.

As indicated in Table 1, over 287,000 Forms 990, 990-EZ, 990-N, and 990-PF returns were filed electronically in 2008. With the help of the 2007 mandates and the new all-electronic Form 990-N, tax-exempt e-file returns are expected to have increased to over 368,000 in 2009, building on the dramatic increase in e-file rates for these forms seen in 2008. In the longer term, over 549,000 exempt organization tax returns are expected to be filed electronically by 2016.

In 2009, nearly 7 million employment returns are projected to be filed electronically. According to the most current forecasts, the number of e-filed returns is expected to demonstrate a steady growth pattern, and the total number of e-filed employment returns (i.e., Forms 940, 941, and 944) should approach 7.7 million by 2016, growing at an average annual rate of 1.4 percent over the next 6 years.

Data Sources

The reported actual volumes of returns filed in Calendar Year 2008 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes correspond with the fiscal-year volumes reported in the Internal Revenue Service *Data Book* (Publication 55B). However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff in the IRS operating divisions, typically from data capture systems located in the IRS processing campuses. For Calendar Year 2009, master file data through August were generally available. The partial-year data were extrapolated in order to generate estimates for Calendar Year 2009.

Projection Methodology

Each major form type is forecasted separately using either a time series or a linear regression model. Time series models use historical data for a form type to make predictions based on the patterns exhibited by the data. Some of the most common time series models used were several types of trended exponential smoothing and lower order Box-Jenkins ARIMA models. These models were applied for such re-

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turn series as corporation (Forms 1120, 1120A, and 1120S), partnership (Form 1065), and excise (Forms 720, 730, and 2290) tax returns.

In other instances, models based on linear regression analysis were used with independent (“predictor”) variables like gross domestic product and employment. For these models, forecasts of the independent variables were provided by Global Insight, Inc. For example, linear regression models incorporating economic and demographic variables were used to project the individual income tax return series and employment Forms 940 and 941.

Legislative and administrative changes approved for future implementation and not captured in the

statistical models are also factored into tax return forecasts as “off-model adjustments.” This was the case in developing projections for the new exempt organization Form 990-N. Analysis of the impact of similar events in the past and input from subject matter experts are used to develop these “off-model adjustments.” However, such adjustments are made only for enacted tax law changes and confirmed (or reasonably certain) administrative plans and exclude initiatives that are simply under consideration. This is particularly true of e-filed returns. As a result, the e-file forecasts presented in this article are not IRS goals, and should not be interpreted as precluding an alternative e-file future.

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Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2009–2016

Type of return	Actual 2008	Estimated [1] 2009	Projected						
			2010	2011	2012	2013	2014	2015	2016
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Grand total [2]	252,537,925	240,415,900	238,017,200	239,234,600	242,274,200	245,703,900	248,792,000	251,378,000	253,644,400
Paper grand total	150,306,315	131,558,000	124,657,000	121,057,000	118,851,400	117,533,500	116,517,300	115,484,800	114,725,400
Electronic grand total	102,231,610	108,857,900	113,360,200	118,177,600	123,422,800	128,170,400	132,274,800	135,893,200	138,919,000
Total primary returns [3]	231,728,688	218,966,200	216,644,000	217,363,400	219,705,700	222,475,500	225,018,700	227,113,000	228,905,500
Individual, total [4]	154,709,342	141,841,400	139,485,000	140,149,200	141,960,600	144,256,500	146,380,400	148,086,900	149,562,200
Forms 1040, 1040A, and 1040EZ [5]	153,832,040	140,881,400	138,492,900	139,125,100	140,904,400	143,168,200	145,260,100	146,934,600	148,377,700
Total individual paper returns	64,059,483	46,642,300	41,042,700	38,059,500	35,683,600	34,187,500	33,081,200	31,985,500	30,899,500
Form 1040	39,093,746	31,447,800	27,010,400	25,393,100	23,786,100	22,756,900	22,028,500	21,235,200	20,303,600
Form 1040A	15,939,026	8,052,300	7,787,400	7,137,800	6,856,500	6,691,700	6,550,200	6,383,000	6,304,400
Form 1040EZ	9,026,711	7,142,200	6,244,900	5,528,600	5,040,900	4,739,000	4,502,600	4,367,300	4,291,400
Total individual electronic returns	89,772,557	94,239,100	97,450,200	101,065,600	105,220,800	108,980,700	112,178,900	114,949,100	117,478,200
Online filing	26,894,530	31,900,300	33,285,500	34,724,200	35,824,000	36,788,400	37,493,500	37,931,800	38,314,500
Practitioner electronic filing	62,878,027	62,338,800	64,164,700	66,341,300	69,396,800	72,192,300	74,685,400	77,017,300	79,163,700
Form 1040NR/NR-EZ/C/EZ-T	642,569	700,500	726,600	752,600	778,600	804,700	830,700	856,700	882,800
Forms 1040PR and 1040SS	234,733	259,500	265,500	271,500	277,600	283,600	289,600	295,600	301,700
Individual estimated tax, Form 1040-ES, total	29,218,011	29,136,500	28,603,200	28,193,300	28,126,800	28,047,000	27,941,200	27,819,100	27,676,400
Form 1040-ES, paper	29,121,190	29,039,000	28,504,900	28,091,100	28,017,200	27,930,100	27,817,100	27,688,100	27,538,600
Form 1040-ES, electronic (credit card)	96,821	97,500	98,300	102,300	109,600	116,900	124,000	131,000	137,800
Fiduciary (Form 1041), total	3,110,569	3,124,200	3,134,300	3,144,300	3,154,400	3,164,400	3,174,500	3,184,500	3,194,500
Paper fiduciary returns	2,354,985	2,353,700	2,351,000	2,348,300	2,345,700	2,343,000	2,340,300	2,337,600	2,334,900
Electronic fiduciary returns	755,584	770,500	783,300	796,000	808,700	821,400	834,200	846,900	859,600
Fiduciary estimated tax, Form 1041-ES	928,532	712,200	712,200	712,200	712,200	712,200	712,200	712,200	712,200
Partnership, Forms 1065/1065B, total	3,348,845	3,433,800	3,776,900	3,977,600	4,138,400	4,299,100	4,459,600	4,620,000	4,740,200
Paper partnership returns	2,653,445	2,481,700	2,636,000	2,685,900	2,740,400	2,816,100	2,904,400	3,000,000	3,073,400
Electronic partnership returns	695,400	952,100	1,140,900	1,291,700	1,398,000	1,483,000	1,555,200	1,620,000	1,666,800
Corporation, total	6,865,246	6,990,700	7,004,800	7,145,200	7,333,200	7,532,500	7,718,100	7,889,900	8,050,900
Paper corporation returns	5,595,892	5,281,100	4,927,700	4,734,900	4,653,700	4,649,900	4,688,500	4,750,600	4,819,000
Electronic corporation returns	1,269,354	1,709,600	2,077,100	2,410,300	2,679,600	2,882,600	3,029,600	3,139,300	3,231,900
Form 1120 and 1120-A total [6]	2,185,188	2,172,900	2,145,700	2,137,400	2,129,700	2,122,300	2,115,100	2,108,000	2,100,800
Form 1120/1120-A electronic	336,779	447,300	561,500	659,000	726,700	767,500	789,400	800,100	810,100
Form 1120F, total	33,222	32,600	32,300	32,500	33,000	33,700	34,300	34,900	35,500
Form 1120F electronic	313	900	2,300	3,500	4,900	6,600	8,100	9,400	10,400
Form 1120FSC, total	479	400	300	300	200	200	200	200	100
Form 1120H, total	223,841	231,400	226,700	228,300	232,500	238,000	244,200	251,100	258,700
Form 1120RIC, total	12,404	12,800	12,700	12,700	12,900	13,100	13,300	13,400	13,600
Form 1120S, total	4,390,857	4,517,500	4,561,100	4,705,200	4,893,400	5,091,200	5,274,500	5,443,500	5,601,100
Form 1120S, electronic	932,262	1,261,500	1,513,300	1,747,700	1,948,000	2,108,600	2,232,000	2,329,800	2,411,400
Forms 1120L/ND/PC/REIT/SF, total	13,875	14,500	14,400	14,500	14,700	15,000	15,300	15,600	15,900
Form 1120C, total [7]	5,380	8,700	11,600	14,300	16,800	19,100	21,200	23,200	25,100
Small Corporation Election, Form 2553	475,602	444,600	424,300	406,300	390,500	376,600	364,600	354,300	345,800
"REMIC," Form 1066	33,771	29,200	30,700	33,200	36,000	38,800	41,400	43,800	46,200
Estate, Forms 706 and 706NA, total	48,274	43,700	23,400	10,000	86,900	107,100	113,700	119,400	125,000
Gift, Form 709	257,010	255,000	265,600	267,800	270,100	272,500	274,900	277,300	279,800
Employment, total [8]	30,502,853	30,622,100	30,797,600	30,976,800	31,136,200	31,279,300	31,418,000	31,559,400	31,697,500
Paper employment returns	24,146,682	23,637,400	23,689,600	23,744,500	23,791,800	23,834,400	23,880,800	23,935,500	23,993,600
Electronic employment returns	6,356,171	6,984,800	7,108,000	7,232,200	7,344,400	7,444,800	7,537,200	7,623,900	7,703,900
Forms 940, 940EZ, and 940PR, total	6,172,266	6,073,600	6,101,900	6,180,700	6,238,900	6,289,400	6,332,300	6,376,400	6,421,100
Forms 940, 940EZ, and 940PR, paper	4,990,901	4,800,200	4,776,800	4,795,700	4,800,700	4,802,300	4,800,600	4,802,600	4,807,600
Form 940, e-file/online/XML	1,181,365	1,273,400	1,325,100	1,385,000	1,438,200	1,487,100	1,531,700	1,573,800	1,613,500
Forms 941, 941PR/SS/E, total	23,508,192	23,813,700	23,873,200	23,947,500	24,027,300	24,103,500	24,187,600	24,276,900	24,365,100
Forms 941, 941PR/SS/E, paper	18,345,350	18,117,800	18,110,100	18,121,900	18,144,900	18,170,900	18,208,100	18,253,500	18,301,800
Form 941, e-file/online/XML	5,162,842	5,695,900	5,763,100	5,825,600	5,882,500	5,932,600	5,979,500	6,023,400	6,063,300
Forms 943, 943PR, and 943SS	249,067	231,500	228,600	225,800	223,100	220,700	218,400	216,300	214,400
Form 944, total	440,588	388,800	486,700	519,300	545,900	567,000	583,600	596,300	606,100
Form 944, paper	428,624	373,400	466,800	497,700	522,200	541,900	557,600	569,700	579,000
Form 944, e-file	11,964	15,500	19,800	21,600	23,700	25,100	26,000	26,700	27,100
Form 945	130,790	112,600	105,500	101,600	99,000	96,700	94,100	91,500	88,800
Form CT-1	1,950	1,900	1,800	1,900	1,900	1,900	1,900	1,900	1,900
Form 1042 [9]	33,647	35,100	36,500	36,500	37,200	37,800	38,600	39,400	40,200

Footnotes at end of table.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

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Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2009–2016—Continued

Type of return	Actual 2008	Estimated [1] 2009	Projected						
			2010	2011	2012	2013	2014	2015	2016
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Exempt organization, total [10]	1,135,314	1,210,600	1,254,200	1,212,500	1,218,000	1,242,100	1,264,200	1,284,300	1,303,600
Paper exempt organization, total	848,082	842,300	833,500	751,100	736,300	742,100	746,900	750,800	754,200
Electronic exempt organization, total	287,232	368,300	420,700	461,400	481,700	500,000	517,300	533,500	549,400
Form 990, total	423,358	389,400	398,800	408,200	417,600	427,000	436,400	445,800	455,200
Form 990, electronic	53,093	59,700	85,900	118,500	130,500	141,300	151,800	162,400	173,200
Form 990EZ, total	171,342	217,600	234,600	169,900	154,600	159,600	163,600	166,800	169,400
Form 990EZ, electronic	11,037	24,800	34,100	29,800	29,600	31,500	33,700	35,700	37,600
Form 990-N [11]	216,872	274,500	285,500	293,200	298,500	302,200	304,700	306,300	307,500
Form 990PF, total	97,766	98,300	101,300	104,200	107,200	110,200	113,200	116,200	119,100
Form 990PF, electronic	6,230	9,300	15,200	19,900	23,100	25,000	27,100	29,100	31,100
Form 990T	98,071	96,200	99,200	102,200	105,100	108,100	111,100	114,000	117,000
Form 4720	2,438	2,600	2,700	2,700	2,800	2,800	2,900	2,900	3,000
Form 5227	125,467	132,000	132,100	132,100	132,200	132,200	132,300	132,300	132,400
Government entity, total	47,368	47,400	48,600	48,300	48,100	48,200	48,300	48,500	48,600
Form 8038	4,414	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Form 8038G	29,159	28,900	28,900	28,900	28,900	28,900	28,900	28,900	28,900
Form 8038GC	11,644	12,100	13,200	12,800	12,400	12,400	12,400	12,400	12,400
Form 8038T	1,929	2,000	2,100	2,200	2,400	2,500	2,600	2,800	2,900
Form 8328	222	300	300	300	300	300	300	300	300
Political organization, total	11,592	10,200	11,700	10,200	11,800	10,300	11,800	10,300	11,900
Form 1120POL, total	6,168	6,300	6,300	6,300	6,300	6,400	6,400	6,400	6,400
Form 1120POL, electronic	11	0	0	100	100	100	100	100	100
Form 8871 [12]	1,905	1,300	1,900	1,300	1,900	1,300	1,900	1,300	1,900
Form 8872	3,519	2,600	3,500	2,600	3,500	2,600	3,500	2,600	3,500
Form 8872, electronic	2,758	1,800	2,800	1,700	2,800	1,700	2,800	1,800	2,800
Excise, total	935,498	964,500	969,600	974,200	979,300	984,800	990,700	996,800	1,003,300
Form 11-C	8,143	8,400	8,200	7,900	7,700	7,600	7,500	7,400	7,300
Form 720	100,165	97,700	96,500	94,500	92,500	90,500	88,600	86,600	84,600
Form 720, electronic	24	200	400	700	1,200	1,700	2,500	3,200	4,400
Form 730	40,842	41,200	40,600	40,100	39,500	39,000	38,400	37,900	37,300
Form 2290	718,066	753,900	765,300	776,800	788,200	799,700	811,100	822,600	834,000
Form 2290, electronic	16,133	31,900	40,000	55,100	80,900	112,100	157,600	207,200	258,100
Form 8849	68,282	63,300	58,900	54,900	51,300	48,000	45,100	42,500	40,100
Form 8849, electronic	40	200	600	1,100	1,900	3,200	4,500	6,300	8,100
Form 5330	24,137	24,500	25,000	25,400	25,800	26,200	26,600	27,000	27,400
Form 8752 [13]	43,077	40,500	40,400	40,300	40,200	40,100	39,900	39,800	39,700
Supplemental documents, total [14]	20,809,237	21,449,700	21,373,100	21,871,300	22,568,400	23,228,300	23,773,400	24,265,000	24,739,000
Form 1040X, total	4,803,051	5,082,900	4,957,100	5,070,800	5,229,700	5,375,400	5,512,100	5,657,600	5,788,800
Form 4868, total	9,661,156	9,671,600	9,677,100	10,014,000	10,465,500	10,881,200	11,179,600	11,410,600	11,635,000
Form 4868, paper	7,877,250	7,614,700	7,347,800	7,322,900	7,359,800	7,347,200	7,235,300	7,065,000	7,204,000
Form 4868, electronic	1,783,906	2,056,900	2,329,300	2,691,000	3,105,700	3,534,000	3,944,200	4,345,500	4,431,000
Credit card	66,838	69,600	73,900	78,200	82,500	86,900	91,300	95,800	100,300
E-file	1,717,068	1,987,300	2,255,400	2,612,800	3,023,200	3,447,100	3,852,900	4,249,700	4,330,700
Form 1120X	3,447	3,700	4,100	4,500	4,900	5,200	5,600	5,800	6,100
Form 5558	436,965	455,900	461,100	466,100	471,100	476,000	480,900	485,700	490,400
Form 7004, total	5,370,245	5,665,900	5,677,500	5,728,600	5,803,500	5,893,000	5,991,300	6,094,800	6,201,600
Form 7004, electronic	1,139,906	1,567,800	1,807,800	1,950,600	2,048,500	2,129,300	2,205,900	2,283,400	2,362,200
Form 8868, total	534,373	569,700	596,200	587,400	593,700	597,500	604,000	610,500	617,100
Form 8868, electronic	53,808	75,900	98,900	116,500	137,100	157,500	178,800	200,700	222,900

[1] Estimated based on information available as of August 2009.

[2] Grand total is the sum of total primary returns and supplemental documents.

[3] Total primary returns is the sum of all returns, excluding supplemental documents.

[4] "Individual, total" is the sum of paper and electronic Forms 1040, 1040A, 1040C, 1040EZ, 1040EZ-T, 1040NR, 1040NR-EZ, 1040PR, and 1040SS. The Forms 1040, 1040A and 1040EZ Totals includes the marginal effects of the 2008 Economic Stimulus Package.

[5] Forms 1040/A/EZ is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

[6] Form 1120-A cannot be filed for tax years beginning after Dec. 31, 2006.

[7] Form 1120-C includes Form 990-C.

[8] "Employment, total" includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 943, 943PR, 943SS, 944, 944PR, 944SS, 945, and CT-1.

[9] Form 1042 is the Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

[10] "Exempt organization, total" includes Forms 990, 990EZ, 990N, 990PF, 990T, 4720, and 5227. See footnote 7.

[11] Form 990-N is all electronic.

[12] Form 8871 is all electronic.

[13] Form 8752 is Required Payment or Refund Under Section 7519, a computation of payment or refund by a partnership or S corporation.

[14] Supplemental documents consist mainly of applications for extensions of time to file and amended tax returns.

NOTE: Details may not add to totals because of rounding. Table excludes Non-Master File counts.

Foreign Recipients of U.S. Income, 2007

by Scott Luttrell

U.S.-source income payments to foreign persons, as reported on Form 1042-S, rose to \$646.5 billion in Tax Year 2007. This amount represents an increase of 70.9 percent from the amount paid to foreign recipients in 2005. Foreign corporations received \$472.0 billion (73.0 percent) of the total income paid to foreign recipients, while foreign governments and international organizations collected the next largest share, \$41.9 billion (6.5 percent). Foreign partnerships and foreign trusts (3.0 percent) and foreign individuals (2.7 percent) received a combined \$37.0 billion in gross income.

Interest, dividends, and other passive types of income comprise the vast majority of U.S.-source income paid to foreign persons that is subject to Form 1042-S reporting. In 2007, foreign persons received \$376.6 billion in U.S.-source interest payments, which represent 58.3 percent of total gross income paid. Dividend payments to foreign recipients totaled \$134.0 billion (20.7 percent), while notional principal contract income was \$68.9 billion (10.7 percent). Finally, payments of rents and royalties, personal services income, and Social Security and railroad retirement benefits combined for \$33.0 billion.

It is not uncommon for U.S.-source income payments to foreign persons to be entirely exempt from withholding tax. The most frequent reasons for this are that the income is exempt due to a tax treaty between the U.S. and the recipient's country of residence, or the specific type of income (typically portfolio interest) is exempt under an Internal Revenue Code section. In 2007, just 10.8 percent (\$70 billion) of U.S.-source income paid to foreign persons was subject to withholding tax. Almost \$10.2 billion in withholding taxes were collected on the residual income subject to withholding, with an average effective tax rate of 14.5 percent (see Figure A). The average effective rate is substantially less than the 30-percent statutory withholding rate because reduced withholding rates are permitted under many tax treaties.

In addition to receiving the most U.S.-source income, corporate recipients were among the biggest

beneficiaries of reduced withholding rates, with an average effective tax rate of 12.3 percent. This is due in large part to the fact that corporations received large amounts of dividends and royalties that receive preferential withholding rates under treaty agreements. Conversely, foreign individuals received much of their incomes in the form of Social Security and railroad retirement payments and personal services income, two categories which tend to have withholding rates closer to the statutory level. This resulted in foreign individuals having the highest effective tax rates among the major recipient categories (22.2 percent).

Figure B shows six countries whose residents received the largest amounts of U.S.-source gross income during the 3-year period from 2005 to 2007. In 2005 and 2006, residents of the United Kingdom (U.K.) received the most U.S.-source income. However, in 2007, income paid to the U.K. fell to \$77.1 billion and was surpassed by the Cayman Islands. Figure B, Part 1 illustrates the steady growth of payments to the Cayman Islands over this period, beginning with \$40.1 billion in 2005 (trailing both the U.K. and Japan) and reaching \$84.7 billion in 2007. Part 2 of Figure B shows Cayman Islands recipients paid the most tax throughout the 3-year period, and the amount of tax withheld rose at a rate proportionate to the growth in income received over the same period.

In terms of U.S.-source income paid, Figure B, Part I demonstrates the increasing prominence of the Netherlands, Germany, and Switzerland and the diminishing position of Japan from 2005 to 2007. Japan received \$41.1 billion in U.S.-source income and was second to the U.K. in 2005 with 10.9 percent of the total. In 2006, income paid to Japanese recipients rose to \$56.9 billion, but their share of the total fell to 10.4 percent, dropping to third behind the Cayman Islands for largest share of U.S.-source income. Japan's share of income fell to 7.3 percent in 2007, placing it behind all of the other leading countries shown in Figure B, Part 1. Meanwhile, the Netherlands and Germany received \$32.6 billion (8.6 percent of total payments) and \$32.9 billion (8.7 percent of total payments) in 2005, respectively. By 2007 the Netherlands accounted for 9.6 percent, while German residents received 9.0 percent of U.S.-source income, placing them third and fourth among leading recipient countries, respectively.

Scott Luttrell is an economist with the Special Studies Returns Analysis Section. This data release was prepared under the direction of Chris Carson, Chief.

Foreign Recipients of U.S. Income, 2007

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Figure A

U.S.-Source Payments to Foreign Persons: Income, Tax Withheld, and Effective Tax Rate, by Recipient Type, Tax Year 2007

[Money amounts are in thousands of dollars]

Recipient type	U.S.-source income			U.S. tax withheld	Effective tax rate on income subject to withholding tax [1]
	Total	Exempt from withholding	Subject to withholding		
	(1)	(2)	(3)	(4)	(5)
All recipients	646,548,452	576,602,462	69,945,990	10,168,549	14.5%
Individuals	17,553,079	11,757,086	5,795,993	1,286,614	22.2%
Corporations	472,005,605	431,417,703	40,587,902	5,002,976	12.3%
Partnerships/trusts	19,478,645	15,648,592	3,830,053	795,447	20.8%
U.S. branch treated as U.S. person	4,039,483	4,036,807	2,676	487	18.2%
Governments and international organizations	41,872,683	41,771,009	101,674	20,958	20.6%
Tax-exempt organizations	7,141,206	7,038,744	102,462	20,523	20.0%
Private foundations	229,052	143,602	85,450	5,554	6.5%
Artists and athletes	418,190	66,534	351,656	84,712	24.1%
Qualified intermediary pools	60,021,853	45,182,824	14,839,030	2,347,379	15.8%
Other/unknown	23,788,656	19,539,561	4,249,094	603,899	14.2%

[1] U.S. tax withheld divided by U.S. source income subject to withholding.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

Payments Through Qualified Intermediaries

A qualified intermediary (QI) is a foreign financial intermediary (or foreign branch of a U.S. financial intermediary) that enters into a QI Agreement with the IRS. Generally, under the QI Agreement, the QI agrees to assume certain documentation and withholding responsibilities in exchange for simplified information reporting for its foreign account holders and the ability to protect proprietary account holder information from disclosure to a withholding agent who may also be a competitor. Figure C illustrates the amount of U.S.-source income which flowed through QIs compared to income paid to foreign persons through withholding agents other than QIs (including nonqualified intermediaries). As shown in Figure C, U.S. income paid through QIs has decreased from 14.1 percent of all payments in 2005 to 9.3 percent in 2007. Similarly, tax withheld on payments made through QIs fell from 30.6 percent of all tax withheld in 2005 to 23.1 percent in 2007. Throughout 2005 to 2007, taxes were withheld at a disproportionately higher rate on payments made

through QIs compared to all other payments of U.S.-source income.

Background

United States-source income of nonresident alien individuals and other foreign persons is reported on Form 1042S, *Foreign Person's U.S.-Source Income Subject to Withholding*. This income is subject to a flat, statutory tax rate of 30 percent. However, this rate is frequently reduced or eliminated by way of an income tax treaty or statutory exemption (see Table 1 for the amount of income exempt from taxation). Income that is exempt from taxation because of a tax treaty or certain other exemptions must still be reported. The principal types of income are interest, dividends, notional principal contract income, rents, royalties, Social Security and railroad retirement payments, and personal services income, shown separately in Table 2. Other types of income include capital gains, scholarships, pensions and annuities, gambling winnings, and certain real estate distributions. Bank deposit interest and certain other interest

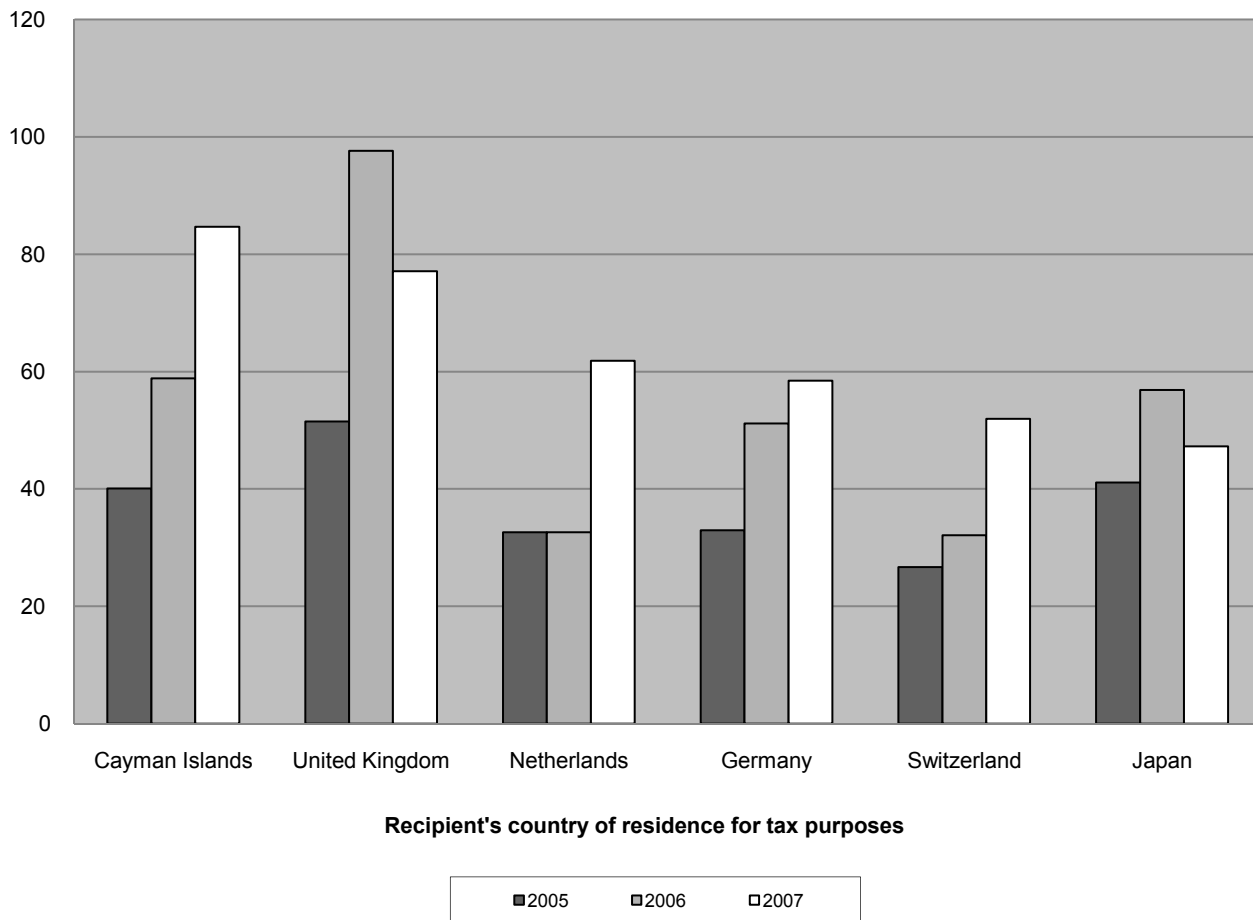
Foreign Recipients of U.S. Income, 2007

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Figure B1

U.S.-Source Gross Income Paid to Foreign Persons, by Recipient's Country of Residence for Tax Purposes, Tax Years 2005-2007

Billions of dollars



payments on specific types of financial obligations are generally not reported on Form 1042S.¹

U.S. individuals, corporations, or other entities paying U.S.-source income to foreign persons are required to withhold taxes on this income (except where statutory or treaty exemptions apply) or to appoint a withholding agent (normally a U.S.

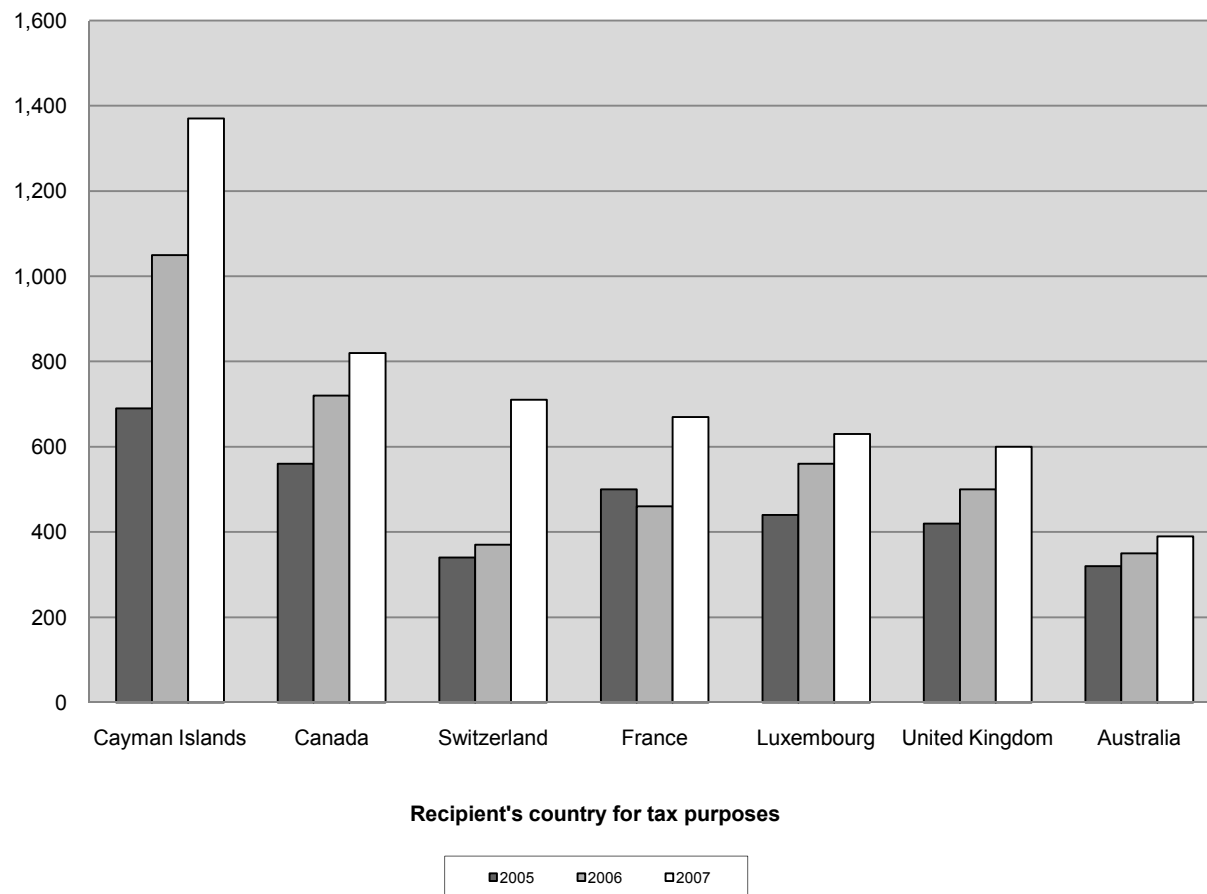
financial institution) to do so. Foreign financial institutions that enter into an agreement with the Internal Revenue Service, known as qualified intermediaries (QIs), may also serve as withholding agents. A withholding agent or qualified intermediary is fully liable for all taxes owed by a foreign beneficial owner and also reports the income paid to each

¹ U.S. Department of the Treasury, Internal Revenue Service, Instructions for Form 1042-S. Bank deposit interest is generally excluded from Form 1042-S reporting, although an exception exists for Canadian residents who are not U.S. citizens. Bank deposit interest paid to Canadian residents is subject to Form 1042-S reporting but is exempt from withholding tax. In addition to bank deposit interest, other payments to foreign persons that are not subject to reporting on Form 1042-S include: interest and original issue discount (OID) from short-term obligations, registered obligations targeted to foreign markets, bearer obligations targeted to foreign markets, notional principal contract payments that are not effectively connected income, and accrued interest and OID.

Figure B2

Tax Withheld on U.S.-Source Income, by Recipient's Country of Residence for Tax Purposes, Tax Years 2005-2007

Tax withheld in millions of dollars



recipient on a Form 1042S. Without this withholding requirement, there would be no effective way to enforce taxpayer compliance because foreign recipients are generally not required to file U.S. tax returns to report this income.

Data Sources and Limitations

Payers (or their authorized withholding agents) of most U.S.-source income to foreign persons must withhold tax in accordance with Internal Revenue Code section 1441. Form 1042S, Foreign Person's U.S.-Source Income Subject to Withholding,

is filed by the payer to report this income and the U.S. tax withheld. Often, a financial institution acts as the payer's withholding agent. The statistics in this data release were tabulated by calendar year, using all Forms 1042S filed with the Internal Revenue Service for 2007. The data reflect the income that was paid and U.S. tax that was withheld for 2007.

Because all Forms 1042S were used for the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error, including data entry and taxpayer

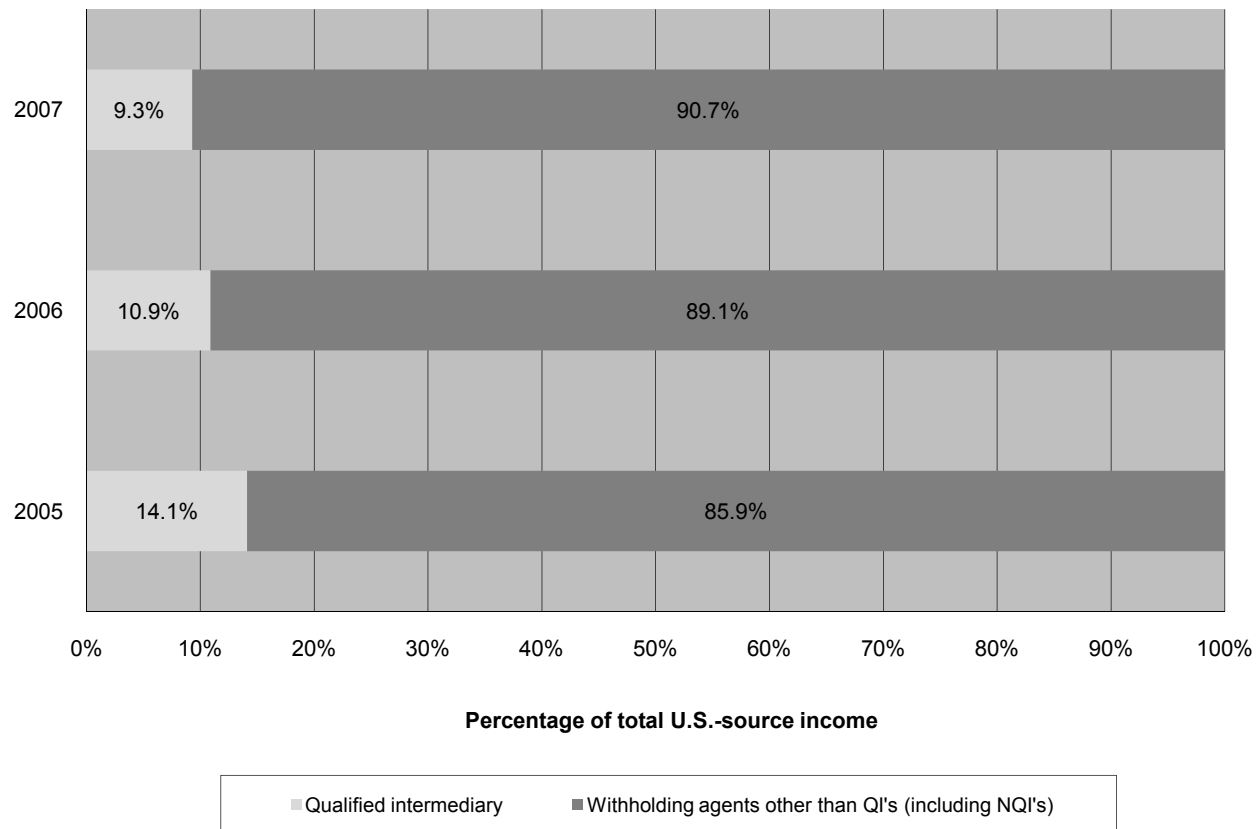
Foreign Recipients of U.S. Income, 2007

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Figure C1

Percentage of U.S.-Source Income Paid through Qualified Intermediaries (QIs) and Other Withholding Agents, Tax Years 2005-2007

Tax year



reporting errors. Although the data were subjected to tests for certain basic mathematical relationships, including the calculation of the correct tax withheld, the possibility of error can not be completely eliminated.

Explanation of Selected Terms

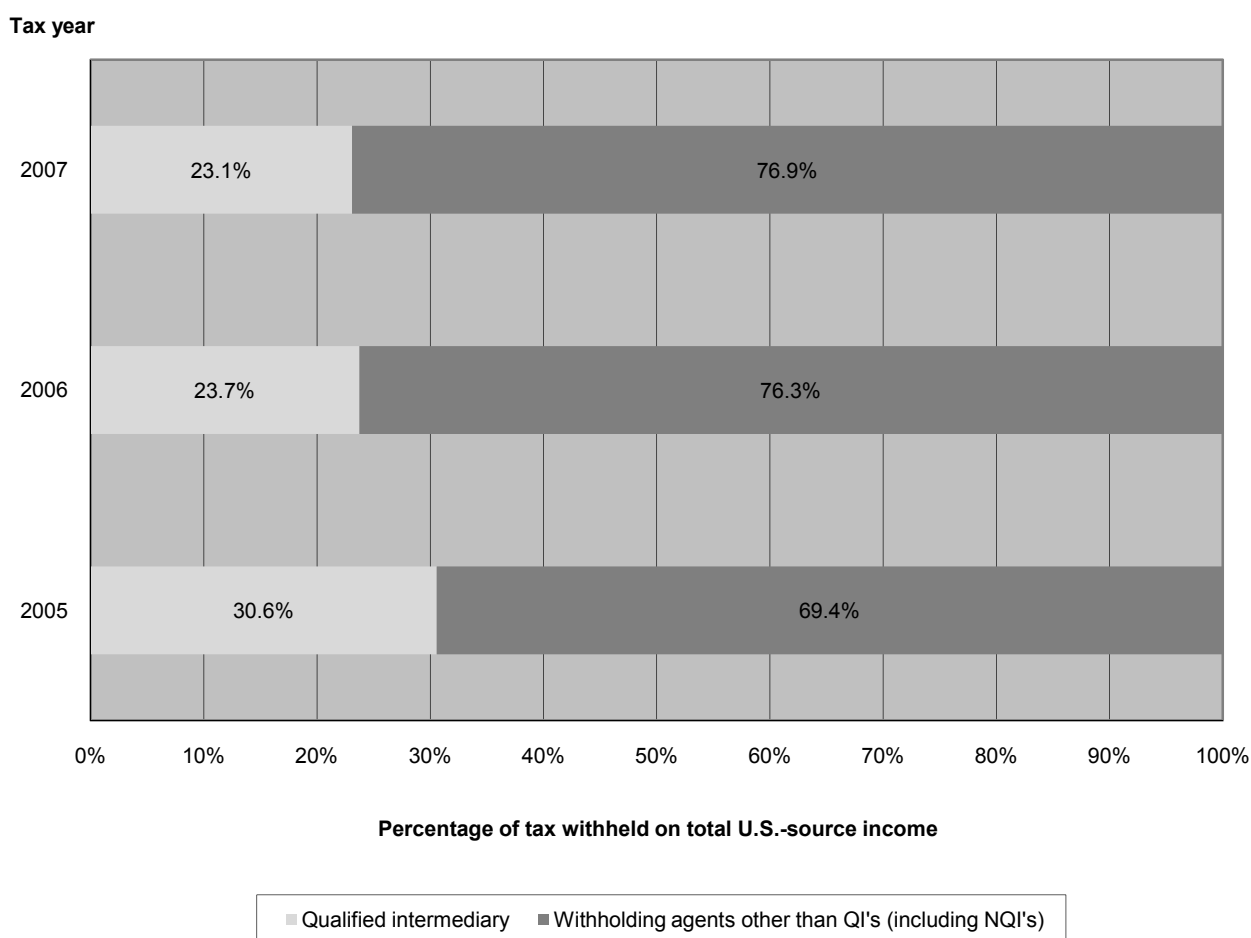
Beneficial owner—In general, the beneficial owner is the person who is required under U.S. tax principles to include the income in gross income on a tax return. A person is not a beneficial owner of income, to the extent that person is receiving the income as a nominee, agent, or custodian, or to the extent the person is a conduit whose participation in a transaction is disregarded.

Foreign persons—For purposes of this data release, foreign persons include: (a) individuals whose residence is not within the United States and who are not U.S. citizens (i.e., nonresident aliens); and (b) corporations and other organizations (including partnerships, private foundations, estates, and trusts) created or organized outside the United States. Individuals residing, and organizations created or organized, in Puerto Rico and U.S. possessions are also considered foreign persons.

Notional principal contract income—Notional principal contracts involve two parties who agree contractually to pay each other amounts at specified times, based on the underlying contract. The notional amount is an amount specified in the

Figure C2

Percentage of Tax Withheld on U.S.-Source Income Paid through Qualified Intermediaries (QIs) and Other Withholding Agents, Tax Years 2005-2007



contract and on which certain calculations are made. Generally, when amounts are due under the contract at the same time, they are netted, and only one payment is made.

Qualified intermediary pool—Payments made by a qualified intermediary directly to beneficial owners may generally be reported on the basis of reporting pools. A reporting pool consists of income that falls within a particular withholding rate and within a particular income type, exemption type, or recipient type.

U.S. branch treated as U.S. person—The following types of U.S. branches (of foreign entities) may reach an agreement with the withholding agent to treat the branch as a U.S. person: (a) a U.S. branch of a foreign bank subject to regulatory supervision by the Federal Reserve Board or (b) a U.S. branch of a foreign insurance company required to file an annual statement on a form approved by the National Association of Insurance Commissioners with the Insurance Department of a State, Territory, or the District of Columbia.

Foreign Recipients of U.S. Income, 2007

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Table 1. Foreign Recipients of U.S. Income Forms 1042S: Number, Total U.S.-Source Income, and U.S. Tax Withheld, Tax Treaty Countries and Total Non-Tax Treaty Countries, 2005

[Money amounts in thousands of dollars]

Treaty status, country or geographic area	Number of Forms 1042S	U.S.-source income			U.S. tax withheld
		Total	Exempt from withholding	Subject to withholding	
	(1)	(2)	(3)	(4)	(5)
Total	3,567,045	646,548,452	576,602,462	69,945,990	10,168,549
Tax treaty countries, total	2,791,675	467,737,292	414,442,642	53,294,650	6,191,062
Armenia	634	14,887	13,918	969	214
Australia [1]	154,599	11,302,438	8,328,900	2,973,539	394,221
Austria	40,706	1,383,030	1,108,821	274,209	58,642
Azerbaijan	428	8,488	8,155	333	52
Bangladesh	1,122	5,250	3,412	1,838	308
Barbados	2,462	345,538	303,376	42,162	9,911
Belarus	530	6,510	4,134	2,376	664
Belgium	22,896	3,089,779	2,374,627	715,152	113,008
Canada	460,448	26,923,015	17,950,966	8,972,050	819,374
China	89,069	6,607,778	6,472,333	135,444	18,217
Cyprus	1,936	76,345	63,948	12,397	2,081
Czech Republic	5,863	294,463	279,999	14,463	3,125
Denmark	9,452	1,448,645	912,366	536,279	81,978
Egypt	5,042	677,133	659,893	17,240	2,889
Estonia	1,000	7,328	5,503	1,825	419
Finland	4,454	3,255,755	3,084,156	171,600	18,382
France [2]	52,941	24,175,101	15,238,559	8,936,542	668,348
Georgia	615	4,717	3,964	753	134
Germany	812,683	58,435,077	56,452,758	1,982,319	307,304
Greece	16,144	2,935,802	2,872,834	62,967	16,453
Hungary	4,161	3,761,658	2,661,170	1,100,488	56,095
Iceland	2,339	1,071,145	1,054,519	16,626	2,088
India	30,528	855,870	693,901	161,969	26,285
Indonesia	7,973	778,653	770,056	8,598	1,665
Ireland	40,398	17,042,652	15,968,447	1,074,205	238,722
Israel	37,370	1,328,611	966,747	361,864	63,951
Italy	57,505	3,717,558	2,194,047	1,523,511	218,110
Jamaica	5,127	77,248	62,291	14,957	3,225
Japan	115,781	47,277,715	44,032,595	3,245,120	291,080
Kazakhstan	568	258,922	258,386	536	104
Korea, Republic of (South)	31,749	3,772,974	3,187,002	585,972	90,014
Kyrgyzstan	267	1,383	1,165	218	31
Latvia	1,057	16,725	11,721	5,004	863
Lithuania	743	4,542	2,818	1,724	281
Luxembourg	7,560	26,026,236	22,211,889	3,814,347	630,638
Mexico	158,589	5,668,598	3,921,981	1,746,616	297,027
Moldova	318	1,577	1,264	313	53
Morocco	1,370	17,374	16,256	1,118	239

Footnotes at end of table.

Foreign Recipients of U.S. Income, 2007

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Table 1. Foreign Recipients of U.S. Income Forms 1042S: Number, Total U.S.-Source Income, and U.S. Tax Withheld, Tax Treaty Countries and Total Non-Tax Treaty Countries, 2005—Continued

[Money amounts in thousands of dollars]

Treaty status, country or geographic area	Number of Forms 1042S	U.S.-source income			U.S. tax withheld
		Total	Exempt from withholding	Subject to withholding	
	(1)	(2)	(3)	(4)	(5)
Netherlands	42,004	61,824,273	60,787,021	1,037,253	154,552
New Zealand	17,736	542,502	399,076	143,426	21,256
Norway	6,512	6,223,035	6,076,074	146,961	22,933
Pakistan	4,337	36,924	29,462	7,462	1,313
Philippines	27,147	976,157	885,107	91,050	20,936
Poland	9,471	190,543	150,445	40,097	8,686
Portugal	10,103	5,780,759	5,679,607	101,152	16,095
Romania	2,671	15,816	11,289	4,526	783
Russia	10,875	269,784	252,273	17,510	4,079
Slovak Republic	1,659	29,710	20,374	9,336	1,374
Slovenia	3,242	32,084	20,924	11,160	2,467
South Africa	8,472	125,899	69,805	56,094	11,723
Spain	32,790	2,845,934	2,316,299	529,634	65,706
Sri Lanka	768	2,820	980	1,840	293
Sweden	20,147	6,257,570	5,618,314	639,256	81,511
Switzerland	46,035	51,945,483	44,250,263	7,695,220	712,643
Tajikistan	270	1,174	984	189	35
Thailand	8,375	121,267	95,863	25,403	4,417
Trinidad and Tobago	4,599	136,802	125,491	11,311	3,144
Tunisia	483	45,494	43,807	1,687	336
Turkey	5,815	76,083	60,297	15,786	2,609
Turkmenistan	213	1,131	769	362	95
Ukraine	2,199	9,145	6,068	3,077	714
United Kingdom	293,441	77,086,468	73,136,104	3,950,364	595,817
Uzbekistan	356	2,377	1,911	466	82
Venezuela	45,528	481,538	245,154	236,383	21,267
Nontreaty countries, total [3]	775,370	178,811,161	162,159,820	16,651,341	3,977,487

[1] Includes Ashmore and Cartier Islands, Christmas Island, Cocos (Keeling) Islands, Coral Sea Islands Territory, and Norfolk Island.

[2] Includes Guadeloupe, French Guiana, Martinique, and Reunion.

[3] Includes Puerto Rico, U.S. possessions, and Bermuda. The U.S. and Bermuda have had a tax treaty in effect since 1986. However, this treaty provides no reduction of withholding rates.

NOTES: Detail may not add to totals because of rounding. Form 1042S is entitled "Foreign Person's U.S.-Source Income Subject to Withholding."

Foreign Recipients of U.S. Income, 2007

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	3,567,045	10,168,549	646,548,452	376,623,363	134,005,320	27,549,995	1,500,306	3,966,482	68,927,181
RECIPIENT TYPES									
Individuals, total	3,014,351	1,286,614	17,553,079	5,948,016	3,198,180	550,551	1,500,291	1,983,103	10,554
Corporations, total	367,544	5,002,976	472,005,605	274,252,548	86,825,608	24,207,276	16	1,370,887	67,792,393
Partnerships/trusts, total	97,607	795,447	19,478,645	10,952,081	5,844,065	485,443	0	21,348	2,961
U.S. branch treated as U.S. person, total	659	487	4,039,483	2,910,404	187,057	3	0	53	887,225
Governments and international organizations, total	5,781	20,958	41,872,683	29,370,939	6,905,250	7,776	0	666	0
Tax-exempt organizations, total [1]	7,395	20,523	7,141,206	4,625,346	2,145,682	146,805	0	997	0
Private foundations, total	1,052	5,554	229,052	108,885	79,615	9,732	0	119	0
Artists and athletes, total	9,996	84,712	418,190	0	0	0	0	0	0
Qualified intermediary pools, total	18,941	2,347,379	60,021,853	41,087,356	17,576,829	136,971	0	54	0
Other/unknown, total	43,719	603,899	23,788,657	7,367,789	11,243,034	2,005,438	0	589,257	234,048
COUNTRIES OR GEOGRAPHIC AREAS, RECIPIENT TYPES									
Anguilla	1,083	16,978	244,916	180,809	55,416	5	666	78	0
Individuals	344	315	1,532	267	468	2	666	0	0
Corporations	493	320	165,745	164,213	1,350	3	0	0	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Argentina	62,638	20,191	425,569	337,798	42,947	4,550	8,838	4,535	19
Individuals	59,695	11,065	298,835	248,296	22,089	874	8,838	3,380	0
Corporations	2,238	4,870	89,692	71,817	13,204	3,483	0	260	19
Qualified intermediary pools	18	9	2,111	2,080	31	0	0	0	0
Australia	154,416	393,828	11,299,470	2,987,927	4,973,401	462,381	19,049	29,855	1,303,714
Individuals	110,016	19,521	139,262	15,009	41,954	11,861	19,049	10,240	0
Corporations	21,883	216,147	8,067,177	1,511,055	4,009,877	312,770	0	15,950	1,296,524
Qualified intermediary pools	24	1,963	16,106	3,345	12,411	0	0	0	0
Austria	40,706	58,642	1,383,030	1,022,331	240,537	30,421	7,764	28,601	520
Individuals	36,651	4,925	58,234	5,607	9,102	13,754	7,764	2,054	0
Corporations	898	21,028	497,452	391,992	81,320	10,689	0	576	520
Qualified intermediary pools	1,778	28,454	516,876	381,486	130,898	56	0	0	0
Bahamas	21,383	105,405	3,554,878	3,148,858	348,045	5,154	682	766	0
Individuals	3,947	3,962	58,621	32,260	19,451	300	682	751	0
Corporations	16,402	75,609	3,045,110	2,758,632	241,498	4,682	0	9	0
Qualified intermediary pools	150	10,839	161,102	121,901	36,469	101	0	0	0
Bahrain	1,641	4,828	528,171	512,157	9,973	11	11	13	1,338
Individuals	1,299	466	2,774	455	668	9	11	2	297
Corporations	254	3,028	449,335	440,483	6,575	1	0	11	0
Qualified intermediary pools	5	99	1,232	791	365	0	0	0	0
Barbados	2,462	9,911	345,538	295,852	27,325	3,013	1,406	544	3,228
Individuals	1,287	655	15,207	10,762	1,940	44	1,406	20	0
Corporations	882	8,437	270,690	232,050	22,477	2,937	0	508	3,228
Qualified intermediary pools	9	363	50,747	49,611	1,137	0	0	0	0
Belgium	22,896	113,008	3,089,779	2,168,631	230,009	367,445	5,710	18,327	116,864
Individuals	20,195	9,220	83,529	11,583	35,384	4,518	5,710	12,560	0
Corporations	1,371	41,858	2,378,873	1,784,551	64,644	351,210	0	1,873	116,864
Qualified intermediary pools	402	16,040	309,694	202,575	101,515	10	0	0	0
Bermuda	22,381	333,401	29,408,951	27,855,161	1,036,054	19,330	886	9,765	38,140
Individuals	6,245	5,970	127,938	94,651	17,839	643	886	4,206	0
Corporations	13,738	274,983	27,984,167	26,705,984	847,581	17,645	0	5,135	38,140
Qualified intermediary pools	33	10,855	407,662	369,969	36,038	27	0	0	0

Footnotes at end of table.

Foreign Recipients of U.S. Income, 2007

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005—Continued

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil	30,271	49,601	705,674	492,116	24,900	5,492	5,587	21,359	1,652
Individuals	27,940	16,690	167,653	93,537	22,226	1,016	5,587	14,130	0
Corporations	1,296	30,951	256,153	241,140	2,216	3,265	0	4,771	1,652
Qualified intermediary pools	5	0	166	166	0	0	0	0	0
British Virgin Islands	62,216	281,457	7,390,367	6,242,310	907,292	19,121	348	460	0
Individuals	2,948	3,858	60,950	43,662	14,033	1,064	348	1	0
Corporations	58,013	260,600	7,129,176	6,060,602	842,957	14,069	0	384	0
Qualified intermediary pools	11	51	5,803	5,632	39	0	0	0	0
Canada	460,448	819,374	26,923,015	12,752,208	6,729,059	1,123,498	377,134	514,408	2,146,837
Individuals	414,435	192,924	1,540,528	140,555	147,002	63,233	377,134	100,254	10,538
Corporations	21,096	306,553	16,807,282	8,878,113	2,508,344	958,038	0	355,204	2,128,861
Qualified intermediary pools	640	244,911	4,340,052	1,808,222	2,453,958	46	0	0	0
Cayman Islands	78,813	1,366,635	84,664,516	78,319,074	4,641,494	32,196	534	1,078	50,783
Individuals	10,574	109,351	1,569,125	1,138,162	418,322	166	534	19	0
Corporations	62,072	1,000,362	77,498,851	72,624,649	3,296,517	15,444	0	90	48,096
Qualified intermediary pools	141	4,899	80,506	59,721	18,815	10	0	0	0
Chile	21,980	27,202	787,465	678,742	75,186	1,845	4,042	1,548	1,838
Individuals	16,357	5,073	67,199	42,692	8,069	206	4,042	1,210	0
Corporations	5,234	21,353	513,189	434,295	62,809	1,505	0	5	1,838
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
China	89,069	18,217	6,607,778	5,308,976	801,866	28,859	431	328,108	2,070
Individuals	86,477	7,409	428,174	40,698	18,894	1,456	431	258,591	0
Corporations	1,227	7,881	2,940,874	2,859,421	53,724	5,192	0	102	2,070
Qualified intermediary pools	9	17	79	22	4	0	0	54	0
Colombia	26,131	13,723	646,418	528,282	68,853	2,781	8,274	2,883	0
Individuals	23,508	7,330	66,530	23,906	8,038	872	8,274	2,598	0
Corporations	2,244	5,900	266,011	240,171	12,581	1,802	0	163	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Czech Republic	5,863	3,125	294,463	137,114	7,507	762	508	5,559	70
Individuals	4,824	1,575	13,102	718	2,240	329	508	5,268	0
Corporations	442	442	6,693	3,893	2,122	384	0	43	0
Qualified intermediary pools	12	130	2,908	2,089	812	0	0	0	0
Denmark	9,452	81,978	1,448,645	772,514	525,296	53,906	4,293	7,449	19,100
Individuals	6,589	3,621	23,909	1,917	2,790	1,491	4,293	2,691	0
Corporations	1,953	30,049	692,468	384,744	201,803	51,348	0	86	19,100
Qualified intermediary pools	124	44,001	666,470	371,089	290,057	2	0	0	0
Egypt	5,042	2,889	677,133	35,667	10,515	222	185	608,198	454
Individuals	4,790	2,415	643,416	6,831	7,415	187	185	607,856	0
Corporations	101	353	20,670	16,878	2,447	15	0	0	454
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Finland	4,454	18,382	3,255,755	405,676	1,052,849	91,627	2,547	9,177	1,647,225
Individuals	3,463	1,157	9,059	652	776	665	2,547	305	0
Corporations	531	7,345	2,882,048	177,164	934,410	90,342	0	610	1,647,225
Qualified intermediary pools	15	6,362	44,864	2,430	42,418	0	0	0	0
France	52,664	668,184	24,173,690	11,684,637	4,835,961	4,467,147	29,892	113,599	2,573,706
Individuals	43,911	22,029	279,120	14,689	49,320	24,604	29,877	53,683	0
Corporations	4,972	443,852	19,823,604	8,859,085	3,939,324	4,128,184	15	51,488	2,549,041
Qualified intermediary pools	641	143,298	2,395,368	1,624,369	729,791	189	0	0	0
Germany	812,683	307,304	58,435,077	18,224,422	5,121,031	2,692,917	106,692	157,255	30,153,796
Individuals	794,259	52,815	1,189,128	57,854	416,199	90,794	106,692	40,103	0
Corporations	9,162	155,446	51,760,521	15,005,169	3,552,331	2,513,864	0	46,866	29,292,281
Qualified intermediary pools	2,833	68,703	3,121,689	2,564,433	471,019	35,097	0	0	0

Footnotes at end of table.

Foreign Recipients of U.S. Income, 2007

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005—Continued

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Greece	16,144	16,453	2,935,802	47,386	46,756	5,059	37,046	3,509	2,782,198
Individuals	15,493	13,229	98,577	10,397	37,074	349	37,046	3,302	0
Corporations	404	1,959	2,828,597	35,965	6,162	3,659	0	5	2,782,198
Qualified intermediary pools	41	319	1,915	841	1,065	0	0	0	0
Guatemala	7,903	3,406	171,682	157,069	3,711	244	2,027	729	0
Individuals	6,853	2,821	25,002	13,198	1,996	228	2,027	679	0
Corporations	933	438	8,460	6,308	1,660	3	0	50	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Guernsey	3,215	33,213	1,103,601	961,018	116,380	1,642	0	196	0
Individuals	419	528	290,181	287,547	1,736	7	0	196	0
Corporations	1,947	21,227	664,209	576,428	68,390	1,583	0	0	0
Qualified intermediary pools	80	5,723	85,891	62,844	20,230	0	0	0	0
Hong Kong	42,082	213,776	2,751,228	1,910,065	638,893	46,772	1,808	32,446	38
Individuals	36,778	21,017	166,972	61,859	67,952	1,023	1,808	8,259	0
Corporations	3,861	30,249	983,048	822,776	60,987	8,997	0	20,864	38
Qualified intermediary pools	145	9,824	158,025	121,344	35,084	2	0	0	0
Hungary	4,161	56,095	3,761,658	1,773,741	1,096,010	104,524	1,304	4,608	0
Individuals	3,592	970	76,269	16,638	689	561	1,304	3,223	0
Corporations	399	54,841	3,578,506	1,667,764	1,094,724	103,754	0	1,034	0
Qualified intermediary pools	6	0	10	7	2	0	0	0	0
Iceland	2,339	2,088	1,071,145	1,036,411	15,324	2,099	500	2,163	0
Individuals	1,886	429	4,763	196	346	149	500	2,116	0
Corporations	360	1,014	1,054,072	1,028,990	11,204	913	0	0	0
Qualified intermediary pools	14	384	2,641	69	2,566	0	0	0	0
India	30,528	26,285	855,870	103,906	13,797	34,515	2,425	378,286	0
Individuals	27,669	11,010	109,549	3,373	10,341	3,306	2,425	27,947	0
Corporations	564	14,095	651,708	52,026	2,872	27,485	0	342,447	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Indonesia	7,973	1,665	778,653	142,659	4,771	201	187	1,942	124
Individuals	7,697	1,310	641,028	7,596	3,390	155	187	1,934	0
Corporations	181	327	131,919	130,256	1,096	38	0	6	124
Qualified intermediary pools	4	0	7	6	1	0	0	0	0
Ireland	40,398	238,722	17,042,652	14,618,133	1,635,801	295,822	21,036	47,749	63,649
Individuals	31,194	19,913	2,353,411	1,660,989	646,996	10,631	21,036	2,056	0
Corporations	5,781	150,662	13,374,224	12,179,962	567,299	231,469	0	41,735	63,649
Qualified intermediary pools	87	37,143	654,265	457,094	196,710	1	0	0	0
Isle of Man	1,392	69,456	268,477	48,099	214,647	317	202	870	0
Individuals	325	228	3,020	2,031	656	43	202	1	0
Corporations	830	67,764	250,022	36,232	209,020	214	0	869	0
Qualified intermediary pools	63	739	3,920	924	2,818	0	0	0	0
Israel	37,370	63,951	1,328,611	875,307	87,603	197,287	9,234	42,536	55,492
Individuals	34,324	11,366	138,271	38,812	21,198	26,467	9,234	16,947	0
Corporations	1,782	37,956	904,401	642,741	17,560	165,131	0	6,112	55,492
Qualified intermediary pools	155	8,466	128,801	89,299	33,571	11	0	0	0

Footnotes at end of table.

Foreign Recipients of U.S. Income, 2007

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005—Continued

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Italy	57,505	218,110	3,717,558	2,016,972	898,704	112,565	101,633	313,732	70,584
Individuals	52,577	90,765	498,968	28,699	16,017	12,154	101,633	299,733	0
Corporations	1,988	48,844	1,327,215	766,916	364,027	87,352	0	6,477	70,584
Qualified intermediary pools	921	69,020	1,438,336	975,852	455,687	171	0	0	0
Japan	115,781	291,080	47,277,715	24,642,864	8,195,498	6,733,250	137,428	144,433	6,329,359
Individuals	104,352	14,042	514,760	51,055	55,137	38,521	137,428	117,950	0
Corporations	5,896	86,982	26,843,829	10,704,927	3,402,078	6,034,356	0	7,167	6,139,505
Qualified intermediary pools	627	175,811	11,285,678	7,343,740	3,914,341	0	0	0	0
Jersey	5,279	111,389	3,082,004	2,710,153	295,250	19,654	0	269	0
Individuals	498	853	7,359	4,357	2,888	0	0	0	0
Corporations	2,667	62,944	2,699,497	2,538,956	128,338	598	0	119	0
Qualified intermediary pools	958	36,005	271,847	130,593	122,142	4	0	0	0
Kazakhstan	568	104	258,922	225,713	31,289	0	0	17	0
Individuals	487	94	1,975	35	37	0	0	13	0
Corporations	52	7	13,705	13,678	27	0	0	0	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Korea, Republic of (South)	31,749	90,014	3,772,974	2,848,401	108,275	391,225	3,206	37,247	3,354
Individuals	29,809	9,129	103,084	6,675	6,263	1,070	3,206	30,724	0
Corporations	722	76,824	950,515	470,180	47,484	378,563	0	5,675	3,354
Qualified intermediary pools	44	316	400,148	397,976	2,080	0	0	0	0
Kuwait	3,722	5,244	1,161,737	694,869	401,443	121	0	175	577
Individuals	2,709	1,187	8,101	1,579	2,672	96	0	175	0
Corporations	654	3,831	42,351	25,777	12,304	17	0	0	577
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Liechtenstein	1,047	15,493	155,132	79,415	54,429	4,747	44	60	0
Individuals	253	314	3,638	2,194	1,270	0	44	60	0
Corporations	458	2,334	40,720	28,786	5,504	4,014	0	0	0
Qualified intermediary pools	73	7,965	86,931	44,966	30,085	5	0	0	0
Luxembourg	7,560	630,638	26,026,236	21,144,291	4,053,059	61,128	454	9,691	13,710
Individuals	1,598	626	8,954	4,149	2,471	20	454	492	0
Corporations	4,685	352,636	13,677,306	9,930,655	3,056,865	60,811	0	6,861	13,710
Qualified intermediary pools	667	250,200	11,692,522	10,723,650	839,083	255	0	0	0
Malaysia	28,452	20,099	205,137	120,979	59,715	539	106	523	0
Individuals	27,819	2,075	14,211	4,235	4,607	145	106	500	0
Corporations	279	17,630	111,868	38,701	54,421	298	0	22	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Mexico	158,589	297,027	5,668,598	3,056,556	617,288	269,952	179,128	38,338	1,995
Individuals	149,673	213,254	1,356,652	329,207	202,642	10,934	179,128	25,710	0
Corporations	4,455	68,326	1,816,053	1,229,943	253,971	248,576	0	10,409	1,995
Qualified intermediary pools	4	0	32	30	2	0	0	0	0
Netherlands	42,004	154,552	61,824,273	17,703,659	40,038,700	959,524	15,126	279,106	1,553,782
Individuals	26,575	14,894	127,419	21,367	44,137	4,106	15,126	16,003	0
Corporations	8,325	81,646	53,187,974	12,181,900	37,529,279	942,551	0	251,826	1,550,104
Qualified intermediary pools	962	29,006	923,622	734,851	176,399	40	0	0	0

Footnotes at end of table.

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005—Continued

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Netherlands Antilles	5,184	45,340	769,765	410,362	189,268	9,057	330	93	0
Individuals	2,275	806	19,290	15,404	2,174	10	330	38	0
Corporations	2,531	41,491	600,801	355,876	170,758	9,043	0	0	0
Qualified intermediary pools	17	621	7,689	4,325	3,346	0	0	0	0
New Zealand	17,736	21,256	542,502	257,453	172,179	20,299	1,128	2,291	78
Individuals	13,615	2,732	19,748	1,987	5,166	3,378	1,128	909	0
Corporations	1,645	14,547	229,880	66,929	91,090	16,092	0	1,045	78
Qualified intermediary pools	5	14	98	6	91	0	0	0	0
Norway	6,512	22,933	6,223,035	4,827,919	1,069,967	147,280	10	8,604	23,485
Individuals	5,343	2,086	20,644	902	3,435	3,251	10	7,436	0
Corporations	620	10,207	773,176	533,369	67,754	17,296	0	767	23,485
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Oman	621	1,947	263,102	238,064	23,288	129	0	4	0
Individuals	476	433	2,340	1,140	437	57	0	1	0
Corporations	54	103	1,751	1,157	282	59	0	0	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Panama	22,419	35,250	771,805	553,963	151,973	1,964	1,731	1,252	0
Individuals	4,571	6,151	40,972	18,461	16,119	129	1,731	1,135	0
Corporations	17,556	27,533	656,780	467,466	134,155	1,112	0	117	0
Qualified intermediary pools	11	13	239	170	43	0	0	0	0
Peru	8,970	2,781	201,171	186,973	5,105	372	1,823	593	0
Individuals	8,408	2,156	21,489	10,883	2,113	337	1,823	537	0
Corporations	414	544	148,343	146,497	1,678	35	0	11	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Philippines	27,147	20,936	976,157	842,649	38,069	23,709	35,511	8,337	0
Individuals	25,892	14,693	318,342	247,693	7,895	376	35,511	7,582	0
Corporations	449	4,617	88,627	61,117	4,792	21,725	0	26	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d
Poland	9,471	8,686	190,543	136,182	10,080	3,988	18,268	12,002	0
Individuals	9,052	7,252	45,139	1,515	2,103	3,583	18,268	11,388	0
Corporations	160	1,167	114,784	106,554	7,675	332	0	7	0
Qualified intermediary pools	6	0	4	2	1	0	0	0	0
Portugal	10,103	16,095	5,780,759	5,652,322	50,608	1,882	25,735	2,816	38,282
Individuals	9,380	7,266	40,112	4,640	3,323	343	25,735	2,581	0
Corporations	343	4,656	5,623,949	5,559,000	21,921	1,524	0	40	38,282
Qualified intermediary pools	73	2,905	47,578	32,146	14,372	6	0	0	0
Puerto Rico	8,351	6,287	1,776,698	1,688,180	74,827	97	867	364	0
Individuals	2,391	580	20,703	16,843	1,025	27	867	97	0
Corporations	4,781	5,263	1,411,096	1,372,931	32,659	47	0	261	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Russia	10,875	4,079	269,784	208,908	4,740	6,366	47	10,790	0
Individuals	9,860	2,681	40,878	3,434	4,012	870	47	5,922	0
Corporations	482	122	53,904	46,321	581	5,087	0	30	0
Qualified intermediary pools	7	1	12	6	6	0	0	0	0
Saudi Arabia	7,315	10,206	3,101,370	1,604,474	429,975	519	35	204	0
Individuals	6,500	6,480	27,130	4,495	18,366	400	35	87	0
Corporations	505	2,775	125,804	101,133	8,987	17	0	78	0
Qualified intermediary pools	d	d	d	d	d	d	d	d	d

Footnotes at end of table.

Foreign Recipients of U.S. Income, 2007

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Table 2. Foreign Recipients of U.S. Income Forms 1042S: Number, U.S. Tax Withheld, and U.S.-Source Income, by Principal Type of Income, Selected Recipient Type, and Selected Country of Recipient, 2005—Continued

[Money amounts are in thousands of dollars]

Selected country or geographic area and selected recipient type	Number of Forms 1042S	U.S. tax withheld [1]	Total U.S.-source income	Principal types of U.S.-source income					
				Interest	Dividends	Rents and royalties	Social Security and railroad retirement payments	Personal services income	Notional principal contract income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Singapore									
Individuals	38,631	11,295	74,568	23,764	37,254	615	161	879	0
Corporations	3,108	18,255	587,339	510,306	49,738	7,066	0	1,876	24
Qualified intermediary pools	156	6,388	101,282	74,302	24,488	101	0	0	0
South Africa	8,472	11,723	125,899	39,271	42,452	4,128	1,123	5,207	0
Individuals	7,446	3,103	25,938	1,631	4,856	729	1,123	4,051	0
Corporations	416	6,852	63,853	25,092	32,546	3,201	0	861	0
Qualified intermediary pools	25	175	706	76	630	0	0	0	0
Spain	32,790	65,706	2,845,934	2,084,947	302,432	122,676	27,336	43,280	10,803
Individuals	28,785	12,286	115,342	26,600	18,609	3,151	27,336	15,334	0
Corporations	2,304	28,431	2,070,247	1,683,374	124,868	115,910	0	4,348	10,803
Qualified intermediary pools	467	14,131	290,887	194,145	93,478	0	0	0	0
Sweden	20,147	81,511	6,257,570	2,862,544	1,255,795	1,517,877	11,831	47,310	11,237
Individuals	17,428	6,525	50,942	2,380	10,206	3,106	11,831	3,193	0
Corporations	1,048	37,166	4,178,645	1,858,200	589,500	1,505,996	0	30,452	11,200
Qualified intermediary pools	81	34,834	366,049	77,754	282,812	303	0	0	0
Switzerland	46,035	712,643	51,945,483	26,798,551	14,070,944	3,998,548	15,259	44,963	5,031,376
Individuals	33,637	17,020	253,757	46,051	150,762	10,006	15,259	7,332	0
Corporations	5,988	334,027	38,899,652	23,692,328	5,122,953	3,712,728	0	34,155	5,030,102
Qualified intermediary pools	2,352	279,709	3,487,486	1,683,845	1,464,804	531	0	0	0
Taiwan	85,761	90,738	7,367,384	5,816,444	306,315	29,346	309	3,774	3,421
Individuals	79,122	21,359	254,138	134,665	60,485	1,052	309	2,903	0
Corporations	3,149	34,699	3,298,932	2,846,106	101,566	13,072	0	362	3,421
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Thailand	8,375	4,417	121,267	85,829	12,294	1,940	2,466	3,896	0
Individuals	8,000	2,708	26,603	4,132	5,781	254	2,466	3,503	0
Corporations	192	1,577	43,593	34,014	3,651	1,661	0	363	0
Qualified intermediary pools	5	0	6	5	2	0	0	0	0
Trinidad and Tobago	4,599	3,144	136,802	115,780	7,578	119	2,058	5,168	0
Individuals	3,943	1,472	17,421	4,354	1,333	83	2,058	5,162	0
Corporations	511	1,446	32,005	26,137	4,773	11	0	2	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
United Arab Emirates	7,710	9,527	1,941,864	1,165,851	523,946	7,700	11	1,676	0
Individuals	6,774	1,685	10,139	3,201	3,995	271	11	44	0
Corporations	468	6,818	417,063	321,549	13,436	1,841	0	0	0
Qualified intermediary pools	3	3	13	4	9	0	0	0	0
United Kingdom	293,441	595,817	77,086,468	35,113,644	17,154,890	2,810,938	106,899	429,797	14,582,613
Individuals	244,927	79,773	1,455,351	425,774	298,522	174,910	106,899	157,568	15
Corporations	23,866	239,172	60,815,687	27,359,677	12,169,992	1,944,157	0	90,916	14,557,811
Qualified intermediary pools	918	87,674	3,720,786	2,693,047	801,529	99,316	0	0	0
Uruguay	13,345	57,638	386,571	187,810	10,937	221	908	583	0
Individuals	8,977	55,255	239,508	53,005	3,029	182	908	320	0
Corporations	4,180	2,125	137,561	126,880	7,736	31	0	142	0
Qualified intermediary pools	8	8	7,118	7,091	27	0	0	0	0
U.S. Virgin Islands	512	781	148,470	135,068	8,354	64	117	0	0
Individuals	242	96	582	107	38	19	117	0	0
Corporations	185	393	99,141	96,341	1,055	45	0	0	0
Qualified intermediary pools	0	0	0	0	0	0	0	0	0
Venezuela	45,528	21,267	481,538	233,434	200,348	8,270	1,265	7,009	1,299
Individuals	42,326	9,758	177,782	127,008	14,932	2,137	1,265	6,795	0
Corporations	2,733	11,023	293,984	99,732	185,180	6,017	0	14	1,299
Qualified intermediary pools	7	1	114	109	5	0	0	0	0

[1] Unrelated business income paid to foreign tax-exempt organizations is subject to withholding tax.

d—Not shown to avoid disclosure of information about specific taxpayers. However, the data are included in the appropriate totals.

NOTES: Detail may not add to totals because of rounding. Form 1042S is entitled "Foreign Person's U.S.-Source Income Subject to Withholding." All countries with total U.S.-source income over \$100 million for Tax Year 2007 were selected for this table.

Changing Times: An Analysis of the 2007 Revision of the Split-Interest Trust Information Return

by Lisa Schreiber Rosenmerkel

Provisions outlined in the Pension Protection Act of 2006 resulted in a major revision of Form 5227, *Split-Interest Trust Information Return*, for Tax Year 2007. These changes considerably increased the amount of information filers were required to report, as well as opened the majority of the reported information to public inspection. This article focuses on the information and activities of split-interest trusts for Filing Year 2008, based on Tax Year 2007 returns and, to a much lesser degree, those from prior tax years.

Form 5227

The Split-Interest Trust Information return is filed by trusts with both charitable and noncharitable beneficiaries. Form 5227 must be submitted for each calendar year a split-interest trust is in existence. It must be filed with the IRS by April 15 of the year following the calendar year described in the return.¹ Because Form 5227 is an information return, it is used to disclose the financial activities of the trust, but not to calculate tax liability.

A split-interest trust can be created by a will or a trust instrument. The trust instrument specifies the term of the trust, designates the trustee(s) as well as the beneficiaries, and provides parameters for managing assets and distributing income. The instrument usually specifies the contents of the trust. The individual who owns, and then transfers, the assets that make up the trust corpus is known as the grantor. The individuals and entities that receive income are known as beneficiaries.

A trustee is charged with holding, investing, and distributing the income and assets of the trust. A trustee may be an individual, a group of individuals, or an entity such as a bank or charity. Each trustee must ensure that all transactions, including distributions, conform to the requirements of the trust document and to any applicable laws. Additionally,

trustees must coordinate the preparation, verification, and submission of all required State and Federal tax forms.

In Filing Year 2008, 123,498 Forms 5227 were filed, primarily for Tax Year 2007 (Figure A).² There are three distinct types of split-interest trusts: charitable remainder trusts, charitable lead trusts, and pooled income funds. Charitable remainder trusts were the most common filers of Form 5227, filing 115,489 returns in 2008. Under a charitable remainder trust (CRT) agreement, an income stream is distributed annually to one or more noncharitable beneficiaries of the trust for a defined period.³ At the conclusion of the period, the trust is dissolved, and the remaining value is distributed to predetermined charitable beneficiaries.⁴ There are two types of charitable remainder trusts. Charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) differ in the calculation of the non-charitable distribution amount. Charitable remainder annuity trusts annually distribute a fixed percentage, between 5 percent and 50 percent, of the initial fair market value of the property in the trust. Charitable remainder unitrusts distribute a fixed percentage of the fair market value of the trust property, valued annually. This percentage is called the "unitrust percentage" and must be between 5 percent and 50 percent.

Under a charitable lead trust (CLT) agreement, annual distributions are made to a predetermined charitable beneficiary. The amount of CLT distributions is not constrained by minimum or maximum payout restrictions. At the conclusion of the trust's predetermined life, the remaining income and assets are distributed to the designated noncharitable beneficiary.⁵

Pooled income funds are the least common filers of Form 5227, with 1,488 returns filed in 2008 (Figure A). Under a pooled income fund (PIF) arrangement, donors to a charitable organization contribute to a pool of donated assets and in return receive income payments for the remainder of the grantors' lifetimes.⁶ The transfer of assets to the fund must be

Lisa Schreiber Rosenmerkel is an economist with the Special Studies Special Projects Section. This article was prepared under the direction of Melissa Ludlum, Chief.

¹ Split-interest trusts created before May 27, 1969, are exempt from having to file Form 5227, as long as no amounts have been transferred to the trust since May 27, 1969.

² A filing year includes all returns submitted to IRS processing between January 1 and December 31.

³ The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary. For more information on the allowable duration of charitable remainder trusts, see Internal Revenue Code section 664(d)(1)(A) and 664(d)(2)(A).

⁴ The qualifications for a "charitable beneficiary" are detailed in Internal Revenue Code section 170(c).

⁵ In order to qualify, the individual or individuals must be the donor, the donor's spouse, a linear ancestor of a noncharitable beneficiary, or the spouse of a linear ancestor of a noncharitable beneficiary. For more information, see Treasury Regulations 1.1170A-6(c)(2)(i).

⁶ Pooled income funds are further discussed under Internal Revenue Code section 642(c)(5).

Changing Times: An Analysis of the 2007 Revision of the Split-Interest Trust Information Return

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Figure A

Profile of Split-Interest Trusts, by Type of Trust, Filing Years 2007 and 2008

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

Item	All			Charitable remainder trusts		
	2007	2008	Percentage change	2007	2008	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	123,659	123,498	-0.1	115,754	115,489	-0.2
Net asset value, end-of-year [1]	115,391,956	128,080,488	11.0	95,821,559	106,974,054	11.6
Book value of assets, end-of-year [2]	117,605,947	130,148,699	10.7	97,307,466	108,473,185	11.5
Book value of liabilities, end-of-year [2]	2,213,991	2,068,211	-6.6	1,485,907	1,499,131	0.9

Item	Charitable lead trusts			Pooled income funds		
	2007	2008	Percentage change	2007	2008	Percentage change
	(7)	(8)	(9)	(10)	(11)	(12)
Number of returns	6,377	6,521	2.3	1,528	1,488	-2.6
Net asset value, end-of-year [1]	18,093,904	19,648,472	8.6	1,476,493	1,457,962	-1.3
Book value of assets, end-of-year [2]	18,690,926	20,024,009	7.1	1,607,555	1,651,505	2.7
Book value of liabilities, end-of-year [2]	597,022	375,537	-37.1	131,062	193,543	47.7

[1] Calculated as the end-of-year book value of assets (Form 5227, Part IV, line 37, column (b)) minus the end-of-year book value of liabilities (line 43, column (b)).

[2] Taken from Form 5227, Part IV, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

irrevocable, meaning the assets cannot be removed or replaced with other assets without consent of the beneficiary. The donee charity, commonly a large educational institution, is responsible for the maintenance of the fund, including investing assets and making distributions to beneficiaries. Each year, grantors receive a distribution from the fund based on the ratio of their contributions to the value of the investment pool and the return on the fund assets for that year. At the time of the donor's death, the charity receives the grantor's prorated share of the value of the PIF.

Pension Protection Act of 2006

Section 1201(b) of the Pension Protection Act of 2006 resulted in several changes for split-interest trust filers. One prominent change is that the majority of information from the Form 5227 is now open to public inspection. This includes income, deductions, charitable distributions, and asset valuations. The only information that remains private is Schedule A, *Distributions, Assets, and Donor Information*, which details all information directly related to individuals and noncharitable entities, including noncharitable distributions and contributions of assets to the trust.

Income and Deduction

As a result of the Pension Protection Act of 2006, trustees must now report an amount for gross income for all split-interest trusts. While the definition of gross income is dependent on the trust documentation, it is generally defined as the sum of all income from any source prior to deductions. In total, split-interest trust filers reported \$23.4 billion in gross income (Figure B). The most common return type, charitable remainder unitrusts, also accounted for the highest amount of gross income, \$18.9 billion. However, returns filed for charitable lead trusts reported the highest average gross income per return. These 6,521 CLT returns reported gross income of \$3.3 billion, or roughly \$500,000 per return.

Beginning with Tax Year 2007, a charitable remainder trust that incurred any taxable income was required to file Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*.⁷ Previously, taxable income of charitable remainder trusts was reported on Form 1041, U.S. *Income Tax Return for Estates and Trusts*. In Filing Year 2008, filers of 202 charitable remainder trust

⁷ Any income received by a charitable remainder trust that is the result of a trade or business not substantially related to its exempt purpose is subject to tax. For more information, see IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

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Figure B

Gross Income, by Type of Trust, Filing Year 2008

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

Item	Total	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
Number of returns	123,498	19,241	96,248	6,521	1,488
Number of returns with gross income	119,729	18,896	93,454	5,963	1,416
Amount of gross income reported	23,422,570	1,116,546	18,882,029	3,284,402	139,594

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

returns reported the receipt of unrelated business income on Form 5227.

The reporting requirements prompted by the Pension Protection Act of 2006 resulted in several alterations to the structure of Form 5227. The Income and Deduction portion, reorganized and expanded, is now required, at least in part, for all trust types. In the past, it was required only for charitable remainder trusts. Trust income is divided into three income categories: ordinary income, capital gains, and nontaxable income. While the ordinary income and capital gain sections remain largely unchanged, nontaxable income is now broken down into tax-exempt interest and other nontaxable income. Capital gains made up the majority of trust income for all trust types with the exception of pooled income funds (Figure C). As in previous years, long-term capital gains comprised more than 90 percent of total capital gains. Dividends and business income made up the largest portion of ordinary income for all trust types, while farm income was by far the smallest component of ordinary income. Nontaxable income contributed very little to trust income, and nearly all of that was classified as tax-exempt interest.

For Tax Year 2007, deductions for all income categories are itemized in more detail than in previous form revisions. Trustees fees and attorney, accountant, and return preparer fees are now included as separate line items. Charitable remainder annuity trust filers reported trustee's fees as the largest deduction (Figure C). Other allowable deductions were the largest deduction category for all other split-interest trust types. In the final section of this part, charitable remainder trusts are required to allocate the total deduction amount to specific income categories.

In Tax Year 2007, a Schedule of Distributable Income replaces the Accumulation Schedule which was included in the previous versions of the form. It

details only income retained from previous years and income received during the current year. Distribution information, which had been reported on this schedule, is now detailed in a separate section of the return. Additionally, distributions of capital gains are no longer reported separately for short- and long-term categories.

Distributions to Charitable Beneficiaries

Trustees for all split-interest trusts must report any trust distributions of principal or income for charitable purposes on Form 5227. They must disclose the name and address of the beneficiary, as well as the type, amount, and intended use of the distribution. Distributions of principal were made more frequently and in higher dollar amounts than distributions of income. In Filing Year 2008, 15,025 distributions of principal totaling \$2.0 billion were made to charities (Figure D). Charitable lead trusts made the highest number of distributions of principal, largely due to the annual charitable distributions required by their trust structures. However, charitable remainder unitrusts distributed the largest dollar amount of principal distributions, \$1.2 billion. This large amount is likely the result of the final distributions made by charitable remainder trusts at the end of their lifetimes. These distributions include all assets remaining in the trust and can be quite large. Education-related charities received the highest number of distributions of principal, 3,185 or 21.2 percent of total distributions. However, charities related to public or societal benefit received the largest amount of principal distributions, \$612.8 million or 31.4 percent of the total.

Distributions of income to charity were less frequent and smaller in amount than those derived from principal. In total, 10,967 distributions of income

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Figure C

Income and Deductions, by Type of Trust, Filing Year 2008

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

Item	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)
Number of returns	19,241	96,248	6,521	1,488
Total net income [1]	1,034,077	15,849,541	N/A	N/A
Net ordinary income [2]	290,294	4,150,275	N/A	N/A
Total ordinary income	356,674	5,558,935	1,225,320	75,911
Interest income	99,488	1,408,761	256,103	30,840
Dividends and business income (loss)	212,839	2,489,098	872,393	44,890
Rents, royalties, partnerships, other estates and trusts, etc.	17,566	206,419	78,380	* 59
Farm income (loss)	* 116	* 52	* 150	0
Ordinary gain (loss)	458	10,222	5,144	0
Other income	26,206	1,444,382	13,149	123
Deductions allocable to ordinary income [3]	66,380	1,408,659	N/A	N/A
Net capital gains (losses) [4]	711,568	11,599,107	N/A	N/A
Total capital gains (losses)	722,873	12,261,621	1,659,792	39,900
Total short-term capital gains (losses)	20,531	313,048	128,026	2,725
Total long-term capital gains (losses)	702,342	11,948,572	1,531,766	37,175
Deductions allocable to capital gains [3]	11,305	662,513	N/A	N/A
Net nontaxable income [5]	32,215	100,159	N/A	N/A
Total nontaxable income	35,296	116,134	25,140	* 5
Tax-exempt interest	32,883	102,809	24,618	* 5
Other nontaxable income	2,413	13,325	* 522	0
Deductions allocable to nontaxable income [3]	3,081	15,974	N/A	N/A
Total deductions [6]	82,968	2,089,890	217,333	11,035
Interest	1,187	626,421	47,209	* 23
Taxes	878	10,555	32,419	89
Trustee fees	41,501	251,187	37,742	4,347
Attorney, accountant, and return preparer fees	13,371	60,213	12,820	266
Other allowable deductions	26,031	1,141,514	87,143	6,309

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

[1] Calculated as the sum of "net ordinary income" (Form 5227, Part I, Section E, line 24b), "net capital gains (losses)" (line 25b), and "net nontaxable income" (line 26b).

[2] Taken from Form 5227, Part I, Section E, line 24b.

[3] Included in "total deductions" amount given on Form 5227, Part I, Section D, line 22.

[4] Taken from Form 5227, Part I, Section E, line 25b.

[5] Taken from Form 5227, Part I, Section E, line 26b.

[6] Taken from Form 5227, Part I, Section D, line 22. Deductions shown are for informational purposes only and are included in the deduction items above.

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

were made to charitable beneficiaries totaling \$1.1 billion (Figure E). As would be expected given their structures, charitable lead trusts dominated both the number and amount of charitable distributions of income. As with principal distributions, education-oriented charities received the highest number of distributions of income, while charities organized for public or societal benefit received the highest amount of income distributions.

Required Distributions by Charitable Remainder Unitrusts

In Filing Year 2008, the majority of all CRUT trustees reported the standard structure, which requires them to distribute a fixed percentage of the fair market value of assets to beneficiaries (Figure F). This ensures the most stable payment for beneficiaries. However, in years of poor investment performance, the trustee may have to liquidate trust assets to make

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Figure D

Charitable Distributions of Principal, by Type of Trust and Charity Type, Filing Year 2008

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

Charity type	Total		Charitable remainder annuity trusts		Charitable remainder unitrusts		Charitable lead trusts		Pooled income funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	15,025	1,953,760	2,214	409,753	5,796	1,218,969	6,645	273,144	370	51,895
Arts, culture, and humanities	1,485	125,402	172	74,030	425	37,048	848	13,942	* 40	* 382
Education	3,185	465,724	636	85,049	1,356	317,695	1,021	31,985	172	30,995
Environment, animals	657	87,184	102	1,367	270	79,185	269	4,079	* 16	* 2,553
Health	1,916	214,778	244	38,094	799	159,980	845	16,477	* 30	* 228
Human services	2,334	157,731	303	5,069	717	134,452	1,294	16,699	* 20	* 1,511
International, foreign affairs	249	5,221	* 33	* 2,491	92	1,809	* 122	* 300	* 2	* 621
Public, societal benefit	2,054	612,824	259	73,166	838	358,681	937	166,384	* 20	* 14,593
Religion-related	2,003	153,651	333	56,006	987	91,293	631	5,743	52	609
Mutual membership benefit organizations	* 82	* 1,679	0	0	* 80	* 1,676	0	0	* 2	* 2
Other	1,060	129,567	* 133	* 74,482	232	37,150	677	17,534	* 18	* 401

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

NOTES: "Number" shown in the heading for columns 1, 3, 5, etc. refers to the number of returns. Detail may not add to totals because of rounding.

Figure E

Charitable Distributions of Income, by Type of Trust and Charity Type, Filing Year 2008

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

Charity type	Total		Charitable remainder annuity trusts		Charitable remainder unitrusts		Charitable lead trusts		Pooled income funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	10,967	1,116,712	583	21,331	1,556	316,146	8,510	760,358	318	18,877
Arts, culture, and humanities	1,029	33,756	* 54	* 361	* 130	* 20,053	806	13,329	* 40	* 13
Education	2,436	118,362	225	10,408	297	23,590	1,746	69,469	168	14,896
Environment, animals	753	11,094	* 21	* 1,695	* 43	* 381	683	9,010	* 5	* 7
Health	1,258	57,272	* 34	* 4,761	241	22,728	931	29,745	51	38
Human services	1,702	82,904	58	2,051	261	52,071	1,361	28,764	* 22	* 18
International, foreign affairs	138	1,789	* 16	* 3	0	0	120	1,781	* 2	* 5
Public, societal benefit	1,653	589,442	100	1,111	101	45,649	1,449	539,020	* 3	* 3,662
Religion-related	1,090	45,838	* 24	* 809	346	32,203	713	12,630	* 7	* 196
Mutual membership benefit organizations	* 30	* 360	* 1	* 1	0	0	* 19	* 326	* 10	* 33
Other	877	175,894	* 49	* 130	137	119,470	682	56,285	* 10	* 8

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

NOTES: "Number" shown in the heading for columns 1, 3, 5, etc. refers to the number of returns. Detail may not add to totals because of rounding.

the payment. In addition to the standard charitable remainder unitrust structure, two common variants allow for added flexibility of noncharitable distributions. The Charitable Remainder Unitrust (CRUT) Information section now includes checkboxes for

trustees to indicate if the CRUT has taken the form of one of these variants. The net income charitable remainder unitrust (NI-CRUT) variant permits the trustee to distribute only the amount of trust income earned in that year, when that amount is less than the

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Figure F

Charitable Remainder Unitrust (CRUT) Types, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

CRUT type	Total		Size of end-of-year book value of total assets					
			Under \$500,000 [1]		\$500,000 under \$3 million		\$3 million or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All CRUTs	96,248	100.0	64,776	100.0	27,416	100.0	4,055	100.0
Standard CRUT	74,773	77.7	50,560	78.1	21,342	77.8	2,870	70.8
Net Income CRUT	4,628	4.8	3,208	5.0	1,272	4.6	149	3.7
Net income with makeup CRUT	16,847	17.5	11,008	17.0	4,803	17.5	1,036	25.5

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero.

Often, these zero amounts are explained by trusts filing a final return.

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

distribution that would otherwise be required.⁸ By allowing the trustee to limit distributions in years when the trust's income is low, depletion of the trust corpus can be avoided. Only 4.8 percent of CRUTs were identified as NI-CRUTs. The net income with makeup charitable remainder unitrust (NIM-CRUT) variant works like a NI-CRUT, in that the trustee is allowed to distribute the lesser of the trust income or the required percentage of fair market value.⁹ However, the reductions in required distributions accumulate, and the trustee must make up for previous distribution deficiencies when trust income permits. Approximately 17.5 percent of CRUTs were identified as NIM-CRUTs. CRUTs with \$3 million or more in end-of-year book value assets were more likely than those of any other size to be NIM-CRUTs.

Trustees filing final returns for CRUTs are required to include the initial fair market value of all assets placed in the trust by the donor. Of the 2,476 final returns filed for CRUTs, 1,113 returns, or 45.0 percent, reported an initial fair market value of greater than zero. The reported initial fair market value of assets in these trusts totaled \$1.1 billion. An initial fair market value of zero may be reported if no assets were included in the trust at its creation, as in the case of a trust created in anticipation of a financial windfall. Additionally, preparers may not have included an initial fair market value if those records were not available.

Nondisclosable Information

Schedule A, *Distributions, Assets, and Donor Information*, is the only portion of the new Form 5227 that is not open to public inspection. All information regarding individuals and noncharitable entities is now reported in this section. An Accumulation Schedule contains the distribution information not included in the Distributable Income Schedule, but is required only for charitable remainder trusts. This accumulation schedule includes totals of charitable and noncharitable distributions made from ordinary income, capital gains, and nontaxable income. It also calculates the amount of income from each category that remains undistributed at the end of the tax year.

The Current Distributions Schedule on Schedule A details current-year noncharitable distributions in a format similar to distribution schedules included on previous Form 5227 revisions, and is required only for returns filed for CRATs or CRUTs. The recipients' names and other identifying information are reported alongside the distribution types and values. Long-term capital gains dominated the distributions for both CRATs and CRUTs (Figure G). Ordinary income was the second most common distribution. Nontaxable income comprised the smallest portion of all distributions.

The Assets and Donor Information section of Schedule A details both initial and additional asset contributions to the trust, as well as the date and

⁸ For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).

⁹ For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).

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source of the contribution. For the first time, for Tax Year 2007, filers of all split-interest trust types are required to report assets contributed to the trust. 6.0 percent of all split-interest trust filers reported asset contributions of some kind (Figure H). Pooled income fund trustees were the most likely of any SIT type to report contributions. This may be explained by the structure of a pooled income fund, in which

multiple donors join the fund over its lifetime, contributing assets as they join. Of the 7,374 returns that reported asset contributions, 63.8 percent were initial returns. These initial returns also reported 65.2 percent of the value of all contributions. Stocks were the most common form of both initial and additional contributions. Bonds were by far the least common contribution, making up only 0.4 percent of the total.

Figure G

Noncharitable Distributions, by Charitable Remainder Trust Type, Filing Year 2008

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

Item	Charitable remainder annuity trusts		Charitable remainder unitrusts	
	Number or amount	Percentage of total	Number or amount	Percentage of total
	(1)	(2)	(3)	(4)
Number of returns	19,241	—	96,248	—
Total noncharitable distributions [1]	755,747	100.0	6,070,029	100.0
Ordinary income [2]	243,046	32.2	2,426,817	40.0
Short-term capital gains [3]	27,541	3.6	354,850	5.8
Long-term capital gains [4]	340,978	45.1	3,004,687	49.5
Nontaxable income [5]	21,551	2.9	37,458	0.6
Corpus [6]	122,629	16.2	246,219	4.1

[1] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[2] Reported on Form 5227, Part III, column (a).

[3] Reported on Form 5227, Part III, column (b).

[4] Reported on Form 5227, Part III, column (c).

[5] Reported on Form 5227, Part III, column (d).

[6] Reported on Form 5227, Part III, column (e).

NOTE: Detail may not add to totals due to rounding

Figure H

Asset Contributions, by Type of Trust and Asset Type, Filing Year 2008

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

Item	Total	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
Number of returns	123,498	19,241	96,248	6,521	1,488
Number of trusts with asset contributions [1]	7,374	671	6,004	497	201
Total asset contributions	5,803,285	444,266	4,997,766	357,500	3,753
Cash and money market accounts	657,983	61,592	436,952	158,234	1,205
Stocks [2]	3,829,521	292,096	3,426,683	108,194	2,548
Bonds	22,510	** 24,653	* 16,939	** 5,011	0
Real estate [3]	446,587	**	422,494	**	0
Other assets [4]	846,684	65,925	694,697	86,062	0

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

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Asset contributions are reported on Form 5227, Schedule A, Part III and include both initial contributions made when the trust is created and additional contributions made during the lifetime of the trust.

[2] The value of stock includes both publicly traded and closely held stocks.

[3] The value given for real estate includes traditional real estate, as well as real estate mutual funds and partnerships.

[4] Other assets includes such items as retirement assets, annuities, partnerships, insurance assets, and art.

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

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Summary

In part due to the Pension Protection Act of 2006, major revisions were made to the Form 5227, *Split-Interest Trust Information Return*, for Tax Year 2007. These revisions increased the information reported for all types of split-interest trusts. Preparers of returns for charitable lead trusts and pooled income funds are now required to report trust income. All split-interest trust types must disclose the names of charities that receive distributions, as well as the amount and type of the distribution. Charitable remainder unitrusts must now disclose details regarding their distribution structures as determined at their creation. All initial and additional contributions to split-interest trusts must be reported. In addition to these structural changes, the Pension Protection Act of 2006 required that all reported information not pertaining to an individual be disclosed to the public. Details relating to noncharitable beneficiaries and donations to the trust throughout its lifetime remain private.

Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Infor-*

mation Returns, selected during Filing Year 2008. A filing year includes returns received by IRS for processing between January 1 and December 31 of a given year and primarily comprises returns for the tax year immediately prior. However, it may include late-filed returns for numerous other tax years. For Filing Year 2008, approximately 98.0 percent of returns included in the sample are for Tax Year 2007, while Tax Year 2006 returns comprised 1.7 percent of the sampled returns. Partial-year returns, for either initial or final reporting periods, were included in the SOI sample. All returns included in the sample were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File.

For Filing Year 2008, a sample of 12,894 returns was drawn from an estimated population of 124,267. The sample size excludes returns that were selected for the sample but later rejected. Returns could be rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. The sample was stratified by the type of the trust (charitable remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported book value of end-of-year total assets. Figure I details the

Figure I

Population, Sample, and Sampling Rates, by Type of Split-Interest Trust and Asset Strata, Filing Year 2008

Type of trust, item	Total	Reported end-of-year book value of total assets [1]		
		Less than \$1 million	\$1 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)
Charitable remainder annuity trusts:				
Population [2]	19,653	17,783	1,788	82
Sample	1,869	1,094	693	82
Sampling rate (percentage)	9.5	6.2	38.8	100.0
Charitable remainder unitrusts:				
Population [2]	96,516	81,223	14,411	882
Sample	9,724	4,036	4,806	882
Sampling rate (percentage)	10.1	5.0	33.3	100.0
Charitable lead trusts:				
Population [2]	6,595	4,189	2,122	284
Sample	1,082	244	554	284
Sampling rate (percentage)	16.4	5.8	26.1	100.0
Pooled income funds:				
Population [2]	1,503	1,262	213	28
Sample	264	127	109	28
Sampling rate (percentage)	17.6	10.1	51.2	100.0

[1] This is the value the tax preparer reported on Form 5227, Part IV, line 50, column (b).

[2] These population totals include returns that were rejected during the editing process. As a result, these totals may not match totals presented elsewhere in the article.

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sampling strata and rates. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure J.

All samples were designed to provide reliable estimates of financial activity. All data were collected from original returns as they were filed. All edited returns were subjected to comprehensive testing and data verification procedures to ensure the highest qual-

ity of data. Changes that were made to the return after filing, either by the taxpayer (on an amended return) or during IRS processing, were generally not incorporated. A complete discussion of the reliability of estimates based on samples, methods for evaluating the magnitude of both sampling and nonsampling error, and the precision of the sample estimates can be found in the Appendix in this issue of the *SOI Bulletin*.

Figure J

Coefficients of Variation for Selected Items, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2008

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
		Coefficient of variation (percentage)		
	(1)	(2)	(3)	(4)
Charitable remainder annuity trusts:				
Number of returns	0.50	1.17	5.04	4.80
Net ordinary income [2]	2.93	7.77	5.59	3.85
Net capital gain income (loss) [3]	4.43	10.21	8.78	5.58
Net nontaxable income [4]	8.09	18.82	11.99	13.85
End-of-year total assets (book value) [5]	1.68	3.64	3.66	3.06
End-of-year total liabilities (book value) [6]	12.03	23.58	23.14	16.83
Charitable remainder unitrusts:				
Number of returns	0.10	0.78	1.83	1.74
Net ordinary income [2]	0.88	6.03	2.51	0.60
Net capital gain income (loss) [3]	1.07	5.41	3.06	1.11
Net nontaxable income [4]	3.56	12.55	6.43	4.15
End-of-year total assets (book value) [5]	0.43	1.48	1.31	0.66
End-of-year total assets (fair market value) [7]	0.66	2.62	1.72	0.80
End-of-year total liabilities (book value) [6]	4.38	9.90	8.19	5.85
Charitable lead trusts:				
Number of returns	0.54	4.57	4.55	4.55
Total ordinary income	19.31	73.90	6.05	2.83
Total capital gains	4.17	35.64	20.22	3.92
Total nontaxable income	6.97	39.64	14.51	6.68
End-of-year total assets (book value) [5]	1.69	7.87	3.41	2.26
End-of-year total liabilities (book value) [6]	7.80	26.20	34.32	6.18
Pooled income funds:				
Number of returns	0.93	2.73	12.10	7.09
Total ordinary income	2.45	9.35	8.80	3.36
Total capital gains	7.19	38.53	40.36	6.85
Total nontaxable income	69.88	N/A	69.88	N/A
End-of-year total assets (book value) [5]	2.33	9.01	8.08	3.37
End-of-year total liabilities (book value) [6]	0.73	64.37	50.45	0.09

N/A denotes a coefficient of variation that could not be calculated due to a lack of data.

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part I, line 24b.

[3] Taken from Form 5227, Part I, line 25b.

[4] Taken from Form 5227, Part I, line 26b.

[5] Taken from Form 5227, Part IV, line 50, column (b).

[6] Taken from Form 5227, Part IV, line 56, column (b).

[7] For charitable remainder unitrusts, taken from an estimated end-of-year fair market value.

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Table 1. Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	19,241	15,523	1,915	1,348	378	76
Total net income [2]	1,034,077	201,457	125,519	261,903	164,689	280,510
Net ordinary income [3]	290,294	68,666	36,171	64,686	48,991	71,780
Total ordinary income	356,674	84,900	45,329	83,446	60,038	82,961
Interest income	99,488	22,688	13,449	22,611	17,521	23,219
Dividends and business income (loss)	212,839	48,599	28,891	45,973	33,501	55,875
Rents, royalties, partnerships, other estates, and trusts, etc.	17,566	3,160	* -6	3,106	8,293	3,012
Farm income (loss)	* 116	0	0	* 62	* 54	0
Ordinary gain (loss)	458	[4]	0	359	* 93	* 6
Other income	26,206	10,453	2,994	11,334	576	* 849
Deductions allocable to ordinary income [5]	66,380	16,234	9,158	18,760	11,048	11,181
Net capital gains (losses) [6]	711,568	126,114	83,690	189,408	106,783	205,574
Total capital gains (losses)	722,873	130,293	85,811	192,335	108,396	206,038
Total short-term capital gains (losses)	20,531	4,832	1,990	5,639	698	7,371
Total long-term capital gains (losses)	702,342	125,460	83,821	186,696	107,698	198,667
Deductions allocable to capital gains [5]	11,305	4,179	2,121	2,927	1,613	465
Net nontaxable income [7]	32,215	6,676	5,658	7,809	8,915	3,157
Total nontaxable income	35,296	7,130	6,418	8,667	9,810	3,271
Tax-exempt interest	32,883	6,627	6,260	8,109	9,016	2,870
Other nontaxable income	2,413	502	* 158	* 558	* 795	* 400
Deductions allocable to nontaxable income [5]	3,081	453	760	858	895	114
Total deductions [8]	82,968	22,857	12,143	22,545	13,663	11,760
Interest	1,187	* 344	* 2	380	367	* 94
Taxes	878	235	* 21	389	146	87
Trustee fee	41,501	10,661	7,626	11,262	7,404	4,548
Attorney, accountant, and return preparer fees	13,371	5,931	1,364	2,753	1,019	2,303
Other allowable deductions	26,031	5,687	3,129	7,761	4,727	4,727

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "net ordinary income" (Form 5227, Part I, Section E, line 24b), "net capital gains (losses)" (line 25b), and "net nontaxable income" (line 26b).

[3] Taken from Form 5227, Part I, Section E, line 24b.

[4] Value is less than \$500.

[5] Included in "total deductions" amount given on Form 5227, Part I, Section D, line 22.

[6] Taken from Form 5227, Part I, Section E, line 25b.

[7] Taken from Form 5227, Part I, Section E, line 26b.

[8] Taken from Form 5227, Part I, Section D, line 22.

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

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Table 2. Charitable Remainder Annuity Trusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	19,241	15,523	1,915	1,348	378	76
Total accumulations [2]	5,479,622	1,059,997	633,810	1,290,145	1,086,976	1,408,694
Net ordinary income	482,906	111,952	39,805	101,315	122,912	106,922
Net capital gains (losses)	4,830,096	917,369	578,514	1,141,129	907,392	1,285,692
Net nontaxable income	166,620	30,676	15,491	47,701	56,672	16,080
Prior-year undistributed income [3]	4,445,544	858,540	508,291	1,028,242	922,287	1,128,184
Net ordinary income	192,612	43,286	3,634	36,629	73,922	35,142
Net capital gains (losses)	4,118,527	791,255	494,823	951,722	800,609	1,080,119
Net nontaxable income	134,404	24,000	9,834	39,891	47,756	12,923
Current-year net income [4]	1,034,077	201,457	125,519	261,903	164,689	280,510
Net ordinary income	290,294	68,666	36,171	64,686	48,991	71,780
Net capital gains (losses)	711,568	126,114	83,690	189,408	106,783	205,574
Net nontaxable income	32,215	6,676	5,658	7,809	8,915	3,157
Distributions of income [5]	638,160	195,566	94,468	126,627	105,157	116,342
Net ordinary income	243,851	62,038	34,996	56,543	40,533	49,741
Net capital gains (losses)	372,694	127,492	55,383	65,252	59,129	65,438
Net nontaxable income	21,616	6,037	4,090	4,832	5,495	* 1,162
Undistributed at end of year [6]	4,841,461	864,431	539,342	1,163,518	981,819	1,292,352
Net ordinary income	239,055	49,915	4,809	44,772	82,379	57,181
Net capital gains (losses)	4,457,402	789,877	523,131	1,075,877	848,263	1,220,254
Net nontaxable income	145,004	24,639	11,402	42,868	51,177	14,918

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part II, line 29.

[3] Taken from Form 5227, Part II, line 27.

[4] Taken from Form 5227, Part II, line 28.

[6] Taken from Form 5227, Schedule A, Part I, line 3.

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

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Table 3. Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	19,241	15,523	1,915	1,348	378	76
Total net assets [2]	8,931,574	1,739,747	1,361,884	2,100,869	1,805,000	1,924,074
Total assets [3]	9,089,552	1,794,277	1,369,152	2,132,736	1,854,089	1,939,299
Cash	196,050	45,960	48,558	51,497	31,819	18,216
Savings and temporary cash investments	692,664	108,502	100,450	163,666	167,996	152,050
Accounts receivable	7,220	2,068	2,918	716	* 146	1,371
Receivables due from officers, directors, trustees, etc.	* 1,220	* 725	0	* 494	0	0
Other notes and loans receivable	121,408	21,266	* 8,270	49,983	* 6,214	* 35,676
Inventories for sale or use	* 1,094	0	0	* 1,094	0	0
Prepaid expenses and deferred charges	1,511	* 365	* 65	* 1,064	* 17	0
Total investments	7,781,648	1,533,177	1,145,586	1,770,501	1,614,710	1,717,674
Securities	6,344,419	1,222,564	992,592	1,463,202	1,364,436	1,301,624
Government obligations	1,018,574	154,869	148,999	266,648	280,739	167,320
Corporate stock	4,250,440	849,286	658,708	950,644	867,980	923,822
Corporate bonds	1,075,405	218,410	184,885	245,910	215,717	210,483
Land, buildings, and equipment	95,898	18,469	0	42,972	* 23,955	* 10,503
Other investments	1,341,331	292,144	152,994	264,328	226,319	405,547
Charitable purpose land, buildings, and equipment	74,950	* 3,671	* 8,293	35,875	* 15,285	* 11,825
Other assets	211,783	78,541	55,011	57,844	17,901	* 2,486
Total liabilities [4]	157,979	54,530	7,268	31,866	49,089	15,225
Accounts payable and accrued expenses	20,501	11,115	* 4,398	2,399	* 2,412	* 177
Deferred revenue	* 6,474	* 1,951	0	* 4,523	0	0
Loans from officers, directors, trustees, etc.	* 4,624	* 74	0	* 3,411	* 1,139	0
Mortgages and other notes payable	14,526	* 12,148	0	* 1,978	* 400	0
Other liabilities	111,853	29,242	2,870	19,556	45,138	15,049

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 59, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 50, column (b)) less total liabilities (line 56, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part IV, line 50, column (b).

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

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Table 4. Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	96,248	64,776	16,100	11,317	3,191	864
Total net income [2]	15,849,541	1,410,064	1,170,593	2,255,053	2,201,218	8,812,613
Net ordinary income [3]	4,150,275	426,148	339,167	568,085	462,289	2,354,587
Total ordinary income	5,558,935	528,163	415,257	686,128	556,048	3,373,339
Interest income	1,408,761	116,624	105,893	185,799	147,428	853,018
Dividends and business income (loss)	2,489,098	323,035	276,293	404,079	353,879	1,131,812
Rents, royalties, partnerships, other estates, and trusts, etc.	206,419	11,046	9,080	23,851	29,506	132,936
Farm income (loss)	* 52	0	* 12	* -372	* 413	0
Ordinary gain (loss)	10,222	235	1,102	787	462	7,635
Other income	1,444,382	77,222	22,877	71,984	24,360	1,247,939
Deductions allocable to ordinary income [4]	1,408,659	102,015	76,090	118,043	93,758	1,018,753
Net capital gains (losses) [5]	11,599,107	974,238	816,971	1,658,582	1,716,173	6,433,143
Total capital gains (losses)	12,261,621	994,334	833,057	1,682,850	1,732,251	7,019,129
Total short-term capital gains (losses)	313,048	29,828	18,660	67,631	91,337	105,592
Total long-term capital gains (losses)	11,948,572	964,505	814,396	1,615,219	1,640,914	6,913,536
Deductions allocable to capital gains [4]	662,513	20,096	16,086	24,268	16,078	585,985
Net nontaxable income [6]	100,159	9,678	14,455	28,386	22,757	24,883
Total nontaxable income	116,134	11,234	17,116	33,483	27,190	27,111
Tax-exempt interest	102,809	9,096	15,108	30,228	25,994	22,383
Other nontaxable income	13,325	2,138	2,007	3,255	1,195	4,728
Deductions allocable to nontaxable income [4]	15,974	1,556	2,661	5,096	4,433	2,228
Total deductions [7]	2,089,890	125,945	94,958	147,741	114,277	1,606,969
Interest	626,421	1,234	119	2,220	4,062	618,787
Taxes	10,555	999	1,109	2,676	1,738	4,032
Trustee fee	251,187	62,771	49,501	68,484	42,164	28,267
Attorney, accountant, and return preparer fees	60,213	22,444	10,838	13,078	6,881	6,972
Other allowable deductions	1,141,514	38,496	33,391	61,284	59,432	948,911

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "net ordinary income" (Form 5227, Part I, Section E, line 24b), "net capital gains (losses)" (line 25b), and "net nontaxable income" (line 26b).

[3] Taken from Form 5227, Part I, Section E, line 24b.

[4] Included in "total deductions" amount given on Form 5227, Part I, Section D, line 22.

[5] Taken from Form 5227, Part I, Section E, line 25b.

[6] Taken from Form 5227, Part I, Section E, line 26b.

[7] Taken from Form 5227, Part I, Section D, line 22.

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

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Table 5. Charitable Remainder Unitrusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	96,248	64,776	16,100	11,317	3,191	864
Total accumulations [2]	77,809,045	8,040,139	6,882,110	12,659,881	12,567,932	37,658,983
Net ordinary income	8,288,064	639,690	453,983	814,333	799,119	5,580,939
Net capital gains (losses)	69,005,464	7,346,810	6,381,050	11,679,890	11,628,139	31,969,575
Net nontaxable income	515,517	53,639	47,078	165,658	140,673	108,469
Prior-year undistributed income [3]	61,959,499	6,630,072	5,711,517	10,404,827	10,366,713	28,846,370
Net ordinary income	4,137,788	213,542	114,815	246,248	336,830	3,226,352
Net capital gains (losses)	57,406,354	6,372,570	5,564,078	10,021,307	9,911,966	25,536,432
Net nontaxable income	415,357	43,960	32,623	137,272	117,917	83,586
Current year net income [4]	15,849,541	1,410,064	1,170,593	2,255,053	2,201,218	8,812,613
Net ordinary income	4,150,275	426,148	339,167	568,085	462,289	2,354,587
Net capital gains (losses)	11,599,107	974,238	816,971	1,658,582	1,716,173	6,433,143
Net nontaxable income	100,159	9,678	14,455	28,386	22,757	24,883
Distributions of income [5]	5,848,837	944,517	795,322	1,284,268	1,131,994	1,692,735
Net ordinary income	2,428,871	379,844	338,164	521,162	432,326	757,376
Net capital gains (losses)	3,382,274	558,181	448,278	752,619	693,789	929,407
Net nontaxable income	37,692	6,493	8,881	10,487	5,879	5,952
Undistributed at end of year [6]	71,960,207	7,095,621	6,086,788	11,375,613	11,435,938	35,966,248
Net ordinary income	5,859,193	259,847	115,819	293,171	366,794	4,823,563
Net capital gains (losses)	65,623,190	6,788,628	5,932,772	10,927,271	10,934,350	31,040,169
Net nontaxable income	477,825	47,146	38,197	155,171	134,794	102,517

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero.

Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part II, line 29.

[3] Taken from Form 5227, Part II, line 27.

[4] Taken from Form 5227, Part II, line 28.

[5] Taken from Form 5227, Schedule A, Part I, line 2b.

[6] Taken from Form 5227, Schedule A, Part I, line 3.

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

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Table 6. Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	96,248	64,776	16,100	11,317	3,191	864
Total net assets [2]	98,042,480	11,714,212	11,133,987	17,997,731	15,810,755	41,385,796
Total assets [3]	99,383,633	11,848,439	11,298,533	18,252,910	16,090,953	41,892,798
Cash	1,770,126	198,914	190,427	324,770	263,564	792,451
Savings and temporary cash investments	5,701,221	784,911	775,385	1,305,284	1,100,634	1,735,006
Accounts receivable	134,409	14,831	4,934	27,459	34,274	52,911
Receivables due from officers, directors, trustees, etc.	17,229	2,324	* 5,020	9,452	* 411	* 22
Other notes and loans receivable	1,009,035	131,142	128,017	294,609	265,796	189,471
Inventories for sale or use	* 37	0	0	* 37	0	0
Prepaid expenses and deferred charges	8,719	* 444	* 1,350	4,072	1,498	1,355
Total investments	88,920,579	10,319,881	9,872,351	15,794,145	14,006,494	38,927,707
Securities	55,735,098	8,150,797	8,198,538	12,919,553	10,787,655	15,678,555
Government obligations	5,405,613	498,511	741,545	1,242,821	1,192,821	1,729,914
Corporate stock	42,978,885	6,304,877	6,152,410	9,935,472	8,441,805	12,144,321
Corporate bonds	7,350,600	1,347,409	1,304,583	1,741,260	1,153,029	1,804,319
Land, buildings, and equipment	879,894	119,007	89,951	205,549	223,625	241,762
Other investments	32,305,586	2,050,078	1,583,862	2,669,042	2,995,214	23,007,390
Charitable purpose land, buildings, and equipment	260,635	36,468	* 57,624	88,398	63,259	* 14,885
Other assets	1,561,621	359,507	263,421	404,681	355,022	178,989
Total liabilities [4]	1,341,153	134,227	164,546	255,179	280,198	507,002
Accounts payable and accrued expenses	197,257	25,691	21,022	46,267	44,757	59,521
Deferred revenue	36,003	* 5,429	* 4,632	10,791	* 849	* 14,302
Loans from officers, directors, trustees, etc.	4,599	* 2,009	* 67	* 1,504	0	* 1,018
Mortgages and other notes payable	87,056	* 479	0	* 9,753	* 52,156	* 24,668
Other liabilities	1,016,238	100,619	138,826	186,864	182,436	407,493

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 59, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 50, column (b)) less total liabilities (line 56, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part IV, line 50, column (b).

[4] Taken from Form 5227, Part IV, line 56, column (b).

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

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Table 7. Charitable Remainder Unitrusts: End-of-Year Fair Market Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	96,248	64,776	16,100	11,317	3,191	864
Total assets [2]	119,198,640	14,733,612	13,325,289	20,635,748	18,802,385	51,701,605
Cash	1,739,904	202,017	203,294	335,079	265,134	734,380
Savings and temporary cash investments	5,643,598	788,649	760,489	1,294,153	1,094,096	1,706,211
Accounts receivable	142,888	24,173	4,670	27,955	33,745	52,345
Receivables due from officers, directors, trustees, etc.	17,131	* 2,237	* 5,020	9,441	* 411	* 22
Other notes and loans receivable	995,476	137,304	132,304	282,882	265,741	177,244
Inventories for sale or use	* 37	0	0	* 37	0	0
Prepaid expenses and deferred charges	8,585	* 390	* 1,350	4,017	1,474	1,355
Total investments	107,743,772	12,774,213	11,616,322	18,124,337	16,601,802	48,627,098
Securities	67,160,898	10,023,498	9,508,654	14,840,837	13,006,502	19,781,406
Government obligations	5,764,157	542,862	796,486	1,312,779	1,250,660	1,861,369
Corporate stock	53,673,962	8,041,703	7,346,547	11,714,066	10,544,008	16,027,638
Corporate bonds	7,722,779	1,438,932	1,365,620	1,813,993	1,211,835	1,892,399
Land, buildings, and equipment	1,333,762	370,871	159,421	295,298	279,847	228,323
Other investments	39,249,112	2,379,844	1,948,247	2,988,201	3,315,452	28,617,369
Charitable purpose land, buildings, and equipment	666,711	181,183	* 301,418	101,347	65,511	* 17,252
Other assets	2,240,519	623,435	300,417	456,498	474,471	385,698

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 50.

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

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Table 8. Charitable Lead Trusts: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	6,521	2,736	1,315	1,453	722	296
Total income [2]	2,910,252	399,498	87,334	224,592	453,171	1,745,658
Total ordinary income	1,225,320	319,138	35,701	106,082	183,109	581,289
Interest income	256,103	16,462	7,582	20,856	44,700	166,503
Dividends and business income (loss)	872,393	290,022	24,838	62,546	106,199	388,789
Rents, royalties, partnerships, other estates, and trusts, etc.	78,380	12,016	2,472	20,508	29,223	14,161
Farm income (loss)	* 150	0	0	* 75	* 75	0
Ordinary gain (loss)	5,144	* -26	* 374	213	732	3,851
Other income	13,149	664	* 434	1,885	2,180	7,986
Total capital gains (losses)	1,659,792	77,512	50,438	114,243	265,188	1,152,410
Total short-term capital gains (losses)	128,026	-1,766	-13,200	-14,879	22,318	135,553
Total long-term capital gains (losses)	1,531,766	79,278	63,639	129,122	242,870	1,016,857
Total nontaxable income	25,140	2,847	1,194	4,266	4,874	11,958
Tax-exempt interest	24,618	2,847	724	4,257	4,847	11,942
Other nontaxable income	* 522	0	* 469	* 9	* 27	* 16

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "total ordinary income" (Form 5227, Part I, Section A, line 8), "total capital gains (losses)" (Section B, line 13), and "total nontaxable income" (Section C, line 16).

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Table 9. Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	6,521	2,736	1,315	1,453	722	296
Total net assets [2]	19,648,472	490,495	937,160	2,426,813	3,872,968	11,921,036
Total assets [3]	20,024,009	522,256	970,341	2,459,374	3,937,028	12,135,010
Cash	225,875	17,874	15,380	54,095	71,771	66,756
Savings and temporary cash investments	1,451,786	43,147	62,692	186,756	327,855	831,335
Accounts receivable	25,853	4,426	* 265	572	14,412	6,178
Receivables due from officers, directors, trustees, etc.	* 23,180	0	0	* 12,535	0	* 10,646
Other notes and loans receivable	181,617	* 644	* 1,502	32,051	* 46,793	100,628
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	4,086	* 82	* 235	* 383	* 2,617	* 768
Total investments	16,648,955	443,395	874,191	2,132,745	3,363,478	9,835,146
Securities	8,458,802	372,341	645,923	1,646,024	1,834,211	3,960,303
Government obligations	662,199	36,944	47,395	120,024	114,564	343,272
Corporate stock	7,115,414	315,723	547,928	1,350,859	1,511,768	3,389,136
Corporate bonds	681,189	19,675	50,599	175,141	207,879	227,895
Land, buildings, and equipment	192,156	* 1,888	* 16,990	* 22,594	* 39,881	110,803
Other investments	7,997,997	69,166	211,278	464,127	1,489,386	5,764,040
Charitable purpose land, buildings, and equipment	* 20,344	* 3,366	* 7	* 5,735	* 11,235	0
Other assets	1,442,312	9,323	* 16,069	34,502	98,867	1,283,552
Total liabilities [4]	375,537	31,762	33,181	32,561	64,060	213,973
Accounts payable and accrued expenses	59,809	* 1,832	* 2,879	5,009	26,981	23,108
Deferred revenue	* 870	0	* 780	* 90	0	* [5]
Loans from officers, directors, trustees, etc.	* 2,388	* 1,732	* 31	* 362	0	* 263
Mortgages and other notes payable	29,996	* 2,314	0	* 448	* 1,452	25,781
Other liabilities	282,474	25,884	* 29,491	26,651	35,626	164,822

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 59, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 50, column (b)) less total liabilities (line 56, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part IV, line 56, column (b).

[4] Taken from Form 5227, Part IV, line 50, column (b).

[5] Value is less than \$500.

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

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Table 10. Pooled Income Funds: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,488	1,143	99	145	71	29
Total income [2]	115,816	8,712	3,573	13,940	28,000	61,591
Total ordinary income	75,911	5,808	* 3,294	10,650	17,393	38,766
Interest income	30,840	2,029	* 973	4,998	11,455	11,385
Dividends and business income (loss)	44,890	3,761	* 2,317	5,521	5,921	27,369
Rents, royalties, partnerships, other estates, and trusts, etc.	* 59	0	0	* 28	0	* 31
Farm income (loss)	0	0	0	0	0	0
Ordinary gain (loss)	0	0	0	0	0	0
Other income	123	* 19	* 5	103	* 16	* -19
Total capital gains (losses)	39,900	2,903	* 279	3,285	10,607	22,825
Total short-term capital gains (losses)	2,725	95	* -1	-840	-1,809	5,279
Total long-term capital gains (losses)	37,175	2,808	* 279	4,125	12,415	17,547
Total nontaxable income	* 5	0	0	* 5	0	0
Tax-exempt interest	* 5	0	0	* 5	0	0
Other nontaxable income	0	0	0	0	0	0

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by funds filing a final return.

[2] Calculated as the sum of "total ordinary income" (Form 5227, Part I, Section A, line 8), "total capital gains (losses)" (Section B, line 13), and "total nontaxable income" (Section C, line 16).

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

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Table 11. Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2008

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,488	1,143	99	145	71	29
Total net assets [2]	1,457,962	126,739	72,449	236,203	392,216	630,356
Total assets [3]	1,651,505	127,792	72,509	238,593	392,630	819,981
Cash	12,871	2,626	* 231	2,560	* 2,624	4,830
Savings and temporary cash investments	57,323	9,295	* 3,914	12,641	9,902	21,571
Accounts receivable	1,450	* 13	* 44	* 22	* 50	* 1,320
Receivables due from officers, directors, trustees, etc.	* 5	0	0	0	* 5	0
Other notes and loans receivable	* 10,685	0	0	* 1,803	0	* 8,882
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	* 81	0	0	0	* 81	0
Total investments	1,520,851	99,965	* 61,452	208,827	376,486	774,121
Securities	908,195	77,473	* 48,553	177,713	248,541	355,914
Government obligations	112,126	15,313	* 497	13,835	29,106	* 53,375
Corporate stock	340,783	21,294	* 15,475	55,731	80,811	167,472
Corporate bonds	455,286	40,866	* 32,582	108,147	138,625	135,066
Land, buildings, and equipment	* 62,796	* 15	0	* 44	* 6,174	* 56,563
Other investments	549,860	22,478	* 12,898	31,070	121,770	361,644
Charitable purpose land, buildings, and equipment	* 8,358	0	0	0	0	* 8,358
Other assets	39,881	15,892	* 6,869	* 12,740	* 3,482	* 899
Total liabilities [4]	193,543	1,053	* 60	2,391	* 414	189,625
Accounts payable and accrued expenses	5,663	* 740	* 60	* 105	0	4,757
Deferred revenue	* 121,843	0	0	* 1,675	0	* 120,167
Loans from officers, directors, trustees, etc.	0	0	0	0	0	0
Mortgages and other notes payable	* 62,563	0	0	0	0	* 62,563
Other liabilities	3,474	* 312	0	* 611	* 414	2,137

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by funds filing a final return.

[2] Taken from Form 5227, Part IV, line 59, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 50, column (b)) less total liabilities (line 56, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part IV, line 50, column (b).

[4] Taken from Form 5227, Part IV, line 56, column (b).

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

Unrelated Business Income Tax Returns, 2006

by Jael Jackson

Gross unrelated business income reported by charitable and other types of tax-exempt organizations increased 4 percent between Tax Years 2005 and 2006. The \$11.3 billion in gross unrelated business income reported for Tax Year 2006 were offset by \$10.0 billion in deductions. The resulting net unrelated business taxable income, reported as unrelated business income (less deficit), totaled \$1.3 billion for Tax Year 2006, which is 6 percent higher than reported in the previous tax year.

Because tax-exempt organizations generally operate for charitable or other beneficial purposes, most income that they receive is exempt from tax under the Internal Revenue Code. Tax-exempt organizations are permitted to engage in income-producing activities that are considered to be unrelated to their exempt purposes. However, to prevent potentially unfair competition between tax-exempt organizations and taxable for-profit entities, income derived from these unrelated activities is taxable. An organization that receives \$1,000 or more in gross unrelated business income in a tax year is required to file Form 990-T, *Exempt Organization Business Income Tax Return*, which is used to determine the amount of unrelated business taxable income and the associated unrelated business income tax liability.

Figure A shows selected financial statistics from Forms 990-T filed for Tax Years 2005 and 2006. After reducing their gross unrelated business incomes by allowable deductions, only about half of the 43,520 organizations that were required to file Form 990-T reported unrelated business income tax liability for Tax Year 2006. Despite an increase in the number of filers, there is a small decrease in the number of organizations that reported unrelated business taxable income, along with an increase in those that reported no taxable unrelated business income.

Additionally, there is a 12.5 percent increase in the number of organizations reporting gross unrelated business income of less than \$10,000. Tax-exempt organizations reported \$555.7 million in unrelated business income tax liability which is a 2-percent

Figure A

Unrelated Business Income Tax Returns: Selected Items from Forms 990-T, Exempt Organization Business Income Tax Returns, Tax Years 2005 and 2006

[Money amounts are in thousands of dollars]

Item	2005	2006	Percentage change
	(1)	(2)	(3)
Number of returns, total	40,676	43,520	7.0
With gross unrelated business income of \$10,000 or less [1]	15,116	17,008	12.5
With gross unrelated business income over \$10,000 [1]	25,560	26,512	3.7
With unrelated business taxable income	23,087	22,191	-3.9
Without unrelated business taxable income [2]	20,289	21,329	5.1
Gross unrelated business income	10,849,619	11,271,392	3.9
Total deductions [3]	9,635,921	9,987,940	3.7
Unrelated business taxable income (less deficit)	1,213,698	1,283,452	5.7
Unrelated business taxable income	2,044,310	2,176,235	6.5
Deficit	830,612	892,783	7.5
Unrelated business income tax	543,264	555,736	2.3
Total tax	540,819	556,285	2.9

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

[2] Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$3.0 billion for 2005 and \$2.7 billion for 2006.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

increase from Tax Year 2005. Although gross unrelated business income increased by 14.3 percent in the previous year, that growth is at a much lower rate between Tax Years 2005 and 2006, allowing for an tax liability increase of only 2.3 percent.

Total tax reported on Form 990-T, which comprised the sum of the unrelated business income tax and certain additional taxes, less credits, was \$556.2 million. Additional taxes included \$6.5 million of alternative minimum tax, \$5.5 million of "proxy tax" on certain nondeductible lobbying and political

Jael Jackson is an economist with the Special Studies Special Projections Section. This article was prepared under the direction of Melissa Ludlum, Chief.

expenditures, and \$0.21 million of “other” taxes.¹ To arrive at the total tax amount, total tax credits were subtracted from the sum of unrelated business income tax plus additional taxes. Total tax credits equaled \$11.5 million for Tax Year 2006, exceeding the amount of additional taxes reported. Tax credits included the foreign tax credit (\$6.8 million), general business credit (\$4.0 million), credit for prior-year minimum tax (\$0.2 million), and “other” credits (\$0.5 million).

Background

The SOI Sample

The data presented in this article are from sampled Forms 990-T filed for Tax Year 2006 by organizations described in Internal Revenue Code sections 220(e), 401(a), 408(e), 408A, 501(c)(2)-(27), 529(a), and 530(a).² Tax Year 2006 includes all accounting periods beginning in Calendar Year 2006 and thus ending between December 2006 and November 2007. Consequently, the returns reflect financial activity that occurred in either Calendar Year 2006 or 2007, or some portion of both (see the Data Sources and Limitations section for further information).

Definition of Unrelated Business Income

Unrelated business income is produced from an activity that is conducted on a regular basis and is not directly related to an organization’s tax-exempt mission. Income earned by an organization is treated as unrelated business income if it meets two basic requirements. First, the income is derived from a trade or business that is regularly carried on by the organization. Second, the income is earned from a trade or business that is not substantially related to the performance of the organization’s exempt purpose or function. Even if profits from such activities are used by tax-exempt organizations to finance their

exempt purposes, income that meets these two requirements generally is treated as unrelated business income. However, certain activities are excluded from taxation, such as business activities in which substantially all of the work is performed by volunteer labor, sales of merchandise that the organization received as a gift or contribution, and the operation of certain games of chance, as specified in the Internal Revenue Code (see Gross unrelated business income in the *Explanation of Selected Terms* for additional information).

Filing Requirements and Composition of Tax Year 2006 Filers

A variety of tax-exempt organizations are required to file Form 990-T to report unrelated business income and the associated tax. Figure B details the types of organizations that may be required to file Form 990-T by Internal Revenue Code section, organization, and nature of activities. Charitable organizations, which are tax-exempt under section 501(c)(3), are generally the most common Form 990-T filers.

Most tax-exempt organizations are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$100,000 and total end-of-year assets of less than \$250,000). Private foundations, which are exempt under section 501(c)(3), file the information return Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*.³

The composition of Form 990-T filers, by type of tax-exempt organization, type of entity, and size of gross unrelated business income and gross unrelated business taxable income, is shown in Figure C. Looking first at the type of organization, as classified by the Internal Revenue Section Code; for Tax Year

¹ A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax in cases where it did not notify its members of the entire amount of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures. The proxy tax of \$5.5 million used in the total tax computation includes only proxy tax reported by Form 990-T filers with gross unrelated business income above the \$1,000 filing threshold. Filers that reported gross unrelated business income below the \$1,000 threshold were not eligible for selection into the Statistics of Income (SOI) sample. Therefore, proxy tax reported by organizations that had no unrelated business income or those that had unrelated business income below the filing threshold is not included.

² Internal Revenue Code section 501(d) religious and apostolic organizations and farmers’ cooperatives report taxes on forms other than Form 990-T.

³ Churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to apply for exemption unless they desire to obtain an Internal Revenue Service ruling, and they do not have to file a Form 990 information return. However, these churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to their religious purposes. Charitable remainder trusts, a type of Internal Revenue Code section 4947(a)(2) “split-interest trust,” were required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T, for tax years before 2007. Beginning with Tax Year 2007, charitable remainder trusts were required to report unrelated business income on Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons under Chapters 41 and 42 of the Internal Revenue Code*. Published statistical reports on charitable and other nonprofit organizations, private foundations, and split-interest trusts are available from the Tax Stats pages of the IRS Web site at <http://www.irs.gov/taxstats>.

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Figure B

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSA's)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds; subject to same rules as traditional IRA's, except contributions are not tax deductible and qualified distributions are tax free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; organizations that test for public safety. Also, organizations that prevent cruelty to children or animals, or foster national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities

2006, charitable organizations represented nearly one-third of Form 990-T filers. Traditional Individual Retirement Arrangements (IRAs), exempt under section 408(e), social and recreational clubs, exempt under section 501(c)(7), and business leagues, chambers of commerce and other organizations, exempt under section 501(c)(6), accounted for 16 percent, 15

percent, and 14 percent of all Tax Year 2006 Forms 990-T filed, respectively.

Tax-exempt organizations' unrelated business taxable income is subject to the same tax rates as income reported by for-profit filers. Generally, organizations that, by their structure, classify tax-exempt trusts pay taxes on their unrelated business income

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Figure B—Continued

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

501(c)(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing 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 trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Providing funds to satisfy coal mine operators' liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing 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	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units
(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State Tuition Plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTES: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective for tax years beginning after June 30, 1992.

at the same rates as estate and trust filers, while all other exempt organizations which are structured more like corporations, pay taxes at the corporate rate. Nearly 79 percent of all Tax Year 2006 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate. Tax-exempt trusts

accounted for the additional 21 percent of Forms 990-T filed for the year.

Traditional IRAs, voluntary employees' beneficiary associations, and pension, profit-sharing, and stock bonus plans account for the majority of tax-exempt trusts that file Form 990-T. For Tax

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Figure C

Unrelated Business Income Tax Returns: Form 990-T Filers, by Gross Unrelated Business Income, Gross Unrelated Business Taxable Income, Subsection Code, and Type of Organization

[Money amounts are in thousands of dollars]

Category	Item	Number of returns	Percentage of total
All Forms 990-T	All returns	43,520	100.0
Type of organization	Total	43,520	100.0
	501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,157	32.5
	501(c)(4) Civic leagues and social welfare organizations	1,650	3.8
	501(c)(5) Labor, agricultural, and horticultural organizations	2,434	5.6
	501(c)(6) Business leagues, chambers of commerce, and real estate boards	6,155	14.1
	501(c)(7) Social and recreational clubs	6,547	15.0
	501(c)(19) War veterans' posts or organizations	1,834	4.2
	408(e) Traditional Individual Retirement Arrangements	6,877	15.8
	Other [1]	3,866	8.9
Type of entity	Total	43,520	100.0
	Corporation	34,255	78.7
	Trust	9,266	21.3
Size of gross unrelated business income	Total	43,520	100.0
	With gross unrelated business income of \$10,000 or less	17,008	39.1
	With gross unrelated business income over \$10,000	26,512	60.9
Unrelated business taxable income	Total	43,520	100.0
	With unrelated business taxable income	22,191	51.0
	Without business taxable income	21,329	49.0

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A, state-sponsored health plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a). See Figure B for additional information on the types of organizations that are required to file Form 990-T.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

Year 2006, these organizations represented over 85 percent of all trusts that filed the return. Most other types of Tax Year 2006 Form 990-T filers, including the majority of charitable organizations, were primarily organized as corporations.

The majority of all organizations, 61 percent, that filed Form 990-T for Tax Year 2006 reported gross unrelated business income of \$10,000 or more. Just over half of all organizations that were required to file Form 990-T reported unrelated business income tax liability after subtracting deductions from gross unrelated business income.

Income Information, by Subsection Code

In addition to comprising nearly 33 percent of Form 990-T filers, charitable organizations accounted for even higher percentages of gross unrelated busi-

ness income, total unrelated business income tax, and other financial items for Tax Year 2006. Figure D shows various financial items for Tax Year 2006, including gross unrelated business income and its components, the ratio of investment income to gross unrelated business income, total deductions, and unrelated business income tax. Charitable organizations accounted for 57 percent of the almost \$11.3 billion in gross unrelated business income reported for Tax Year 2006. They claimed 61 percent of total deductions and reported 51 percent of total unrelated business income tax.

Charitable organizations reported 43 percent of total investment income for Tax Year 2006. However, investment income represented only a small percentage, about 21 percent, of gross unrelated business income reported by charitable organizations.

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Figure D

Unrelated Business Income Tax Returns: Selected Unrelated Business Income Tax Data for Tax-Exempt Organizations, by Subsection Code, Tax Year 2006

[Money amounts are in thousands of dollars]

Item	Subsection Code								
	All	501(c)(03)	501(c)(04)	501(c)(05)	501(c)(06)	501(c)(07)	501(c)(19)	408(e)	Other [1]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	43,520	14,157	1,650	2,434	6,155	6,547	1,834	6,877	3,867
Gross unrelated business income	11,271,392	6,455,264	632,440	281,508	1,145,198	735,052	166,963	76,443	1,778,523
Total investment income [2]	3,053,769	1,324,611	64,752	25,009	36,796	151,952	10,363	70,770	1,369,514
Investment income to gross UBI	27.1	20.5	10.2	8.9	3.2	20.7	6.2	92.6	77.0
Total deductions	9,987,940	6,098,288	541,550	279,583	1,082,947	655,470	170,100	15,793	1,144,209
Unrelated business taxable income (less deficit)	1,283,452	356,976	90,890	1924	62,251	79,582	-3,137	60,651	634,633
Unrelated business taxable income	2,176,235	971,985	117,477	29,325	122,844	124,090	7,640	61,661	741,213
Deficit	892,783	615,009	26,587	27,401	60,593	44,508	10,777	1010	106,580
Unrelated business income tax	555,737	283,853	12,081	7,924	35,102	31,051	1,266	16,328	168,132
Total tax	556,285	280,157	12,102	7,939	40,498	29,186	1,260	16,390	168,753

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A, state-sponsored health plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a). See Appendix A for additional information on the types of organizations that are required to file Form 990-T.

[2] Total investment income includes capital gain net income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code section 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily is not taxed, unless the investment was purchased with borrowed funds, i.e. debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

Generally, organizations that were organized as tax-exempt trusts derived larger percentages of their gross unrelated business incomes from investments. For example, traditional IRAs reported more than 90 percent of their gross unrelated business incomes as investment income.

Income Information, by Entity Type

Figure E further illustrates the differences between tax-exempt trusts and corporate filers. The latter group reported the majority of gross unrelated business income, total deductions, positive unrelated business taxable income, and unrelated business income tax. These corporate filers reported \$9.5 billion in gross unrelated business income, \$9.2 billion in total deductions, and \$338.4 million in unrelated business income tax.

While representing less than one-quarter of Form 990-T filers, trusts reported higher amounts of total investment income and net unrelated business taxable income (less deficit) than their corporate counterparts. Of the \$3.1 billion in investment income received by tax-exempt organizations, more than half was reported by trusts. Overall, trusts reported 93 percent of their gross unrelated business incomes as investment income, compared to less than 15 per-

cent for corporations. More than 74 percent of net unrelated business taxable income that was reported for Tax Year 2006 was attributable to trusts. They reported approximately 39 percent of total unrelated business income tax for Tax Year 2006.

Summary

Tax-exempt organizations reported more than \$11 billion in gross unrelated business income for Tax Year 2006. Total unrelated business income tax liability increased by 2.3 percent from Tax Year 2005 to \$555.7 million.

Charitable organizations, tax-exempt under section 501(c)(3), were the most common Form 990-T filers, representing nearly one-third of all organizations that filed the return for Tax Year 2006. These organizations reported 57 percent of all gross unrelated business income for the year, claimed 61 percent of deductions, and accounted for a little over half of all unrelated business income tax liability.

Nearly 79 percent of all Tax Year 2006 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate, with tax-exempt trusts accounting for the remainder of filers. Filers classified as corporations reported the majority of gross unrelated business income, total deductions,

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Figure E

Unrelated Business Income Tax Returns: Selected Unrelated Business Income Tax Data for Tax-Exempt Corporate and Trust Entities, Tax Year 2006

[Money amounts are in thousands of dollars]

Item	Type of entity		
	All	Corporation	Trust
	(1)	(2)	(3)
Number of returns	43,520	34,255	9,266
Gross unrelated business income	11,271,392	9,495,698	1,775,694
Total investment income [1]	3,053,769	1,411,124	1,642,644
Investment income to gross UBI ratio	27.0	15.0	93.0
Total deductions	9,987,940	9,166,518	821,422
Unrelated business taxable income (less deficit)	1,283,452	329,179	954,273
Unrelated business taxable income	2,176,235	1,185,304	990,931
Deficit	892,783	856,125	36,658
Unrelated business income tax	555,737	338,418	217,318
Total tax	556,285	339,483	216,803

[1] Total investment income includes capital gain net income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code section 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily is not taxed, unless the investment was purchased with borrowed funds, i.e. debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

positive unrelated business taxable income, and unrelated business income tax for Tax Year 2006. Tax-exempt trusts accounted for larger proportions of total investment income and net unrelated business taxable income.

Data Sources and Limitations

To report unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2006, Internal Revenue Code section 220(e), 401(a), 408(e), 408A, and 530(a) trusts' required reporting period was Calendar Year 2006, and the Form 990-T filing deadline was April 15, 2007. For all other organizations, the required reporting period was any accounting period beginning in Calendar Year 2006 and, thus, ending between December 2006 and November 2007 for full-year return filers. The associated required due dates for filing Tax Year 2006 Forms 990-T generally fell between May 2007 to April 2008, but extensions of time to file beyond this period were routinely granted to many organizations. Corresponding to the required filing dates, the Tax Year 2006 study sample was drawn from Forms 990-T processed by IRS

throughout Calendar Years 2007 and 2008. Because of the various accounting periods of the organizations filing a Tax Year 2006 return, the financial activities covered in this article span the period January 2006 through November 2007, although 61 percent of Form 990-T filers had Calendar Year 2006 accounting periods.

The population from which the Form 990-T sample was drawn consisted of Tax Year 2006 Form 990-T records posted to the IRS Business Master File system during 2007 and 2008. Generally, returns filed after Calendar Year 2008 were not included in the sample. However, in some cases, returns that were considered to be large income-size cases (over \$500,000 or more of gross unrelated business income), were added after the close of the sampling period. A sample of 8,899 returns was selected from a population of 43,652. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 8,878 returns, and the estimated population size was 43,520. Rejected returns included those that had gross unrelated business income below the \$1,000 filing threshold; were filed for a part-year 2006 accounting period, and a full-year 2006 return was also filed; or were filed for a part-year accounting period that began in a year other than 2006.

The Tax Year 2006 Statistics of Income (SOI) Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special "integrated" sample. The stratified random sample was designed to represent the entire population of Form 990-T filers reporting unrelated business income. The integrated sample was designed to gather information on "related" (tax-exempt) and "unrelated" (taxable) income and expenses for section 501(c)(3) nonprofit charitable organizations that filed both Form 990 (or Form 990-EZ) and Form 990-T. This integrated sampling program ensured that the SOI sample of Forms 990-T included any unrelated business income tax returns (with gross unrelated business income of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ information returns were selected for the separate SOI sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross unrelated business income,

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and selected using Bernoulli sampling. Section 501(c)(3) returns not selected randomly were then matched to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly selected Forms 990-T that also had counterparts in the Forms 990/990-EZ sample, formed the “integrated” Internal Revenue Code section 501(c)(3) portion of the Form 990-T sample.⁴

Returns in the Form 990-T sample frame were classified into two-dimensional strata, based on the size of gross unrelated business income in the Form 990-T population and the size of assets in the section 501(c)(3) Form 990/990-EZ population of returns having EINs that matched Form 990-T EINs. The designed sampling rates ranged from a minimum of 3.65 percent to a maximum of 100 percent.

The information presented in this article was obtained from returns as originally filed with the Internal Revenue Service. The amount of total tax liability originally reported on Forms 990-T, as stated in these statistics, may not necessarily be the amount ultimately paid to IRS. Changes in tax liability assessments can be made after the original return is filed, either by the taxpayer on an amended return, by the IRS after examination, or by litigation. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure F shows CVs for selected financial data estimates derived from the Form 990-T stratified random sample. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *SOI Bulletin*.

Figure F

Unrelated Business Income Tax Returns: Coefficients of Variation for Selected Form 990-T Items, by Size of Gross Unrelated Business Income, Tax Year 2006

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions	Unrelated business taxable income [1]	Total tax
Coefficient of variation (percentage)					
	(1)	(2)	(3)	(4)	(5)
Total	0.11	0.13	0.28	0.47	0.56
\$1,000 under \$10,001 [2]	1.76	3.05	5.78	5.93	6.56
\$10,001 under \$100,000 [2]	2.09	1.79	2.61	5.05	5.81
\$100,000 under \$500,000	1.15	0.93	1.50	3.03	3.85
\$500,000 or more	N/A	N/A	N/A	N/A	N/A

N/A—Not applicable because the achieved sample rate was 100 percent.

[1] Includes data from returns with positive amounts of unrelated business taxable income only.

[2] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed “complete” return.

Explanation of Selected Terms

This section provides definitions to help the reader understand the terms contained in the article and in Tables 1 through 7 at the end of the article. In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article.

Advertising income—Gross income realized by a tax-exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the “exploitation of an exempt activity,” namely, the circulation and subscriber base of the periodical developed by producing and distributing the mission-related content of that periodical. Advertising income was reported separately from other types of “exploited exempt activity income.” (See the explanation of Exploited Exempt activity income.) Internal Revenue Code

⁴ For additional information on the Forms 990 and 990-T integrated sample design, see Harte, James M. and Cecelia H. Hilgert (2002), “Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations,” *Statistics of Income: Compendium of Studies of Tax-Exempt Organizations, 1989-1998*.

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section 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of “exploited exempt activity income,” as part of gross receipts from sales and services. All other organizations reported this income separately.

Capital gain net income—Generally, organizations required to file Form 990-T (except organizations tax-exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of property. However, capital gain net income on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in Internal Revenue Code sections 1245, 1250, 1252, 1254, and 1255) were considered taxable. Also, any gain or loss passed through from a partnership or S corporation, or any gain or loss on the disposition of S corporation stock by a “qualified tax-exempt” (defined in the explanation of Income (less loss) from partnerships and S corporations), was taxed as a capital gain or loss. (See the explanation of Investment income (less loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

Charitable contributions—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, except the limit on the deduction was determined in relation to unrelated business taxable income computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not the donated income was directly connected with the carrying on of a trade or business.

Cost of sales and services—Cost of sales and services may have included depreciation, salaries and wages, and certain other types of deductible

items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated. Cost of sales and services was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income.

Deductions directly connected with unrelated business income—These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to carrying on an unrelated trade or business. Allowable deductions included those allocable to rental of personal property; those allocable to unrelated debt-financed income; those allocable to investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from “controlled organizations” (see definition of Income from controlled organizations); those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs and maintenance; bad debts; interest; taxes and licenses; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss deduction”; and “other deductions.” Tax-exempt organizations with gross unrelated business income above \$10,000 were required to report each deduction component separately. Organizations with gross unrelated business income between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as “allocable to”) and a single total for all other types of deductions (both deductions directly connected with unrelated business income and those not directly connected, each defined elsewhere in this section), except for two items that were required to be reported separately: the “net operating loss deduction” (directly connected) and the “specific deduction” (not directly connected), both also defined below.

Deductions not directly connected with unrelated business income—The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by

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all organizations with positive taxable income; the other types of deductions not directly connected with unrelated business income were reported separately, when applicable, only by tax-exempt organizations with gross unrelated business income above \$10,000. (See, also, the explanations of Set-Asides, Excess exempt expenses, Contributions, and the Specific deduction.)

Excess exempt expenses—The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited exempt activity income, except advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess expenses could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of one type of commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity, unless both types commercially exploited the same exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

Exploited exempt activity income, except advertising—In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted

to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as part of gross receipts from sales and services. All other organizations reported this income separately.

Gross profit (less loss) from sales and services—This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

Gross unrelated business income—This was the total gross unrelated business income prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross unrelated business income. The components of gross unrelated business income were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships and S corporations; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)

A tax-exempt organization’s income was treated as unrelated business income if it was from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger

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aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. Soliciting, selling, or publishing commercial advertising, for example, is identified as a trade or business, even though the advertising is published in an exempt organization's periodical that contains editorial material that is related to the organization's exempt purpose.

Income from controlled organizations—When an exempt organization controlled another organization, the entire amount of gross annuities, interest, rents, and royalties (termed “specified payments”) received from the controlled organization were included in the gross unrelated business income of the controlling organization. They were included only to the extent that the specified payments were claimed as a deduction from the controlled organization's own unrelated business income (in the case of an exempt controlled organization) or the “equivalent” of unrelated business income (in the case of a nonexempt controlled organization). The equivalent of unrelated business income was computed as if the nonexempt controlled organization were exempt and had the same exempt purpose as the controlling organization. “Control” meant: (a) for a stock corporation, the ownership (by vote or value) of more than 50 percent of the stock; (b) for a partnership, ownership of more than 50 percent of the profits or capital interests; or (c) for any other organization, ownership of more than 50 percent of the beneficial interests. All deductions “directly connected” with a Form 990-T filer's gross controlled-organization income were allowed. The rules for debt-financed property did not apply to passive income (generally, investment income) from controlled organizations. (See the definition of Unrelated debt-financed income.)

Income (less loss) from partnerships and S corporations—If an organization was a partner in any partnership that carried on an unrelated trade or business, this income item included the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income. If an organization was a “qualified tax-exempt” that held stock in an S corporation, this income item included the income or loss from the stock interest. The stock interest was treated as an unrelated trade or business, and all items of income, loss, or deduction were taken into account in computing unrelated business

taxable income. A “qualified tax-exempt” was an organization described in Internal Revenue Code section 401(a) (qualified stock bonus, pension, or profit-sharing plan) or section 501(c)(3), and exempt from tax under section 501(a).

Investment income (less loss)—This income was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-Asides.) All gross rents (except those that were exempt-function income) from investment property of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations' investment incomes (dividends, interest, rents, and annuities) and royalty incomes were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from controlled organizations, Rental income, and Unrelated debt-financed income.)

Net capital loss (trusts only)—If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Tax-exempt corporations were not allowed to deduct any excesses of capital losses over capital gains.) Tax-exempt trusts reported the net capital loss deduction on Form 990-T as a component of gross unrelated business income, and it was subtracted when computing total gross unrelated business income.

Net gain (less loss), sales of noncapital assets—This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

Net operating loss deduction—The net operating loss carryover or carryback (as described in Internal Revenue Code section 172) was allowed as a deduc-

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tion (limited to the current-year excess of receipts over deductions, prior to applying the net operating loss deduction) in computing unrelated business taxable income. However, the net operating loss carryover or carryback (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A “net operating loss” represented the excess of deductions over receipts for a specified year for which an organization reported an overall deficit from its unrelated trade or business activities. The net operating loss deduction statistics in this article represent only net operating loss carryovers from prior years because carrybacks from future years would be reported in a later year on an amended return, not on the return as initially filed (which served as the basis for the statistics).

Other deductions—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

Other Income (less loss)—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

Proxy tax—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expen-

ditures that was not included in the notices sent to the organization’s members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization’s unrelated business activities.

Rental income—For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation described above, gross rents from real property were generally excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were not included in gross unrelated business income. Any rents not covered by the explanation of “rental income” had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from controlled organizations and Unrelated debt-financed income.)

Set-Asides—This deduction from investment income was allowed to social and recreational clubs (Internal Revenue Code section 501(c)(7)), voluntary employees’ beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)). The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the “qualified asset account” limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section

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419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

Specific deduction—The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. The amount deducted was considered “not directly connected” with gross unrelated business income and was allowed to all organizations that had positive taxable income after all other types of deductions were taken. This deduction provided the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under which some organizations were exempted from filing a return and paying the unrelated business income tax. (See, also, the explanation of Deductions not directly connected with unrelated business income.)

Total deductions—Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. They excluded cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income. (See the explanation of Cost of Sales and Services.)

Total tax—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying and political expenditures, the “alternative minimum tax,” and “other” taxes.

Unrelated business activity—A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization’s charitable, educational, or other purpose that is the basis for the organization’s tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activity contributes importantly depends in each case on

the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum’s own collection and also works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be “related” because it contributes importantly to the achievement of the museum’s exempt educational purpose by making works of art familiar to a broader segment of the public, thereby enhancing the public’s understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be “unrelated” because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum’s exempt educational purposes.

Unrelated business income—See definition of Gross unrelated business income.

Unrelated business income tax—This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for Tax Year 2006, as shown in the following schedules. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	0	35%	0

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Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$2,050	15%	\$0
2,050	4,850	$\$307.50 + 25\%$	2,050
4,850	7,400	$1,007.50 + 28\%$	4,850
7,400	10,050	$1,721.50 + 33\%$	7,400
10,050	0	$2,596 + 35\%$	10,050

Unrelated business taxable income (less deficit) (referenced as Net unrelated business taxable income)—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly connected with unrelated business income and Deductions not directly connected with unrelated business income.)

Unrelated debt-financed income—Gross income from investment property for which acquisition in-

debtedness was outstanding at any time during the tax year was subject to the unrelated business income tax. The percentage of investment income to be included as gross unrelated business income was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income (generally, investment income) from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as "Investment income (less loss)." All other organizations reported debt-financed income separately.

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Table 1. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2006

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions [1,2]	
			Number of returns	Amount
	(1)	(2)	(3)	(4)
All organizations	43,520	11,271,392	43,304	9,987,940
220(e) Archer Medical Savings Accounts	0	0	0	0
401(a) Qualified pension, profit-sharing, or stock bonus plans	729	342,987	703	108,773
408(e) Traditional Individual Retirement Arrangements	6,877	76,443	6,868	15,793
408(A) Roth Individual Retirement Arrangements	* 35	* 2,447	* 35	* 168
501(c)(2) Title-holding corporations for exempt organizations [6]	259	102,683	259	117,392
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,157	6,455,264	14,115	6,098,288
501(c)(4) Civic leagues and social welfare organizations	1,650	632,440	1,650	541,550
501(c)(5) Labor, agricultural, and horticultural organizations	2,434	281,508	2,434	279,583
501(c)(6) Business leagues, chambers of commerce, and real estate boards	6,155	1,145,198	6,155	1,082,947
501(c)(7) Social and recreational clubs	6,547	735,052	6,463	655,470
501(c)(8) Fraternal beneficiary societies and associations	849	60,157	849	60,843
501(c)(9) Voluntary employees' beneficiary associations	708	993,086	707	564,190
501(c)(10) Domestic fraternal beneficiary societies and associations	391	27,494	391	26,468
501(c)(11) Teachers' retirement fund associations	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	251	74,453	251	73,442
501(c)(13) Cemetery companies	* 69	* 4,432	* 69	* 3,547
501(c)(14) State-chartered credit unions	528	161,862	528	182,366
501(c)(15) Mutual insurance companies	d	d	d	d
501(c)(16) Corporations organized to finance crop operations	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0
501(c)(18) Employee-funded pension trusts	d	d	d	d
501(c)(19) War veterans' posts or organizations	1,834	166,963	1,779	170,100
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	0	0	0	0
501(c)(25) Title-holding companies with no more than 35 shareholders	d	d	d	d
501(c)(26) High-risk health insurance plans	0	0	0	0
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d
529(a) Qualified State Tuition Plans	0	0	0	0
530(a) Coverdell Education Savings Accounts	0	0	0	0

Footnotes at end of table.

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Table 1. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2006—Continued

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(5)	(6)	(7)	(8)	(9)	(10)
All organizations	34,995	1,283,452	22,191	2,176,235	22,107	556,285
220(e) Archer Medical Savings Accounts	0	0	0	0	0	0
401(a) Qualified pension, profit-sharing, or stock bonus plans	671	234,214	648	236,846	645	56,812
408(e) Traditional Individual Retirement Arrangements	6,571	60,651	6,357	61,661	6,330	16,390
408(A) Roth Individual Retirement Arrangements	* 35	* 2,279	* 35	* 2,279	* 35	* 778
501(c)(2) Title-holding corporations for exempt organizations [6]	206	-14,709	123	16,637	123	5,247
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	11,071	356,976	5,728	971,985	5,700	280,157
501(c)(4) Civic leagues and social welfare organizations	1,216	90,890	466	117,477	462	12,102
501(c)(5) Labor, agricultural, and horticultural organizations	1,832	1,924	839	29,325	834	7,939
501(c)(6) Business leagues, chambers of commerce, and real estate boards	4,300	62,251	2,071	122,844	2,112	40,498
501(c)(7) Social and recreational clubs	5,535	79,582	4,163	124,090	4,124	29,186
501(c)(8) Fraternal beneficiary societies and associations	619	-686	275	3,591	276	746
501(c)(9) Voluntary employees' beneficiary associations	429	428,896	340	459,266	340	98,872
501(c)(10) Domestic fraternal beneficiary societies and associations	263	1,026	108	2,554	108	670
501(c)(11) Teachers' retirement fund associations	0	0	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	181	1,011	120	6,226	113	1,448
501(c)(13) Cemetery companies	* 64	* 884	* 39	* 1,458	* 39	* 447
501(c)(14) State-chartered credit unions	486	-20,505	165	9,981	165	2,985
501(c)(15) Mutual insurance companies	d	d	d	d	d	d
501(c)(16) Corporations organized to finance crop operations	0	0	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0	0	0
501(c)(18) Employee-funded pension trusts	d	d	d	d	d	d
501(c)(19) War veterans' posts or organizations	1,466	-3,137	666	7,640	652	1,260
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	0	0	0	0	0	0
501(c)(25) Title-holding companies with no more than 35 shareholders	d	d	d	d	d	d
501(c)(26) High-risk health insurance plans	0	0	0	0	0	0
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d	d	d
529(a) Qualified State Tuition Plans	0	0	0	0	0	0
530(a) Coverdell Education Savings Accounts	0	0	0	0	0	0

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

d—Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.7 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 8,526 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax, but it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$5.5 million.

[6] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[7] Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt, beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTE: Detail may not add to totals because of rounding. For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see the Appendix to the most recent Unrelated Business Income Tax (UBIT) article listed under Publications and Papers on the Exempt Organizations' UBIT Statistics page of the IRS website (<http://www.irs.gov/taxstats/charitablestats/article/0,,id=97210,00.html>).

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Table 2. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2006

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

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	43,520	11,271,392	43,304	9,987,940	34,995	1,283,452	22,191	2,176,235	22,107	556,285
\$1,000 under \$10,001 [6]	17,008	69,173	16,933	64,043	13,761	5,130	10,650	23,242	10,562	3,872
\$10,001 under \$100,000 [6]	14,879	555,353	14,758	525,006	12,064	30,347	6,680	125,484	6,645	23,724
\$100,000 under \$500,000	8,511	1,843,209	8,494	1,822,256	6,670	20,953	3,489	272,284	3,479	73,092
\$500,000 under \$1,000,000	1,409	974,450	1,407	930,975	1,142	43,475	638	143,186	641	42,679
\$1,000,000 under \$5,000,000	1,373	2,894,500	1,372	2,607,529	1,082	286,971	583	505,982	616	152,716
\$5,000,000 or more	340	4,934,707	340	4,038,131	275	896,576	151	1,106,057	164	260,203

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.7 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 8,526 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$5.5 million.

[6] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

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Table 3. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2006

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

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions [1,2]		Unrelated business taxable income (less deficit)		Total tax [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	43,520	11,271,392	43,304	9,987,940	34,995	1,283,452	22,107	556,285
Deficit	12,804	3,760,795	12,804	4,653,578	12,804	-892,783	66	1,105
Zero [4]	8,526	2,461,318	8,526	2,461,318	0	0	195	1,634
\$1 under \$1,000	4,533	32,714	4,533	30,781	4,533	1,934	4,476	281
\$1,000 under \$10,000	9,064	283,139	8,989	248,089	9,064	35,050	8,898	6,244
\$10,000 under \$100,000	6,641	930,942	6,519	721,540	6,641	209,402	6,529	38,022
\$100,000 under \$500,000	1,424	898,623	1,407	600,461	1,424	298,163	1,418	91,204
\$500,000 under \$1,000,000	221	528,691	219	372,939	221	155,752	220	52,150
\$1,000,000 or more	309	2,375,170	308	899,235	309	1,475,935	306	365,644

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.7 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$5.5 million.

[4] The Zero category includes returns with equal amounts of gross unrelated business income and total deductions.

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

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Table 4. Unrelated Business Income Tax Returns: Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2006

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

Type of entity and size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions [1,2]		Unrelated business taxable income	Total tax [3]	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL ENTITIES							
Total	22,191	5,049,279	21,975	2,873,044	2,176,235	21,846	553,545
\$1,000 under \$10,001 [4]	10,650	39,437	10,575	16,195	23,242	10,505	3,823
\$10,001 under \$100,000 [4]	6,680	240,578	6,558	115,094	125,484	6,593	23,267
\$100,000 under \$500,000	3,489	769,148	3,473	496,864	272,284	3,401	72,282
\$500,000 under \$1,000,000	638	439,311	636	296,125	143,186	620	42,534
\$1,000,000 under \$5,000,000	583	1,200,004	582	694,022	505,982	579	151,940
\$5,000,000 or more	151	2,360,800	151	1,254,743	1,106,057	149	259,699
TAX-EXEMPT CORPORATIONS							
Total	14,158	3,777,913	14,005	2,592,609	1,185,304	13,881	336,983
\$1,000 under \$10,001 [4]	4,579	20,473	4,532	8,943	11,530	4,467	1,687
\$10,001 under \$100,000 [4]	5,389	201,523	5,287	110,003	91,520	5,336	14,687
\$100,000 under \$500,000	3,056	672,278	3,053	480,003	192,275	2,967	49,301
\$500,000 under \$1,000,000	556	381,233	555	286,464	94,769	539	28,707
\$1,000,000 under \$5,000,000	469	946,223	469	639,824	306,398	465	100,607
\$5,000,000 or more	109	1,556,184	109	1,067,372	488,812	107	141,993
TAX-EXEMPT TRUSTS							
Total	8,033	1,271,366	7,970	280,435	990,931	7,965	216,562
\$1,000 under \$10,001 [4]	6,071	18,964	6,044	7,252	11,712	6,038	2,136
\$10,001 under \$100,000 [4]	1,290	39,055	1,272	5,091	33,963	1,257	8,580
\$100,000 under \$500,000	434	96,870	419	16,861	80,010	434	22,981
\$500,000 under \$1,000,000	82	58,078	81	9,661	48,417	81	13,826
\$1,000,000 under \$5,000,000	114	253,781	113	54,198	199,583	114	51,333
\$5,000,000 or more	42	804,617	42	187,371	617,245	42	117,706

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$9.2 million, 99 percent of which was attributable to tax-exempt corporations.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive unrelated business taxable income, total proxy tax was \$4.2 million.

[4] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

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Table 5. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial

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

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings	43,520	11,271,392	43,304	9,987,940	34,995	1,283,452	22,191	2,176,235	22,107	556,285
Agriculture, forestry, hunting, and fishing	168	29,318	168	16,908	120	12,410	76	14,116	76	4,531
Mining	422	53,040	421	23,180	359	29,860	323	30,096	311	7,339
Utilities	56	15,667	56	15,366	52	301	* 6	* 1,445	* 6	* 470
Construction	100	88,719	100	77,492	88	11,228	86	11,628	86	3,578
Manufacturing	232	103,143	226	57,685	168	45,458	152	47,461	152	15,571
Wholesale trade	89	29,603	89	8,627	88	20,977	80	21,652	80	5,635
Retail trade	1,188	803,320	1,188	818,537	891	-15,217	436	45,188	420	14,201
Transportation and warehousing	21	10,314	21	8,718	20	1,596	d	d	d	d
Information	748	222,826	748	202,570	507	20,255	184	36,592	181	11,097
Finance and insurance, total	14,453	2,746,198	14,293	1,714,225	12,820	1,031,973	11,421	1,181,811	11,361	294,339
Unrelated debt-financed activities, other than rental of real estate	1,162	340,859	1,128	119,443	1,090	221,415	997	230,478	997	62,918
Investment activities of Code section 501(c)(7), (9), and (17) organizations [6]	3,627	1,123,305	3,544	657,680	2,970	465,625	2,711	497,336	2,713	107,332
Passive income activities with controlled organizations	369	215,003	369	180,138	286	34,865	259	67,675	262	14,744
Other finance and insurance	9,295	1,067,032	9,252	756,964	8,473	310,068	7,454	386,323	7,388	109,345
Real estate and rental and leasing, total	6,926	1,202,664	6,906	1,021,606	5,930	181,058	3,391	312,447	3,395	78,614
Rental of personal property	357	72,764	357	75,771	315	-3,008	208	4,536	210	1,075
Other real estate and rental and leasing	6,569	1,129,901	6,549	945,835	5,614	184,066	3,183	307,911	3,184	77,538
Professional, scientific, and technical services	8,434	2,078,757	8,434	2,063,077	5,584	15,680	2,353	154,922	2,410	49,926
Management of companies and enterprises	71	34,137	71	9,761	68	24,376	60	26,573	60	5,355
Administrative and support and waste management and remediation services	933	456,512	932	470,698	723	-14,187	221	27,667	224	8,747
Educational services	25	48,983	25	60,044	22	-11,061	d	d	d	d
Healthcare and social assistance	974	1,548,167	973	1,524,065	792	24,102	391	154,901	415	30,011
Arts, entertainment, and recreation	4,768	871,610	4,768	925,773	3,527	-54,163	1,531	45,675	1,515	10,987
Accommodation and food services	3,023	699,295	2,995	735,871	2,497	-36,576	1,013	41,362	979	9,498
Other services	490	124,981	490	139,868	424	-14,887	232	7,521	233	1,949
Exploited exempt activities	296	101,936	296	92,194	229	9,743	142	11,795	142	3,456
Not allocable	* 104	* 2,201	* 104	* 1,674	* 86	* 526	* 86	* 526	* 57	* 15

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

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.7 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 8,526 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$5.5 million.

[6] Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts.

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

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Table 6. Unrelated Business Income Tax Returns: Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2006

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

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI)			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total	43,520	11,271,392	16,538	5,300,214	2,765	1,018,483
\$1,000 under \$10,001 [1]	17,008	69,173	3,169	12,616	1125	3,813
\$10,001 or more, total [1]	26,512	11,202,219	13,369	5,287,598	1,640	1,014,670
\$10,001 under \$100,000	14,879	555,353	6,347	220,660	902	18,971
\$100,000 under \$500,000	8,511	1,843,209	5,060	929,439	436	70,103
\$500,000 under \$1,000,000	1,409	974,450	913	516,644	93	35,750
\$1,000,000 under \$5,000,000	1,373	2,894,500	830	1,465,258	154	194,289
\$5,000,000 or more	340	4,934,707	219	2,155,597	55	695,557

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)—continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets [2]		Income (less loss) from partnerships and S corporations	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Total	61	164	282	9,975	9,814	665,194
\$1,000 under \$10,001 [1]	0	0	* 84	* 418	6,394	16,054
\$10,001 or more, total [1]	61	164	198	9,557	3,420	649,140
\$10,001 under \$100,000	d	d	* 36	* -3,319	1,966	44,533
\$100,000 under \$500,000	20	44	100	2,600	826	75,939
\$500,000 under \$1,000,000	* 6	* 18	15	106	185	39,905
\$1,000,000 under \$5,000,000	13	37	35	8,784	315	194,149
\$5,000,000 or more	d	d	12	1,386	128	294,614

Footnotes at end of table.

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Table 6. Unrelated Business Income Tax Returns: Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2006—Continued

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

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)—continued					
	Rental income [3]		Unrelated debt-financed income		Investment income (less loss) [4]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
Total	4,364	290,065	3,676	526,543	5,738	843,549
\$1,000 under \$10,001 [1]	1,063	4,826	1,227	5,147	2,464	8,768
\$10,001 or more, total [1]	3,301	285,239	2,449	521,396	3,274	834,781
\$10,001 under \$100,000	2,086	56,877	1,277	41,054	1,467	27,353
\$100,000 under \$500,000	905	80,001	841	122,855	1,325	88,997
\$500,000 under \$1,000,000	151	40,821	135	53,822	288	57,222
\$1,000,000 under \$5,000,000	131	67,022	151	134,501	166	191,766
\$5,000,000 or more	28	40,518	45	169,164	28	469,443

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)—continued							
	Income from controlled organizations [5]		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Total	963	116,475	984	205,866	8,532	1,500,512	5,391	794,684
\$1,000 under \$10,001 [1]	239	622	178	1,002	2,900	12,339	1,116	3,568
\$10,001 or more, total [1]	724	115,853	806	204,864	5,632	1,488,173	4,275	791,116
\$10,001 under \$100,000	374	7,910	312	6,903	3,079	91,031	2,037	43,438
\$100,000 under \$500,000	231	18,538	307	34,501	1,853	284,264	1,654	136,016
\$500,000 under \$1,000,000	39	7,433	67	22,609	306	141,401	247	58,755
\$1,000,000 under \$5,000,000	59	25,194	95	65,811	323	385,429	266	162,335
\$5,000,000 or more	21	56,778	25	75,040	71	586,048	71	390,572

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

**Data in adjacent size classes are combined to avoid disclosure of information about specific taxpayers.

[1] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

[2] Property other than capital assets generally included property of a business nature, in contrast to personal property and investment property, which were capital assets.

[3] Income from real property and personal property leased with real property.

[4] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only.

[5] Annuities, interest, rents, and royalties.

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

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Table 7. Unrelated Business Income Tax Returns: Types of Deductions by Size of Gross Unrelated Business Income (UBI), Tax Year 2006

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

Item	Size of gross unrelated business income						
	All		\$1,000 under \$10,001 [3]		\$10,001 under \$100,000 [3]		\$100,000 under \$500,000
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	43,520	N/A	17,008	N/A	14,879	N/A	8,511
Total deductions	43,304	9,987,940	16,933	64,043	14,758	525,006	8,494
Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [3]							
Total deductions [2,4]	16,933	60,228	16,933	64,043	N/A	N/A	N/A
Net operating loss deduction	1,280	2,810	1,280	2,810	N/A	N/A	N/A
Specific deduction	11,850	11,182	11,850	11,182	N/A	N/A	N/A
Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]							
Total deductions [2,5]	26,371	10,352,793	N/A	N/A	14,758	529,249	8,494
Deductions directly connected with UBI	24,200	9,434,478	N/A	N/A	12,964	495,906	8,201
Allocable to rental income [6]	1,711	199,744	N/A	N/A	1,079	27,298	439
Allocable to unrelated debt-financed income [6]	2,268	536,419	N/A	N/A	1,176	46,061	788
Allocable to investment income [6,7]	1,409	556,868	N/A	N/A	464	8,936	602
Allocable to income from controlled organizations [6]	411	119,378	N/A	N/A	214	6,076	117
Allocable to exploited exempt activity income, except advertising [6]	738	154,556	N/A	N/A	307	6,185	256
Direct advertising costs [6]	5,044	1,045,388	N/A	N/A	2,704	74,069	1,673
Compensation of officers, directors, and trustees	2,057	61,455	N/A	N/A	776	7,501	949
Salaries and wages	10,936	1,816,685	N/A	N/A	4,648	91,447	4,525
Repairs and maintenance	7,906	121,424	N/A	N/A	3,518	13,515	3,240
Bad debts	890	47,540	N/A	N/A	157	395	401
Interest	3,126	79,652	N/A	N/A	1,262	7,725	1,335
Taxes and licenses paid deduction	11,690	228,936	N/A	N/A	5,538	20,486	4,551
Depreciation	7,709	251,022	N/A	N/A	3,304	18,232	3,120
Depletion	141	6,040	N/A	N/A	102	722	16
Contributions to deferred compensation plans	1,178	14,558	N/A	N/A	269	353	591
Contributions to employee benefit programs	5,508	265,640	N/A	N/A	1,760	7,299	2,458
Net operating loss deduction	3,623	268,312	N/A	N/A	1,714	18,343	1,359
Other deductions	15,565	3,660,865	N/A	N/A	7,576	141,263	5,703
Deductions not directly connected with UBI	14,394	918,316	N/A	N/A	8,118	8,118	4,560
Specific deduction	12,060	11,594	N/A	N/A	7,075	7,075	3,622
Charitable contributions	2,527	117,231	N/A	N/A	1,283	1,283	837
Set-asides [7]	358	427,269	N/A	N/A	126	2,616	134
Excess exempt-activity expenses [8]	2,638	362,220	N/A	N/A	1,197	18,791	1,012

Footnotes at end of table.

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Table 7. Unrelated Business Income Tax Returns: Types of Deductions by Size of Gross Unrelated Business Income (UBI), Tax Year 2006—Continued

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

Item	Size of gross unrelated business income—continued						
	\$100,000 under \$500,000	\$500,000 under \$1,000,000		\$1,000,000 under \$5,000,000		\$5,000,000 or more	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Number of returns	N/A	1,409	N/A	1,373	N/A	340	N/A
Total deductions	1,822,256	1,407	930,975	1,372	2,607,529	340	4,038,131
Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [3]							
Total deductions [2,4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net operating loss deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Specific deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]							
Total deductions [2,5]	1,865,794	1,407	948,854	1,372	2,706,609	340	4,302,287
Deductions directly connected with UBI	1,742,745	1,376	891,408	1,335	2,476,461	324	3,827,957
Allocable to rental income [6]	59,711	89	33,398	81	47,591	23	31,745
Allocable to unrelated debt-financed income [6]	131,024	127	53,111	136	141,178	41	165,045
Allocable to investment income [6,7]	53,114	200	24,585	124	113,250	20	356,983
Allocable to income from controlled organizations [6]	13,543	26	6,355	38	19,382	16	74,022
Allocable to exploited exempt activity income, except advertising [6]	29,121	63	17,354	90	48,763	22	53,134
Direct advertising costs [6]	199,048	290	107,068	313	260,023	64	405,180
Compensation of officers, directors, and trustees	23,152	161	8,822	129	8,907	42	13,061
Salaries and wages	396,936	820	202,933	749	518,814	194	606,555
Repairs and maintenance	35,313	542	13,771	486	30,073	122	28,752
Bad debts	3,831	110	1,642	164	15,231	58	26,441
Interest	17,297	253	8,255	217	27,368	59	19,008
Taxes and licenses paid deduction	76,878	759	29,122	666	49,459	176	52,991
Depreciation	59,489	566	35,123	560	66,920	159	71,258
Depletion	959	13	1,048	6	851	4	2,460
Contributions to deferred compensation plans	2,305	171	1,860	126	6,110	21	3,930
Contributions to employee benefit programs	37,171	549	25,018	579	93,659	162	102,493
Net operating loss deduction	54,050	213	21,242	274	71,758	63	102,928
Other deductions	549,804	1,018	300,702	1,006	957,124	262	1,711,972
Deductions not directly connected with UBI	123,049	772	57,446	747	230,148	197	474,330
Specific deduction	3,491	639	629	575	575	149	149
Charitable contributions	10,841	134	6,661	192	23,919	81	70,624
Set-asides [7]	43,538	36	17,879	52	99,080	10	264,156
Excess exempt-activity expenses [8]	65,179	163	32,276	215	106,573	51	139,401

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

N/A—Not applicable.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$3.0 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item.

[4] Excludes \$62.3 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

[5] Excludes \$3.0 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

[6] This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation."

[7] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only.

[8] Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

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

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

by Daniel Holik

Interest-Charge Domestic International Sales Corporations (IC-DISCs) are domestic corporations formed for the purpose of providing limited incentives to small exporters of U.S. products and services. There were 425 active IC-DISC returns filed for Tax Year 2004, 876 for Tax Year 2005, and 1,209 for Tax Year 2006.¹ The increase in the number of IC-DISC returns filed reflected an expansion of IC-DISC economic activity. IC-DISC export gross receipts, one measure of overall IC-DISC export activity, increased by 266 percent from Tax Year 2004 (\$5,272 million) to Tax Year 2006 (\$19,286 million) (Figure A).² Net income (less deficit) rose from \$448 million for Tax Year 2004, to \$1,114 million for Tax Year 2005, to \$1,731 million for Tax Year 2006. Finally, between Tax Years 2004 and 2006, actual distributions to IC-DISC shareholders increased 317 percent, from \$433 million for Tax Year 2004 to \$1,805 million for Tax Year 2006. This article will emphasize the Tax Year 2006 statistics, because these statistics reflect the recent growth of IC-DISC export activity between Tax Year 2004 and Tax Year 2006.

Background and Current Law

The IC-DISC entity was created by the Deficit Reduction Act of 1984 as a replacement for the DISC.³ To become an IC-DISC, a corporation must be organized under the laws of a State or the District of Columbia. Then, parent shareholders—generally, other corporations, individuals, partnerships, trusts, or estates—form the IC-DISC entity by filing Form 4876-A, *Election To Be Treated as an Interest-Charge DISC*. This election is considered to be in effect as long as the IC-DISC meets the following requirements: (1) at least 95 percent

of the IC-DISC's total receipts are qualified export receipts; and (2) at least 95 percent of the adjusted basis of the IC-DISCs total assets are qualified assets.⁴ Qualified export receipts arise from the sale or exchange of qualified export property by an IC-DISC. In general, export property is property made, grown, or extracted in the United States by an entity other than an IC-DISC for direct use or disposition outside the United States. In addition, qualified export receipts can be broken into two categories: receipts from the sale of export property and other qualified export receipts, which include payment for certain services provided by the IC-DISC, as well as certain types of passive income (e.g., qualified dividends, interest, and capital gains).

An IC-DISC is required to have only one class of stock, conform its tax year to that of the principal shareholder, and maintain separate books and records. For Tax Year 2006, 82.2 percent of IC-DISCs were majority-owned by individuals, partnerships, trusts, estates, or S corporations; 13.1 percent were majority-owned by other corporations; and the remaining 4.7 percent reported no majority owner (Figure B).

By design, an IC-DISC provides a tax-deferral benefit to shareholders. No U.S. tax is imposed on certain types of IC-DISC income, i.e., payment of income tax is deferred, until the income is either actually distributed or deemed distributed to shareholders. The IC-DISC entity is not taxed. IC-DISC taxable income that does not qualify for tax-deferral is deemed distributed to shareholders as a taxable dividend in the tax year in which it is earned, regardless of whether the income is actually distributed to shareholders or retained by the IC-DISC.

An IC-DISC is required to: (1) calculate the tax-deferred portion of its taxable income each year; (2) accumulate tax-deferred income for the current tax year and prior tax years in a separate account; and (3) report the total accumulated amount of

Daniel Holik is an economist with the Special Studies Returns Analysis Section. This article was prepared under the direction of Chris Carson, Chief.

¹ For additional information about IC-DISCs for Tax Years 1996 and 2000, see Belmonte, Cynthia, "Interest-Charge Domestic International Sales Corporations, 1996," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2; and Belmonte, Cynthia, "Interest-Charge Domestic International Sales Corporations, 2000," *Statistics of Income Bulletin*, Spring 2004, Volume 23, Number 4. An "active" IC-DISC return is a return that has item(s) of income, deductions, and/or distributions.

² All statistics presented in this article are in current dollars.

³ The creation of the IC-DISC entity was a culmination of the extensive discussions, both within the United States and between the United States and its trading partners, over the nature, form, and scope of export preferences incorporated within the Internal Revenue Code.

⁴ An IC-DISC that does not meet the gross receipts test during the tax year will still be considered to have qualified if, at the end of the tax year, the IC-DISC distributes the portion of its taxable income attributable to gross receipts that are not qualified export gross receipts. Similarly, an IC-DISC that does not meet the qualified export asset test during the tax year will still be considered to have qualified if, at the end of the tax year, it makes a distribution equal to the fair market value amount of the nonqualified assets.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure A

Active Interest-Charge Domestic International Sales Corporations: Selected Items for Tax Years 1996–2006

[Money amounts are in thousands of dollars]

Item	Tax year				
	1996	2000	2004	2005	2006
	(1)	(2)	(3)	(4)	(5)
Number of returns	773	727	425	876	1,209
Total assets [1]	909,628	1,128,995	727,347	1,136,976	1,036,683
Qualified assets	896,013	1,122,250	724,045	1,129,985	1,032,996
Export property	77,352	83,875	57,704	80,821	72,743
Total liabilities [2]	209,757	216,366	154,464	191,243	214,391
Total qualified export receipts and nonqualified receipts [1]	1,506,692	1,438,686	1,114,493	2,058,745	2,999,386
Qualified export receipts from the sale of export property	1,476,164	1,398,077	1,094,427	2,016,915	2,853,957
Other qualified export receipts	22,784	36,253	18,524	39,103	87,821
Cost of sales and operations	1,020,147	919,485	544,334	756,623	1,056,842
Total export promotion and other expenses [1]	167,830	184,203	121,919	187,973	211,804
Export promotion expenses	115,650	127,964	90,913	134,936	171,736
Net income (less deficit)	318,716	335,000	448,240	1,114,149	1,730,741
Net income	322,004	342,923	450,937	1,118,408	1,750,649
Deficit	-3,288	-7,923	-2,697	-4,259	-19,908
Taxable income	320,841	341,731	450,414	1,112,387	1,729,897
Selected independent computations of taxable income:					
Portion attributable to excess qualified export receipts	146,400	163,495	317,390	691,940	977,202
Adjusted IC–DISC income subject to deferral computation	163,366	159,248	126,609	436,282	762,880
Current-year tax-deferred income	164,665	159,846	129,327	461,280	815,224
Total amount deemed distributed	165,679	191,121	321,099	656,908	935,497
Tax-deferred IC–DISC income reported to shareholders	536,636	740,662	431,773	592,973	519,557
Actual distributions to shareholders	321,903	395,070	432,680	898,967	1,804,673
Current-year total export gross receipts of IC–DISC's and related U.S. persons	4,578,970	4,735,553	5,331,987	12,872,156	20,015,962
IC–DISC's	4,556,409	4,670,909	5,272,251	11,950,127	19,285,999
Related U.S. persons	22,562	64,644	59,737	922,030	729,964

[1] Includes items not shown separately.

[2] Excludes shareholder's equity accounts.

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

Tax Year 1996 IC–DISC statistics are presented in the *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2.

Tax Year 2000 IC–DISC statistics are presented in the *Statistics of Income Bulletin*, Spring 2004, Volume 23, Number 4.

tax-deferred income to its shareholders each year. (In Figure A, the sum of these accounts is the difference between Total assets and Total liabilities; they comprise the total shareholder's equity of IC–DISCs). IC–DISC shareholders must pay an interest charge on their shares of IC–DISC-related deferred tax liability. This interest charge is determined using a compounded annual rate of interest equivalent to the average investment yield of U.S. Treasury bills with 52-week maturities.⁵

Types of income not eligible for tax deferral include taxable income derived from excess qualified export receipts; certain gains from the sale or exchange of assets; one-half of IC–DISC taxable income attributable to the sale or exchange of military property; international boycott income; illegal bribes and kickbacks; and foreign investment attributable to producer's loans. Excess qualified export receipts are certain export gross receipts in excess of \$10 million, a limitation intended to

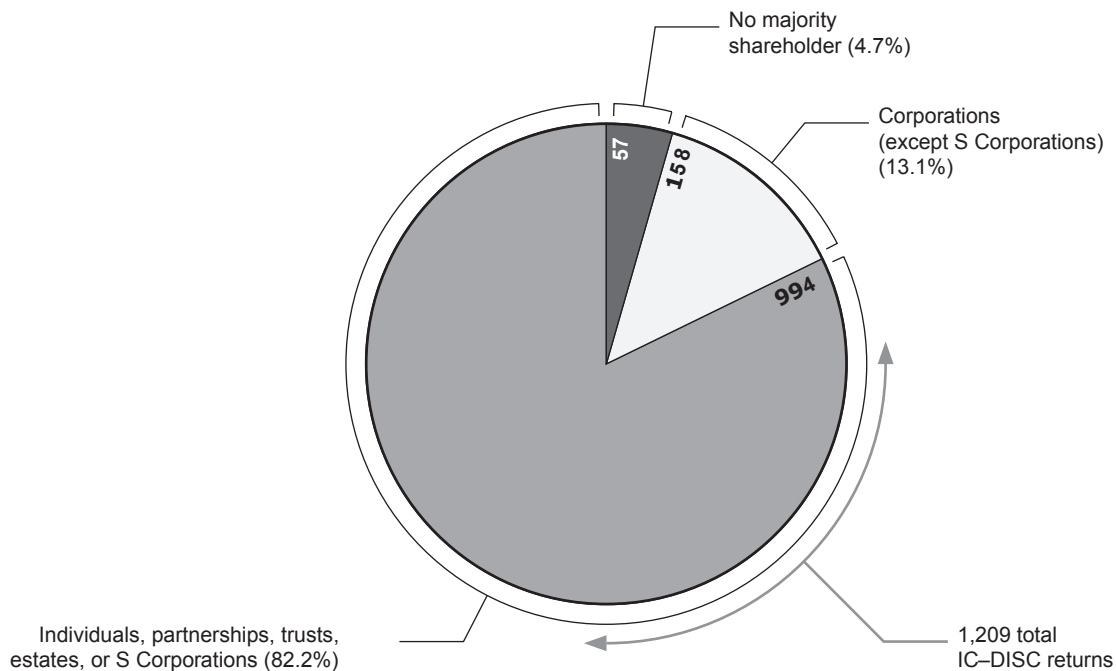
⁵ The interest charge is computed by IC–DISC shareholders on Form 8404, *Computation of Interest Charge on DISC-Related Deferred Tax Liability*. For example, for Tax Year 2006, the interest charge to an IC–DISC shareholder filing a full calendar-year return was calculated using an interest charge of approximately 4.87 percent.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure B

Active IC-DISCs, by Type of Majority Shareholder, Tax Year 2006



restrict IC-DISC activity to smaller businesses. For example, if the total of certain export gross receipts is greater than \$10 million for the tax year, taxable income derived from export gross receipts above this amount (e.g., excess qualified export receipts) is not eligible for deferral and is deemed distributed to shareholders.

IC-DISC Receipts, Taxable Income, Excess Qualified Export Receipts, Deemed Distributions, and Actual Distributions to Shareholders for Tax Year 2006

IC-DISCs reported \$2,999 million of gross income for Tax Year 2006. Of this amount, \$2,854 million (98.0 percent) were attributable to qualified export receipts. Most transactions generating qualified export receipts for Tax Year 2006 involved direct foreign sales to unrelated purchasers. The balance

of qualified export receipts, \$88 million, was from other qualified export receipts (a definition of other qualified export receipts is presented above). Interest on producer's loans accounted for \$11 million of this amount.⁶

After subtracting the cost of sales and operations (\$1,057 million), total export promotion and other expenses (\$212 million), the net operating loss deduction (\$0.80 million), and the dividends received deduction (\$0.09 million), IC-DISCs reported \$1,730 million of taxable income. For Tax Year 2006, \$977 million (56 percent) of taxable income were attributable to excess qualified export receipts and \$935 million were deemed distributed.⁷

After the subtraction of deemed and actual distributions, if any, to IC-DISC shareholders, the income remaining is considered to be tax-deferred and is reported to shareholders on Schedule K, *Shareholder's Statement of IC-DISC Distributions*.

⁶ See the Explanation of Selected Terms for additional information about producer's loans.

⁷ Amounts deemed distributed shown in Figure A and Tables 1 through 6 include amounts deemed distributed under Internal Revenue Code sections 995 (b) (1) (from current-year taxable income) and 995 (b) (2) (generally from prior-year taxable income). In general, these deemed distributions included income amounts not eligible for tax deferral and distributions from IC-DISCs that had not qualified or revoked their election.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure C

Active Interest-Charge Domestic International Sales Corporation Returns, by Selected Major Product or Service Group, Selected Tax Years 1996–2006

Selected major product or service group	Tax Years				
	1996	2000	2004	2005	2006
	(1)	(2)	(3)	(4)	(5)
All products and services	773	727	425	876	1,209
Manufactured products and services	695	664	394	787	1,080
Food and kindred products	28	18	22	46	69
Textile mill products	14	22	9	11	13
Apparel and other finished goods	10	10	4	9	9
Lumber and wood products, except furniture	30	58	17	43	52
Furniture and fixtures	7	12	7	11	13
Paper and allied products	19	16	12	20	21
Printed media	6	5	6	15	18
Chemicals and allied products	48	53	37	63	90
Rubber and plastics products	13	5	6	20	27
Stone, clay, glass, and concrete products	6	7	3	9	10
Primary and secondary nonfabricated metal products	20	16	15	32	52
Fabricated metal products, (other than ordnance, machinery, and transportation equipment)	65	61	31	74	99
Machinery, (other than electrical and electronics)	123	116	79	155	210
Electrical machinery, equipment, and supplies	125	103	47	98	132
Transportation equipment	63	47	31	68	89
Professional, scientific, and controlling instruments	44	43	43	57	94
Miscellaneous manufactured products	64	64	25	56	75
Nonmanufactured products and services	71	52	31	89	129

NOTE: Detail does not add to totals because selected major product or service groups are shown.

Actual distributions to shareholders were \$1,805 million for Tax Year 2006, while tax-deferred IC–DISC income reported to shareholders was \$520 million (Figure A).

Data by Size of IC–DISC Export Gross Receipts for Tax Years 2004, 2005, and 2006

Figures D, E, and F present selected Tax Year 2004, 2005, and 2006 IC–DISC statistics, classified by size of IC–DISC export gross receipts.⁸ IC–DISC export gross receipts are a useful classifier for these statistics, because such receipts are the most complete measure of the total value of goods and services exported through use of the IC–DISC mechanism. Total assets, which the Statistics of Income Division traditionally uses as one classifier for corporation returns, are not as good a measure of economic activity because the IC–DISC entity does not produce

goods or services—it is solely an export mechanism for its shareholders. Hence, most IC–DISCs do not carry substantial inventories as assets on their balance sheets or report substantial assets associated with production of goods and services on their balance sheets.

Figures D, E, and F show that Tax Year 2004, 2005, and 2006 IC–DISCs reported a wide range of export gross receipts. Certain returns showed zero export gross receipts—these returns were considered active returns because these IC–DISCs reported at least one item of deduction(s) or distribution(s). Other returns reported export gross receipts greater than or equal to \$100,000,001, even though the IC–DISC tax-deferral mechanism is limited by law to \$10 million of export gross receipts. For Tax Year 2006, the largest number of IC–DISC returns reporting export gross receipts fell into the \$1,000,001 through

⁸ The statistics presented in Figures D, E, and F are classified by amounts shown in column (12) divided by the number of returns shown in column (1).

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure D

Active Interest-Charge Domestic International Sales Corporations Returns: Selected Items, by Size of IC-DISC Export Gross Receipts, Tax Year 2004

[Money amounts are in thousands of dollars]

Size of IC-DISC export gross receipts	Number of returns	Total assets	Total qualified export receipts and nonqualified receipts	Taxable income			
				Total	Selected independent computations of taxable income		
					Portion attributable to excess qualified export	Adjusted IC-DISC income subject to deferral	Current-year tax-deferred income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	425	727,347	1,114,493	450,414	317,390	126,609	129,327
Zero through \$1,000,000	161	112,753	36,196	5,506	6	4,125	4,122
\$1,000,001 through \$3,000,000	77	80,654	82,113	12,892	0	12,175	11,999
\$3,000,001 through \$5,000,000	47	60,363	62,503	14,396	43	13,546	13,278
\$5,000,001 through \$7,000,000	21	29,838	41,219	7,754	117	7,443	7,295
\$7,000,001 through \$10,000,000	50	137,181	122,705	37,065	2,169	33,410	32,906
\$10,000,001 through \$15,000,000	16	83,063	84,356	10,055	1,309	7,264	7,144
\$15,000,001 through \$20,000,000	13	28,883	79,722	16,725	9,136	7,478	7,391
\$20,000,001 through \$30,000,000	15	59,888	142,225	24,588	12,103	12,322	12,198
\$30,000,001 through \$50,000,000	11	32,474	112,529	32,488	21,658	10,830	15,001
\$50,000,001 through \$100,000,000	8	50,393	119,434	57,915	51,080	6,835	6,835
Greater than or equal to \$100,000,001	6	51,856	231,491	231,030	219,769	11,180	11,158

Size of IC-DISC export gross receipts	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders	Current-year total export gross receipts of IC-DISCs and related U.S. persons	
				Total	IC-DISCs
	(8)	(9)	(10)	(11)	(12)
All returns	321,099	431,773	432,680	5,331,987	5,272,251
Zero through \$1,000,000	1,396	87,135	24,810	45,934	45,596
\$1,000,001 through \$3,000,000	893	59,266	9,928	140,524	140,524
\$3,000,001 through \$5,000,000	1,117	45,356	12,181	185,865	180,965
\$5,000,001 through \$7,000,000	459	21,182	5,600	156,720	124,417
\$7,000,001 through \$10,000,000	4,159	103,789	27,695	444,971	444,971
\$10,000,001 through \$15,000,000	2,912	59,074	6,275	192,245	192,245
\$15,000,001 through \$20,000,000	9,334	7,142	12,092	227,610	227,610
\$20,000,001 through \$30,000,000	12,390	26,588	22,838	366,196	366,196
\$30,000,001 through \$50,000,000	17,487	12,611	29,315	445,732	445,732
\$50,000,001 through \$100,000,000	51,080	1,037	34,932	580,094	557,899
Greater than or equal to \$100,000,001	219,871	8,593	247,013	2,546,097	2,546,097

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

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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\$3,000,000 export gross receipts classification. For Tax Years 2004 and 2005, the largest number of IC-DISC returns was grouped into the zero through \$1,000,000 export gross receipts classification.

As expected, returns reporting export gross receipts greater than or equal to \$100,000,001 dominated the statistics shown in Figures D, E, and F for Tax Years 2004, 2005, and 2006, respectively. Current-year tax-deferred income reported to shareholders is the only consistent item for which IC-DISC returns not classified in the greater than or equal to \$100,000,001 grouping did not dominate the Tax Year 2004, 2005, and 2006 statistics. For these years, IC-DISC returns in the \$7,000,001 through \$10,000,000 export receipts classification reported the largest amounts of current-year tax-deferred IC-DISC income reported to shareholders. Current-year tax-deferred IC-DISC income reported to shareholders does capture previous Tax Year income(s) for a given IC-DISC; hence, it is not necessarily dependent on current-year export gross receipts.⁹

Distribution of IC-DISCs by Selected Major Product or Service Group for Tax Year 1996 Through Tax Year 2006

Figure C presents distributions of active IC-DISCs by selected major product or service group for the past five IC-DISC studies, spanning the 10-year period from Tax Year 1996 through Tax Year 2006. For Tax Year 2006, more than 89 percent of all active IC-DISC returns reported the export of manufactured products as their major product or service, a proportion which was comparable to the figures for Tax Years 2004 and 2005. The two most frequently reported major product groups were machinery, other than electrical and electronics, and electrical and electronic machinery, equipment, and supplies, which together comprised slightly more than 28 percent of all active IC-DISC returns for Tax Year 2006. Combined, these two major product groups were responsible for 22 percent of total qualified export receipts and nonqualified receipts, 22 percent of taxable income, and 13 percent of taxable income attributable to excess qualified export receipts.

Other predominant major product groups included fabricated metal products, except ordnance, machinery, and transportation equipment; professional, scientific, and controlling instruments; chemicals and allied products; and transportation equipment. Although only 7 percent of all active IC-DISCs for Tax Year 2006 reported chemicals and allied products as their major export, these IC-DISCs were responsible for 19 percent of current-year total export gross receipts of IC-DISCs, 19 percent of taxable income, and 29 percent of taxable income attributable to excess qualified export receipts. Further, more than 29 percent of total deemed distributions and 20 percent of actual distributions were accounted for by IC-DISCs in the chemicals and allied products industry.

Eleven percent of active IC-DISCs (129 returns) reported the export of nonmanufactured products and services. While returns with grains, including soybeans, as their major export reported the largest amount (26 percent) of current-year IC-DISC total export gross receipts (\$824 million), the 19 returns that reported computer software as their principal export dominated the rest of the tax statistic items. These returns reported 21 percent of current-year IC-DISC total export gross receipts (\$669 million); 43 percent of total qualified and nonqualified export receipts (\$198 million); 56 percent of taxable income (\$196 million); 72 percent of taxable income attributable to excess qualified export receipts (\$173 million); 72 percent of total amounts deemed distributed (\$173 million); and 58 percent of actual distributions to shareholders (\$197 million).

Table 3 presents detailed Tax Year 2006 statistics, such as IC-DISC assets, receipts (including total export gross receipts of IC-DISCs and related U.S. persons), deductions, income, distributions, and total qualified export receipts and nonqualified receipts, classified by selected major and minor product or service group. The selected minor product or service groupings in Table 3 show which specific minor products and services groupings comprise each major product or service group.

⁹ The computation of current-year tax-deferred income reported to shareholders is complex and generally depends on the IC-DISCs current-year taxable income, previous Tax Year's accumulated IC-DISC income, and current-year actual distributions to shareholders. A more complete description of the computations is beyond the scope of this article.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure E

Active Interest-Charge Domestic International Sales Corporations Returns: Selected Items, by Size of IC-DISC Export Gross Receipts, Tax Year 2005

[Money amounts are in thousands of dollars]

Size of IC-DISC export gross receipts	Number of returns	Total assets	Total qualified and nonqualified receipts	Taxable income			
				Total	Selected independent computations of taxable income		
					Portion attributable to excess qualified export	Adjusted IC-DISC income subject to deferral	Current-year tax-deferred income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	876	1,136,976	2,058,745	1,112,387	691,940	436,282	461,280
Zero through \$1,000,000	231	138,928	45,567	10,139	0	11,443	11,510
\$1,000,001 through \$3,000,000	168	121,196	119,813	34,314	17	34,728	34,139
\$3,000,001 through \$5,000,000	107	81,248	106,640	39,599	0	38,553	38,476
\$5,000,001 through \$7,000,000	52	52,907	94,817	31,643	3,433	27,880	27,581
\$7,000,001 through \$10,000,000	109	240,556	256,651	85,451	3,594	79,804	79,567
\$10,000,001 through \$15,000,000	48	64,422	119,532	43,580	9,895	33,210	33,007
\$15,000,001 through \$20,000,000	36	86,128	146,969	57,127	28,327	32,381	36,783
\$20,000,001 through \$30,000,000	51	122,764	223,794	103,583	52,496	51,089	50,922
\$30,000,001 through \$50,000,000	35	49,460	161,555	91,550	58,493	33,058	33,058
\$50,000,001 through \$100,000,000	24	94,949	288,753	121,210	97,835	26,459	26,459
Greater than or equal to \$100,000,001	15	84,419	494,654	494,192	437,851	67,678	89,777

Size of IC-DISC export gross receipts	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders	Current-year total export gross receipts of IC-DISCs and related U.S. persons	
				Total	IC-DISCs
	(8)	(9)	(10)	(11)	(12)
All returns	656,908	592,973	898,967	12,872,156	11,950,127
Zero through \$1,000,000	1,544	103,601	13,899	103,362	72,741
\$1,000,001 through \$3,000,000	1,578	90,292	20,189	351,392	321,427
\$3,000,001 through \$5,000,000	1,438	44,742	51,903	527,415	428,088
\$5,000,001 through \$7,000,000	4,061	33,268	17,426	319,489	304,883
\$7,000,001 through \$10,000,000	6,545	161,095	54,544	1,056,864	961,741
\$10,000,001 through \$15,000,000	10,574	30,625	33,639	637,289	596,055
\$15,000,001 through \$20,000,000	20,850	60,869	33,503	877,717	612,991
\$20,000,001 through \$30,000,000	52,661	38,810	49,000	1,290,590	1,260,996
\$30,000,001 through \$50,000,000	58,493	12,481	69,912	1,348,925	1,348,925
\$50,000,001 through \$100,000,000	94,751	5,424	88,593	1,597,495	1,597,495
Greater than or equal to \$100,000,001	404,415	11,766	466,359	4,761,620	4,444,785

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

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Figure F

Active Interest-Charge Domestic International Sales Corporations Returns: Selected Items, by Size of IC-DISC Export Gross Receipts, Tax Year 2006

[Money amounts are in thousands of dollars]

Size of IC-DISC export gross receipts	Number of returns	Total assets	Total qualified export receipts and nonqualified receipts	Taxable income			
				Total	Selected independent computations of taxable income		
					Portion attributable to excess qualified export	Adjusted IC-DISC income subject to deferral	Current-year tax-deferred income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	1,209	1,036,683	2,999,386	1,729,897	977,202	762,880	815,224
Zero through \$1,000,000	241	107,304	46,552	22,363	2,235	19,729	19,818
\$1,000,001 through \$3,000,000	258	141,012	154,309	63,924	263	63,739	62,898
\$3,000,001 through \$5,000,000	128	70,109	117,042	54,496	207	54,096	53,891
\$5,000,001 through \$7,000,000	111	81,714	132,061	64,863	938	63,227	63,052
\$7,000,001 through \$10,000,000	120	122,385	173,405	81,990	1,514	80,136	79,549
\$10,000,001 through \$15,000,000	91	82,821	250,935	87,694	21,000	82,166	83,388
\$15,000,001 through \$20,000,000	51	33,229	156,712	91,682	26,000	65,357	66,034
\$20,000,001 through \$30,000,000	82	72,882	299,874	168,895	70,785	95,687	97,891
\$30,000,001 through \$50,000,000	58	94,333	311,891	151,634	86,329	64,410	72,326
\$50,000,001 through \$100,000,000	35	101,143	400,336	187,256	139,376	47,880	67,346
Greater than or equal to \$100,000,001	34	129,752	956,270	755,100	628,554	126,454	149,030

Size of IC-DISC export gross receipts	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders	Current-year total export gross receipts of IC-DISCs and related U.S. persons	
				Total	IC-DISCs
	(8)	(9)	(10)	(11)	(12)
All returns	935,497	519,557	1,804,673	20,015,962	19,285,999
Zero through \$1,000,000	4,040	83,249	51,169	88,774	70,481
\$1,000,001 through \$3,000,000	1,877	95,431	53,138	527,027	481,592
\$3,000,001 through \$5,000,000	1,434	44,171	49,446	525,330	516,966
\$5,000,001 through \$7,000,000	1,990	55,869	59,023	663,769	658,835
\$7,000,001 through \$10,000,000	4,164	90,847	85,715	1,079,703	1,050,080
\$10,000,001 through \$15,000,000	20,052	28,450	137,462	1,121,344	1,121,344
\$15,000,001 through \$20,000,000	25,648	10,950	134,549	937,820	877,792
\$20,000,001 through \$30,000,000	71,004	32,086	192,325	2,337,925	2,040,828
\$30,000,001 through \$50,000,000	79,308	24,835	141,190	2,319,384	2,216,743
\$50,000,001 through \$100,000,000	119,910	31,580	171,308	2,417,706	2,361,356
Greater than or equal to \$100,000,001	606,070	22,091	729,348	7,997,179	7,889,980

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

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Summary

There were 425 active IC-DISC returns filed for Tax Year 2004, 876 for Tax Year 2005, and 1,209 for Tax Year 2006. IC-DISC export gross receipts, one measure of overall IC-DISC export activity, increased by 266 percent from Tax Year 2004 (\$5,272 million) to Tax Year 2006 (\$19,286 million). Net income (less deficit) rose from \$448 million for Tax Year 2004, to \$1,114 million for Tax Year 2005, and to \$1,731 million for Tax Year 2006. Finally, between Tax Years 2004 and 2006, actual distributions to IC-DISC shareholders increased 317 percent, from \$433 million for Tax Year 2004 to \$1,805 million for Tax Year 2006.

Explanation of Selected Terms

Actual distributions to shareholders—

Distributions from IC-DISC's earnings and profits actually paid to shareholders of the IC-DISC.

*Adjusted IC-DISC income subject to deferral computation—*IC-DISCs taxable income after subtracting certain amounts not eligible for tax-deferral (e.g., amounts deemed distributed). For Tax Years 2004, 2005, and 2006, adjusted IC-DISC income subject to the tax deferral computation equaled IC-DISC taxable income minus the sum of: (1) gross interest from producer's loans; (2) certain gains from the sale or exchange of assets; (3) one-half of IC-DISC taxable income attributable to military property; and (4) IC-DISC taxable income attributable to export gross receipts in excess of \$10 million.

*Amounts deemed distributed—*The portion of IC-DISC's earnings and profits that was not eligible for tax deferral and, hence, was characterized as a fully taxable dividend to IC-DISC shareholder(s). For Tax Years 2004, 2005, and 2006, amounts deemed distributed equaled the sum of: (1) gross interest from producer's loans; (2) certain gains from the sale or exchange of assets; (3) one-half of IC-DISC taxable income attributable to military property; (4) IC-DISC taxable income attributable to export gross receipts in excess of \$10 million; (5) international boycott income; (6) illegal bribes and kickbacks; and (7) the amount of foreign investment

attributable to producer's loans. In addition, for all shareholders that are C corporations, one-seventh of adjusted IC-DISC income subject to deferral was to be reported as a deemed distribution.¹⁰

*Current-year tax-deferred income—*IC-DISCs' taxable income after all current-year taxable income amounts deemed distributed under Internal Revenue Code section 995(b)(1) were subtracted.

*Export gross receipts—*Export gross receipts of the IC-DISC represented qualified export receipts from: (1) the sale, lease, or rental of export property; (2) services related and subsidiary to any qualified sale, lease, or rental of export property; (3) engineering or architectural services for construction projects located outside the United States; and (4) export management services provided to other unrelated IC-DISCs to aid in promoting qualified export receipts. For IC-DISCs that acted as commission agents, export gross receipts included total receipts on which the commission was earned, as well as the commission. Export gross receipts do not include passive income (dividends, interest, or capital or ordinary gains on sale of business property) received by IC-DISCs.

*Export promotion expenses—*Expenses excluding income taxes incurred by an IC-DISC to advance the sale, lease, or other distribution of export property for use, consumption, or distribution outside the United States.

*Export property—*Export property was inventory and property held for sale or lease which: (1) had been made, manufactured, produced, grown, or extracted in the United States by a person other than an IC-DISC; (2) was held primarily for sale or lease in the ordinary course of business for direct use, consumption, or disposition outside the United States; and (3) had, at the time of sale or lease by the IC-DISC, not more than 50 percent of its fair market value attributable to imported articles.

*IC-DISC gross income—*The sum of qualified and nonqualified receipts.

*IC-DISC taxable income—*IC-DISCs' net income minus statutory special deductions (i.e., the net operating loss deduction and the dividends-received deduction). IC-DISC taxable income is

¹⁰ See Internal Revenue Code section 995(b) for additional information regarding deemed distributions.

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computed to determine: (1) IC-DISCs' earnings and profits considered deemed distributed to IC-DISC shareholders for the current tax year; and (2) the interest charge on tax that would have been imposed on IC-DISC income had it not been subject to deferral.

Producer's loans—This qualified asset generally consisted of loans made from the IC-DISC's accumulated tax-deferred income to its parent company or any other U.S. person engaged in manufacturing, producing, growing, or extracting export property. A producer's loan must have been designated as such, have been evidenced by a note, have had a stated maturity not to exceed 5 years, and have been attributed to assets used in export production. If a producer's loan was renewed, it had to be requalified at the time of renewal. A producer's loan did not have to be traced to a specific investment by the domestic borrower but was subject to certain limitations to assure it did not exceed the investment in assets that could have been attributable to production for export.

Qualified assets—Qualified export assets included: (1) export property; (2) assets used in performing engineering or architectural services; (3) accounts receivable attributable to export transactions; (4) working capital; (5) producer's loan obligations; (6) certain stocks or securities held by the IC-DISC; (7) certain obligations issued or insured by the U.S. Export-Import Bank or the Foreign Credit Insurance Association; and (8) certain other deposits.

Qualified export receipts—See export gross receipts.

Related U.S. persons—IC-DISC-related U.S. persons were: (1) individuals who were citizens or residents of the United States and controlled the IC-DISC; (2) domestic partnerships, estates, or trusts that controlled the IC-DISC; (3) domestic corporations that controlled the IC-DISC; and (4) domestic corporations that were controlled by the same person(s) that controlled the IC-DISC. Control meant direct or indirect ownership of more than 50 percent of the voting power of the stock entitled to vote in an IC-DISC or other domestic corporation. Under the stock attribution rules of Internal Revenue Code section 267(c), stock held by related family members is considered to be held as if the family is one shareholder.

Tax-Deferred IC-DISC income reported to shareholders—This amount was reported on Form 1120 IC-DISC, *Schedule K, Shareholder's Statement of IC-DISC Distributions*. An interest charge on the tax that would otherwise have been paid currently on this income amount was computed by IC-DISC shareholders on Form 8404, *Computation of Interest Charge on DISC-Related Deferred Tax Liability*.

Total qualified export receipts and nonqualified receipts—This sum was used as the starting point for the computation of the IC-DISC's net and taxable incomes. For IC-DISCs that acted as commission agents, total qualified export receipts and nonqualified receipts exclude the total receipts on which the commission was earned and, therefore, represent only the commission amounts. Total qualified export receipts and nonqualified receipts include passive income (dividends, interest, capital, or ordinary gains) amounts received by IC-DISCs. IC-DISC passive income amounts may be characterized as either qualified export receipts or nonqualified gross receipts.

Data Sources and Limitations

The Tax Year 2004, 2005, and 2006 statistics in this article were compiled from Form 1120 IC-DISC returns with accounting periods ending between July 2004 and June 2005 (for Tax Year 2004 returns), accounting periods ending between July 2005 and June 2006 (for Tax Year 2005 returns), and accounting periods ending between July 2006 and June 2007 (for Tax Year 2006 returns). Tax Year 2004 returns would have been filed during Calendar Years 2004, 2005, and 2006. Tax Year 2005 returns would have been filed during Calendar Years 2005, 2006, and 2007. Tax Year 2006 returns would have been filed during Calendar Years 2006, 2007, and 2008. The data presented exclude inactive IC-DISC returns. An IC-DISC is considered to be inactive if no receipts, deductions, income, or distributions were reported on the return. In addition, returns for corporations designated as former DISCs or former IC-DISCs were excluded. Such corporations were those that had been disqualified as a DISC or an IC-DISC for a tax year prior to Tax Year 2004, Tax Year 2005, or Tax Year 2006 studies. These disqualified DISC or IC-DISC entities were generally required to distribute any undistributed income that was previously

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taxed or accumulated DISC or IC-DISC income as a section 995(b)(2) distribution during a 10-year period.

The Tax Year 2004, 2005, and 2006 IC-DISC studies were designed to include the entire population of IC-DISC returns. However, certain returns were unavailable for the statistics. The complete 2004 IC-DISC study file included 450 returns, the complete 2005 IC-DISC study file included 936 returns, and the complete 2006 study file included 1,297 returns. Because the data were based on all available returns, sampling error was not a limitation. With regard to nonsampling error, some data were inconsistently reported by taxpayers. Where possible, such inconsistencies were resolved to reflect provisions of the Internal Revenue Code and taxpayer intentions.

The products and services classification system used in the 2004, 2005, and 2006 IC-DISC studies were generally based on Internal Revenue Service instructions provided to the taxpayer for completion of Schedule N, *Export Gross Receipts of the IC-DISC and Related U.S. Persons*. Products and services reported by a taxpayer on each specific return were reviewed for consistency with product information provided in supporting schedules and other taxpayer attachments and

with the principal business activity described on the return. For example, a return was reviewed if the taxpayer indicated engineering services on Schedule N, despite the absence of any engineering and architectural services income on Schedule B, *Gross Income*. In addition, products and services reported by taxpayers on specific returns were reviewed for consistency with the major products and services group classification. Certain business activities, such as manufacturing, are not applicable to an IC-DISC. Therefore, an IC-DISC return reporting the manufacture of farm machinery equipment as the principal business activity would have been reviewed to ascertain if a more appropriate principal business activity was the wholesaling of farm machinery and equipment.

For purposes of this article, data classified by product or service were compiled using the IC-DISC's largest grossing export product (in terms of gross receipts), without regard to any entry for the IC-DISC's second largest product or service reported on Schedule N. To this extent, the industry statistics contained in this article may be slightly overstated for certain industries and slightly understated for others.

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Table 1. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2004

[Money amounts in thousands of dollars]

Selected major product or service	Number of returns	Assets		
		Total [1]	Qualified assets	
			Total	Export property
	(1)	(2)	(3)	(4)
All industries	425	727,347	724,045	57,704
Nonmanufactured products and services	31	38,102	38,018	7,766
Manufactured products	394	689,245	686,028	49,939
Food and kindred products	22	22,500	22,500	1,726
Textile mill products	9	27,493	27,493	1,951
Apparel and other finished goods	4	4,973	4,810	2,125
Lumber and wood products	17	26,696	26,634	2,695
Furniture and fixtures	7	8,239	8,239	0
Paper and allied products	12	15,369	15,347	77
Printing, publishing, and allied products	6	9,939	9,939	252
Chemicals and allied products	37	89,016	89,016	417
Rubber and miscellaneous plastic products	6	3,624	3,624	970
Stone, clay, glass, and concrete products	3	2,203	2,203	93
Primary metal products	15	41,249	41,248	130
Fabricated metal products	31	36,087	36,086	3,567
Machinery, other than electrical	79	85,751	85,665	12,363
Electrical machinery, equipment, and supplies	47	118,617	115,866	6,753
Transportation equipment	31	59,503	59,375	7,965
Professional instruments	43	101,009	101,005	2,448
Miscellaneous manufactured products	25	36,979	36,979	6,407

Selected major product or service	Total liabilities [2]	Export receipts		
		Total qualified export receipts and nonqualified receipts [1]	Qualified export receipts from the sale of export property	Other qualified export receipts
	(5)	(6)	(7)	(8)
All industries	154,464	1,114,493	1,094,427	18,524
Nonmanufactured products and services	8,289	51,987	45,452	6,533
Manufactured products	146,175	1,062,505	1,048,976	11,991
Food and kindred products	743	25,458	25,270	187
Textile mill products	747	8,915	7,956	958
Apparel and other finished goods	130	3,539	3,509	30
Lumber and wood products	1,950	33,449	32,391	810
Furniture and fixtures	19	6,958	6,913	45
Paper and allied products	12,771	33,569	33,487	32
Printing, publishing, and allied products	1,820	4,983	4,964	19
Chemicals and allied products	22,308	265,474	263,079	2,339
Rubber and miscellaneous plastic products	1,056	2,376	2,376	0
Stone, clay, glass, and concrete products	8	976	862	114
Primary metal products	11,996	87,732	87,199	277
Fabricated metal products	12,621	35,387	34,765	599
Machinery, other than electrical	6,031	110,340	108,465	1,844
Electrical machinery, equipment, and supplies	40,430	186,698	184,393	2,196
Transportation equipment	10,309	84,271	83,638	619
Professional instruments	18,129	131,979	129,679	1,688
Miscellaneous manufactured products	5,106	40,401	40,027	234

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 1. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2004—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Cost of sales and operations	Export promotion and other expenses	
		Total [1]	Export promotion expenses
	(9)	(10)	(11)
All industries	544,334	121,919	90,913
Nonmanufactured products and services	22,043	6,087	3,214
Manufactured products	522,291	115,832	87,698
Food and kindred products	14,589	4,423	2,156
Textile mill products	3,538	1,330	1,180
Apparel and other finished goods	1,991	736	698
Lumber and wood products	26,434	2,211	1,940
Furniture and fixtures	522	158	75
Paper and allied products	21,254	7,788	4,426
Printing, publishing, and allied products	3,007	903	741
Chemicals and allied products	31,001	11,039	10,716
Rubber and miscellaneous plastic products	0	0	0
Stone, clay, glass, and concrete products	348	361	359
Primary metal products	78,893	1,024	836
Fabricated metal products	4,775	14,740	13,364
Machinery, other than electrical	69,769	11,502	7,905
Electrical machinery, equipment, and supplies	118,246	20,719	17,067
Transportation equipment	58,552	13,197	6,419
Professional instruments	72,139	20,961	16,258
Miscellaneous manufactured products	17,233	4,741	3,559
Selected major product or service	Net income (less deficit)		
	Total	Net income	Deficit
	(12)	(13)	(14)
All industries	448,240	450,937	-2,697
Nonmanufactured products and services	23,857	23,989	-132
Manufactured products	424,383	426,947	-2,565
Food and kindred products	6,446	6,472	-26
Textile mill products	4,046	4,089	-43
Apparel and other finished goods	812	825	-13
Lumber and wood products	4,804	4,814	-10
Furniture and fixtures	6,279	6,279	0
Paper and allied products	4,527	4,822	-295
Printing, publishing, and allied products	1,073	1,089	-16
Chemicals and allied products	223,434	223,451	-17
Rubber and miscellaneous plastic products	2,376	2,376	0
Stone, clay, glass, and concrete products	267	284	-17
Primary metal products	7,815	7,937	-123
Fabricated metal products	15,872	16,053	-180
Machinery, other than electrical	29,070	29,436	-366
Electrical machinery, equipment, and supplies	47,734	48,882	-1,148
Transportation equipment	12,522	12,712	-190
Professional instruments	38,879	38,883	-4
Miscellaneous manufactured products	18,429	18,545	-117

Footnotes at end of table.

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Table 1. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2004—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Taxable income			
	Total	Selected independent computations of taxable income		
		Portion attributable to excess qualified export receipts	Adjusted IC-DISC income subject to deferral computation	Current-year tax-deferred income
	(15)	(16)	(17)	(18)
All industries	450,414	317,390	126,609	129,327
Nonmanufactured products and services	23,674	11,808	11,488	11,374
Manufactured products	426,740	305,582	115,120	117,954
Food and kindred products	6,451	148	6,300	6,199
Textile mill products	4,089	1,551	1,582	1,545
Apparel and other finished goods	825	0	825	824
Lumber and wood products	4,814	831	3,557	3,557
Furniture and fixtures	6,262	3,753	2,466	2,452
Paper and allied products	4,822	1,543	3,279	3,274
Printing, publishing, and allied products	1,075	0	1,075	1,075
Chemicals and allied products	223,441	203,955	18,873	18,728
Rubber and miscellaneous plastic products	2,376	1,131	1,245	1,234
Stone, clay, glass, and concrete products	284	0	169	160
Primary metal products	7,937	4,294	3,486	3,395
Fabricated metal products	16,053	8,313	7,471	7,447
Machinery, other than electrical	29,423	8,723	19,689	19,636
Electrical machinery, equipment, and supplies	48,868	35,384	12,509	12,378
Transportation equipment	12,704	4,625	7,388	11,459
Professional instruments	38,874	19,148	19,061	18,637
Miscellaneous manufactured products	18,442	12,185	6,147	5,955

Selected major product or service	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders
	(19)	(20)	(21)
All industries	321,099	431,773	432,680
Nonmanufactured products and services	12,301	21,470	18,282
Manufactured products	308,798	410,303	414,398
Food and kindred products	252	15,308	2,911
Textile mill products	2,544	24,548	2,324
Apparel and other finished goods	1	4,593	573
Lumber and wood products	1,257	22,574	8,100
Furniture and fixtures	3,811	6,288	5,029
Paper and allied products	1,548	910	10,134
Printing, publishing, and allied products	0	7,981	1,160
Chemicals and allied products	204,713	36,905	240,792
Rubber and miscellaneous plastic products	1,142	2,332	2,239
Stone, clay, glass, and concrete products	124	1,760	132
Primary metal products	4,555	23,726	2,709
Fabricated metal products	8,605	16,561	14,744
Machinery, other than electrical	9,787	66,460	26,284
Electrical machinery, equipment, and supplies	36,490	45,992	34,007
Transportation equipment	1,246	42,776	20,863
Professional instruments	20,236	70,536	28,896
Miscellaneous manufactured products	12,487	21,053	13,499

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 1. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2004—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Current-year total export gross receipts of IC–DISCs and related U.S. persons		
	Total	IC–DISCs	Related U.S. persons
	(22)	(23)	(24)
All industries	5,331,987	5,272,251	59,737
Nonmanufactured products and services	275,598	275,598	0
Manufactured products	5,056,390	4,996,653	59,737
Food and kindred products	117,474	85,170	32,304
Textile mill products	66,862	66,862	0
Apparel and other finished goods	12,695	12,695	0
Lumber and wood products	90,449	90,390	58
Furniture and fixtures	102,506	102,506	0
Paper and allied products	102,485	102,485	0
Printing, publishing, and allied products	10,505	10,505	0
Chemicals and allied products	2,469,902	2,469,902	0
Rubber and miscellaneous plastic products	39,771	39,771	0
Stone, clay, glass, and concrete products	4,889	4,889	0
Primary metal products	132,304	132,304	0
Fabricated metal products	257,462	246,685	10,777
Machinery, other than electrical	380,439	375,539	4,900
Electrical machinery, equipment, and supplies	487,682	475,984	11,698
Transportation equipment	158,845	158,845	0
Professional instruments	410,768	410,768	0
Miscellaneous manufactured products	211,352	211,352	0

[1] Includes items not shown separately.

[2] Excludes shareholder's equity accounts.

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

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Table 2. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2005

[Money amounts in thousands of dollars]

Selected major product or service	Number of returns	Assets		
		Total [1]	Qualified assets	
			Total	Export property
	(1)	(2)	(3)	(4)
All industries	876	1,136,976	1,129,985	80,821
Nonmanufactured products and services	89	117,182	116,926	22,712
Manufactured products	787	1,019,794	1,013,059	58,109
Food and kindred products	46	67,757	67,757	1,818
Textile mill products	11	6,962	6,960	2,084
Apparel and other finished goods	9	5,131	3,646	2,110
Lumber and wood products	43	73,628	73,582	10,261
Furniture and fixtures	11	10,120	9,656	0
Paper and allied products	20	32,439	32,415	330
Printing, publishing, and allied products	15	12,709	12,709	92
Chemicals and allied products	63	95,966	95,966	2,811
Rubber and miscellaneous plastic products	20	48,797	48,792	1
Stone, clay, glass, and concrete products	9	2,985	2,985	104
Primary metal products	32	19,481	18,680	148
Fabricated metal products	74	50,977	50,977	333
Machinery, other than electrical	155	116,923	115,883	13,771
Electrical machinery, equipment, and supplies	98	187,201	184,484	7,316
Transportation equipment	68	102,448	102,303	11,850
Professional instruments	57	116,269	116,263	2,321
Miscellaneous manufactured products	56	70,000	70,000	2,762

Selected major product or service	Total liabilities [2]	Export receipts		
		Total qualified export receipts and nonqualified receipts [1]	Qualified export receipts from the sale of export property	Other qualified export receipts
	(5)	(6)	(7)	(8)
All industries	191,243	2,058,745	2,016,915	39,103
Nonmanufactured products and services	34,837	346,033	328,197	17,615
Manufactured products	156,405	1,712,712	1,688,718	21,488
Food and kindred products	14,685	140,815	140,340	476
Textile mill products	375	10,606	8,732	1,875
Apparel and other finished goods	155	5,634	5,594	40
Lumber and wood products	8,030	99,742	97,268	1,966
Furniture and fixtures	316	7,610	7,552	58
Paper and allied products	22,877	53,844	53,769	75
Printing, publishing, and allied products	3,603	9,972	9,923	49
Chemicals and allied products	6,680	290,744	285,295	5,381
Rubber and miscellaneous plastic products	3,031	45,937	44,933	1,005
Stone, clay, glass, and concrete products	0	7,502	7,357	145
Primary metal products	2,830	41,841	40,932	783
Fabricated metal products	2,278	66,470	65,961	508
Machinery, other than electrical	8,599	180,630	178,151	2,412
Electrical machinery, equipment, and supplies	45,213	323,031	320,127	2,802
Transportation equipment	16,888	164,449	162,111	1,330
Professional instruments	17,699	170,139	167,563	1,995
Miscellaneous manufactured products	3,145	93,747	93,111	587

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 2. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2005—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Cost of sales and operations	Export promotion and other expenses	
		Total [1]	Export promotion expenses
	(9)	(10)	(11)
All industries	756,623	187,973	134,936
Nonmanufactured products and services	102,003	20,189	15,161
Manufactured products	654,620	167,784	119,775
Food and kindred products	70,757	9,789	5,465
Textile mill products	3,881	1,586	1,309
Apparel and other finished goods	2,408	711	665
Lumber and wood products	56,088	4,777	3,799
Furniture and fixtures	798	173	110
Paper and allied products	26,049	18,069	7,164
Printing, publishing, and allied products	3,730	1,377	1,189
Chemicals and allied products	31,908	13,655	11,933
Rubber and miscellaneous plastic products	14,023	12,436	12,111
Stone, clay, glass, and concrete products	347	370	14
Primary metal products	20,851	737	324
Fabricated metal products	4,935	6,849	4,937
Machinery, other than electrical	90,471	13,574	9,871
Electrical machinery, equipment, and supplies	138,677	30,869	25,811
Transportation equipment	80,818	24,559	14,333
Professional instruments	76,222	21,236	15,566
Miscellaneous manufactured products	32,656	7,016	5,174
Selected major product or service	Net income (less deficit)		
	Total	Net income	Deficit
	(12)	(13)	(14)
All industries	1,114,149	1,118,408	-4,259
Nonmanufactured products and services	223,840	224,908	-1,068
Manufactured products	890,309	893,500	-3,191
Food and kindred products	60,269	60,298	-29
Textile mill products	5,139	5,294	-155
Apparel and other finished goods	2,515	2,587	-71
Lumber and wood products	38,877	38,916	-39
Furniture and fixtures	6,639	6,639	0
Paper and allied products	9,726	11,201	-1,475
Printing, publishing, and allied products	4,865	4,877	-13
Chemicals and allied products	245,181	245,221	-40
Rubber and miscellaneous plastic products	19,478	19,478	0
Stone, clay, glass, and concrete products	6,785	6,788	-4
Primary metal products	20,253	20,279	-26
Fabricated metal products	54,686	54,884	-197
Machinery, other than electrical	76,585	77,048	-463
Electrical machinery, equipment, and supplies	153,485	153,701	-216
Transportation equipment	59,073	59,256	-183
Professional instruments	72,680	72,696	-16
Miscellaneous manufactured products	54,075	54,338	-263

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 2. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2005—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Taxable income			
	Total	Selected independent computations of taxable income		
		Portion attributable to excess qualified export receipts	Adjusted IC–DISC income subject to deferral computation	Current-year tax-deferred income
	(15)	(16)	(17)	(18)
All industries	1,112,387	691,940	436,282	461,280
Nonmanufactured products and services	223,173	182,855	41,866	50,741
Manufactured products	889,215	509,085	394,417	410,539
Food and kindred products	60,263	30,759	29,496	29,371
Textile mill products	5,139	1,780	1,639	1,602
Apparel and other finished goods	2,515	355	2,232	2,224
Lumber and wood products	38,877	36,243	16,477	29,568
Furniture and fixtures	6,639	3,213	3,369	3,328
Paper and allied products	9,481	5,282	5,919	5,894
Printing, publishing, and allied products	4,860	592	4,281	4,280
Chemicals and allied products	245,159	213,759	30,512	30,353
Rubber and miscellaneous plastic products	19,478	17,590	6,831	9,748
Stone, clay, glass, and concrete products	6,757	4,219	2,397	2,386
Primary metal products	20,239	4,031	16,106	16,023
Fabricated metal products	54,306	19,001	35,482	37,082
Machinery, other than electrical	76,541	25,278	50,457	50,582
Electrical machinery, equipment, and supplies	153,411	52,980	98,894	98,697
Transportation equipment	59,066	25,074	33,613	33,397
Professional instruments	72,657	39,446	32,358	32,037
Miscellaneous manufactured products	53,829	29,484	24,355	23,967

Selected major product or service	Total amount deemed distributed	Tax-deferred IC–DISC income reported to shareholders	Actual distributions to shareholders
	(19)	(20)	(21)
All industries	656,908	592,973	898,967
Nonmanufactured products and services	174,094	35,282	184,049
Manufactured products	482,815	557,691	714,918
Food and kindred products	30,921	21,870	35,683
Textile mill products	3,692	27,883	2,348
Apparel and other finished goods	362	4,616	2,185
Lumber and wood products	9,347	54,964	35,518
Furniture and fixtures	3,311	7,351	5,882
Paper and allied products	5,307	4,405	8,630
Printing, publishing, and allied products	592	8,056	4,595
Chemicals and allied products	214,845	46,394	251,056
Rubber and miscellaneous plastic products	9,730	34,464	11,824
Stone, clay, glass, and concrete products	4,375	1,826	6,820
Primary metal products	4,417	13,754	30,353
Fabricated metal products	17,802	23,565	31,685
Machinery, other than electrical	26,437	81,892	78,671
Electrical machinery, equipment, and supplies	54,938	71,083	99,616
Transportation equipment	25,851	49,684	25,896
Professional instruments	40,636	69,142	46,673
Miscellaneous manufactured products	30,250	36,742	37,483

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 2. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major Product or Service Group, Tax Year 2005—Continued

[Money amounts in thousands of dollars]

Selected major product or service	Current-year total export gross receipts of IC–DISCs and related U.S. persons		
	Total	IC–DISCs	Related U.S. persons
	(22)	(23)	(24)
All industries	12,872,156	11,950,127	922,030
Nonmanufactured products and services	1,830,855	1,818,594	12,262
Manufactured products	11,041,301	10,131,533	909,768
Food and kindred products	910,453	900,226	10,227
Textile mill products	83,216	75,590	7,626
Apparel and other finished goods	25,010	25,010	0
Lumber and wood products	494,882	493,316	1,566
Furniture and fixtures	109,242	109,242	0
Paper and allied products	500,010	235,283	264,727
Printing, publishing, and allied products	41,775	41,775	0
Chemicals and allied products	2,872,607	2,872,468	139
Rubber and miscellaneous plastic products	259,384	259,384	0
Stone, clay, glass, and concrete products	88,055	88,055	0
Primary metal products	301,750	242,562	59,187
Fabricated metal products	634,803	606,079	28,724
Machinery, other than electrical	1,007,838	961,107	46,731
Electrical machinery, equipment, and supplies	1,564,853	1,168,365	396,488
Transportation equipment	880,332	840,840	39,492
Professional instruments	631,936	631,936	0
Miscellaneous manufactured products	635,155	580,294	54,861

[1] Includes items not shown separately.

[2] Excludes shareholder's equity accounts.

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

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006

[Money amounts in thousands of dollars]

Selected major and minor product or service	Number of returns	Assets		
		Total [1]	Qualified assets	
			Total	Export property
	(1)	(2)	(3)	(4)
All industries	1,209	1,036,683	1,032,996	72,743
Nonmanufactured product groups and services	129	118,744	118,734	12,492
Grains, including soybeans	11	21,863	21,863	0
Vegetables and melons	9	8,888	8,881	635
Fruit and tree nuts	23	6,677	6,676	0
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	10	35,420	35,420	11,810
Fishery products and services	12	2,144	2,144	0
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	3	118	118	0
Export management services	11	3,780	3,780	0
Computer software	19	20,132	20,132	34
Engineering and architectural services	14	6,570	6,570	0
Leasing—other property, except aircraft	3	4,080	4,080	0
Manufactured product groups	1,080	917,939	914,262	60,251
Food and kindred products	69	81,301	81,297	5,408
Meat products	12	16,463	16,463	4,670
Dairy products	5	6,893	6,893	0
Fruits, vegetables, and seafood	11	2,627	2,627	0
Grain mill products	3	6,573	6,573	0
Bakery products, sugar, and confectionary and related products	6	18,518	18,513	151
Beverages	4	6,562	6,562	0
Other food and kindred products	28	23,666	23,666	588
Textile mill products	13	8,181	8,176	1,568
Apparel and other finished goods	9	3,576	3,412	2,145
Lumber and wood products, except furniture	52	48,685	48,642	2,700
Logs and log products	22	27,681	27,638	586
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	25	15,283	15,283	2,114
Other lumber and wood products	5	5,721	5,721	0
Furniture and fixtures	13	5,482	4,990	0
Household furniture	4	2,650	2,158	0
Public building and related furniture	3	125	125	0
Office furniture and other furniture and fixtures	6	2,708	2,708	0
Paper and allied products	21	15,636	15,609	9
Printed media	18	9,709	9,709	137
Periodicals	3	2,556	2,556	137
Books	4	3,391	3,391	0
Greeting cards, manifold business forms and other printed media	11	3,761	3,761	0

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total liabilities [2]	Export receipts		
		Total qualified export receipts and nonqualified receipts [1]	Qualified export receipts from the sale of export property	Other qualified export receipts
	(5)	(6)	(7)	(8)
All industries	214,391	2,999,386	2,853,957	87,821
Nonmanufactured product groups and services	33,969	464,598	415,305	46,057
Grains, including soybeans	32	20,657	20,405	252
Vegetables and melons	2,964	25,235	21,398	3,825
Fruit and tree nuts	926	25,999	25,870	129
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	21,425	72,228	68,516	490
Fishery products and services	805	21,443	21,440	3
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	0	507	507	0
Export management services	2,813	20,384	15,051	5,332
Computer software	774	197,653	196,874	780
Engineering and architectural services	3,484	53,867	20,240	33,627
Leasing—other property, except aircraft	700	3,582	1,967	1,615
Manufactured product groups	180,422	2,534,788	2,438,652	41,765
Food and kindred products	22,636	414,815	354,465	8,228
Meat products	7,172	244,862	186,503	6,247
Dairy products	0	14,381	14,371	0
Fruits, vegetables, and seafood	228	21,726	21,723	3
Grain mill products	0	9,095	9,004	91
Bakery products, sugar, and confectionary and related products	1,021	13,868	12,974	894
Beverages	108	7,922	7,922	0
Other food and kindred products	14,107	102,961	101,968	993
Textile mill products	901	8,394	7,615	779
Apparel and other finished goods	132	6,376	6,358	17
Lumber and wood products, except furniture	12,419	119,908	116,953	2,623
Logs and log products	8,178	57,161	54,726	2,260
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	4,241	56,939	56,418	364
Other lumber and wood products	0	5,809	5,809	0
Furniture and fixtures	2	10,932	10,892	40
Household furniture	0	1,823	1,821	2
Public building and related furniture	0	712	712	0
Office furniture and other furniture and fixtures	2	8,398	8,360	39
Paper and allied products	12,165	40,207	40,184	23
Printed media	3,351	37,344	37,275	69
Periodicals	1,728	30,066	29,997	69
Books	1,621	2,357	2,357	0
Greeting cards, manifold business forms and other printed media	2	4,921	4,921	0

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Cost of sales and operations	Export promotion and other expenses	
		Total [1]	Export promotion expenses
	(9)	(10)	(11)
All industries	1,056,842	211,804	171,736
Nonmanufactured product groups and services	75,099	41,313	37,296
Grains, including soybeans	0	35	7
Vegetables and melons	13,842	2,135	1,755
Fruit and tree nuts	4,179	585	303
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	53,739	14,943	13,431
Fishery products and services	0	28	28
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	0	0	0
Export management services	0	9	9
Computer software	206	1,837	1,747
Engineering and architectural services	0	20,579	19,283
Leasing—other property, except aircraft	1,117	702	484
Manufactured product groups	981,743	170,491	134,440
Food and kindred products	268,509	15,157	9,887
Meat products	191,983	7,956	4,096
Dairy products	0	41	2
Fruits, vegetables, and seafood	5,578	897	304
Grain mill products	0	1	0
Bakery products, sugar, and confectionary and related products	6,923	1,345	1,068
Beverages	0	24	0
Other food and kindred products	64,025	4,892	4,417
Textile mill products	2,269	1,535	1,290
Apparel and other finished goods	3,218	757	731
Lumber and wood products, except furniture	72,701	5,823	4,716
Logs and log products	32,982	2,131	1,508
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	39,719	3,690	3,206
Other lumber and wood products	0	3	3
Furniture and fixtures	149	6	5
Household furniture	149	6	5
Public building and related furniture	0	0	0
Office furniture and other furniture and fixtures	0	0	0
Paper and allied products	19,874	11,075	4,805
Printed media	2,816	817	699
Periodicals	2,816	562	483
Books	1	15	0
Greeting cards, manifold business forms and other printed media	0	241	216

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Net income (less deficit)		
	Total	Net income	Deficit
	(12)	(13)	(14)
All industries	1,730,741	1,750,649	-19,908
Nonmanufactured product groups and services	348,186	348,946	-760
Grains, including soybeans	20,622	20,647	-26
Vegetables and melons	9,259	9,260	-2
Fruit and tree nuts	21,235	21,903	-668
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	3,545	3,595	-49
Fishery products and services	21,415	21,417	-2
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	507	507	0
Export management services	20,375	20,376	-2
Computer software	195,610	195,611	-1
Engineering and architectural services	33,288	33,288	0
Leasing—other property, except aircraft	1,763	1,763	0
Manufactured product groups	1,382,555	1,401,702	-19,148
Food and kindred products	131,149	131,437	-288
Meat products	44,922	45,122	-200
Dairy products	14,340	14,340	0
Fruits, vegetables, and seafood	15,250	15,250	0
Grain mill products	9,094	9,094	0
Bakery products, sugar, and confectionary and related products	5,600	5,600	0
Beverages	7,898	7,898	0
Other food and kindred products	34,044	34,133	-88
Textile mill products	4,590	4,645	-55
Apparel and other finished goods	2,401	2,401	0
Lumber and wood products, except furniture	41,385	41,413	-28
Logs and log products	22,048	22,073	-25
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	13,531	13,534	-3
Other lumber and wood products	5,806	5,806	0
Furniture and fixtures	10,778	10,778	0
Household furniture	1,668	1,668	0
Public building and related furniture	712	712	0
Office furniture and other furniture and fixtures	8,397	8,397	0
Paper and allied products	9,259	13,023	-3,765
Printed media	33,710	33,939	-229
Periodicals	26,688	26,692	-5
Books	2,342	2,342	0
Greeting cards, manifold business forms and other printed media	4,681	4,905	-224

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Taxable income			
	Total	Selected independent computations of taxable income		
		Portion attributable to excess qualified export receipts	Adjusted IC-DISC income subject to deferral computation	Current-year tax-deferred income
	(15)	(16)	(17)	(18)
All industries	1,729,897	977,202	762,880	815,224
Nonmanufactured product groups and services	348,055	240,157	108,186	109,966
Grains, including soybeans	20,622	19,077	1,570	1,571
Vegetables and melons	9,127	4,370	4,759	4,759
Fruit and tree nuts	21,235	10,076	11,797	11,746
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	3,545	177	2,976	2,970
Fishery products and services	21,415	9,051	12,366	12,366
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	507	0	507	507
Export management services	20,375	1,089	19,287	19,287
Computer software	195,610	172,763	22,848	22,793
Engineering and architectural services	33,288	14,640	18,648	18,635
Leasing—other property, except aircraft	1,763	0	1,763	1,709
Manufactured product groups	1,381,842	737,044	654,694	705,258
Food and kindred products	131,149	63,730	67,616	81,470
Meat products	44,922	28,539	16,583	30,863
Dairy products	14,340	11,782	2,557	2,557
Fruits, vegetables, and seafood	15,250	4,321	10,929	10,929
Grain mill products	9,094	6,417	2,586	2,579
Bakery products, sugar, and confectionary and related products	5,600	596	5,004	4,942
Beverages	7,898	4,859	3,039	3,039
Other food and kindred products	34,044	7,215	26,918	26,560
Textile mill products	4,590	1,342	3,302	3,291
Apparel and other finished goods	2,397	0	2,397	2,392
Lumber and wood products, except furniture	41,385	15,804	24,927	24,927
Logs and log products	22,048	11,723	9,688	9,688
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	13,531	3,771	9,743	9,743
Other lumber and wood products	5,806	310	5,496	5,496
Furniture and fixtures	10,778	3,299	7,445	7,356
Household furniture	1,668	331	1,337	1,331
Public building and related furniture	712	90	622	506
Office furniture and other furniture and fixtures	8,397	2,879	5,486	5,520
Paper and allied products	9,259	5,484	7,517	7,452
Printed media	33,702	26,858	7,073	7,073
Periodicals	26,688	25,980	712	712
Books	2,333	878	1,455	1,455
Greeting cards, manifold business forms and other printed media	4,681	0	4,905	4,905

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total amount deemed distributed	Tax-deferred IC–DISC income reported to shareholders	Actual distributions to shareholders
	(19)	(20)	(21)
All industries	935,497	519,557	1,804,673
Nonmanufactured product groups and services	238,849	32,151	336,743
Grains, including soybeans	19,077	5,531	8,872
Vegetables and melons	4,370	2,359	9,947
Fruit and tree nuts	10,157	3,565	20,717
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	624	9,879	2,520
Fishery products and services	9,051	921	24,961
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	0	992	1,388
Export management services	1,089	356	19,792
Computer software	172,818	4,224	196,921
Engineering and architectural services	14,653	73	31,199
Leasing—other property, except aircraft	54	2,309	845
Manufactured product groups	696,648	487,406	1,467,930
Food and kindred products	49,968	26,172	119,461
Meat products	14,259	2,747	40,663
Dairy products	11,782	69	8,041
Fruits, vegetables, and seafood	4,321	794	17,750
Grain mill products	6,515	1,372	6,944
Bakery products, sugar, and confectionary and related products	658	17,488	10,288
Beverages	4,859	962	4,853
Other food and kindred products	7,573	2,738	30,923
Textile mill products	1,354	6,281	4,253
Apparel and other finished goods	5	3,224	2,266
Lumber and wood products, except furniture	16,486	28,605	70,502
Logs and log products	12,385	18,407	49,645
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	3,791	9,374	19,934
Other lumber and wood products	310	824	922
Furniture and fixtures	3,421	4,014	11,564
Household furniture	337	2,302	2,821
Public building and related furniture	206	0	674
Office furniture and other furniture and fixtures	2,879	1,713	8,068
Paper and allied products	5,571	3,321	13,131
Printed media	26,858	4,000	31,881
Periodicals	25,980	490	26,476
Books	878	1,057	1,973
Greeting cards, manifold business forms and other printed media	0	2,453	3,432

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Current-year total export gross receipts of IC-DISCs and related U.S. persons		
	Total	IC-DISCs	Related U.S. persons
	(22)	(23)	(24)
All industries	20,015,962	19,285,999	729,964
Nonmanufactured product groups and services	3,232,569	3,225,612	6,958
Grains, including soybeans	824,374	824,374	0
Vegetables and melons	106,478	106,478	0
Fruit and tree nuts	338,423	338,423	0
Cotton and other crops (including sugar beets, peanuts, spices, hops, and vegetable seeds)	89,111	89,111	0
Fishery products and services	186,735	182,809	3,926
Nonmetallic mineral products and services (including limestone, sulfur, and fertilizer)	13,630	13,630	0
Export management services	237,271	237,271	0
Computer software	672,273	669,242	3,032
Engineering and architectural services	333,608	333,608	0
Leasing—other property, except aircraft	14,971	14,971	0
Manufactured product groups	16,783,393	16,060,387	723,006
Food and kindred products	1,964,501	1,857,302	107,199
Meat products	1,110,557	1,003,358	107,199
Dairy products	153,422	153,422	0
Fruits, vegetables, and seafood	141,138	141,138	0
Grain mill products	137,188	137,188	0
Bakery products, sugar, and confectionary and related products	57,926	57,926	0
Beverages	99,545	99,545	0
Other food and kindred products	264,725	264,725	0
Textile mill products	82,086	74,872	7,215
Apparel and other finished goods	19,303	19,303	0
Lumber and wood products, except furniture	635,599	617,405	18,195
Logs and log products	371,331	353,136	18,195
Lumber construction materials (including millwork, veneer, plywood, and prefabricated structural wood products)	242,254	242,254	0
Other lumber and wood products	22,014	22,014	0
Furniture and fixtures	143,913	143,913	0
Household furniture	17,730	17,730	0
Public building and related furniture	12,921	12,921	0
Office furniture and other furniture and fixtures	113,261	113,261	0
Paper and allied products	615,309	318,212	297,097
Printed media	226,386	226,386	0
Periodicals	157,743	157,743	0
Books	24,514	24,514	0
Greeting cards, manifold business forms and other printed media	44,129	44,129	0

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Number of returns	Assets		
		Total [1]	Qualified assets	
			Total	Export property
	(25)	(26)	(27)	(28)
Chemicals and allied products	90	109,782	109,769	2,764
Industrial inorganic and organic chemicals	16	13,035	13,021	0
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	26	33,040	33,040	354
Drugs	7	330	330	0
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	12	25,057	25,057	2,410
Paints, varnishes, lacquers, enamels, and allied products	8	46	46	0
Gum and wood chemicals, and agricultural chemicals	8	32,544	32,544	0
Other chemicals and allied products	13	5,730	5,730	0
Rubber and plastics products	27	16,045	16,045	1
Stone, clay, glass, and concrete products	10	6,557	6,556	1,934
Primary and secondary nonfabricated metal products	52	38,488	38,327	0
Iron and steel products	23	24,362	24,201	0
Nonferrous metal products	17	12,221	12,221	0
Other primary and secondary nonfabricated metal products	12	1,905	1,905	0
Fabricated metal products (except ordnance, machinery and transportation)	99	33,150	33,150	1,610
Cutlery, hand tools, and general hardware	9	6,416	6,416	39
Heating apparatus (except electric) and plumbing fixtures	17	5,165	5,165	231
Fabricated structural metal products	12	1,927	1,927	0
Screw machine products and bolts, nuts, screws, rivets, and washers	5	4,798	4,798	1,340
Metal stampings	13	2,395	2,395	0
Miscellaneous fabricated metal products	43	12,450	12,450	0
Machinery (except electrical and electronic)	210	116,060	114,571	4,257
Engines and turbines	4	5,901	5,901	0
Farm machinery and equipment	12	19,217	19,217	1,805
Construction, mining, and materials handling machinery and equipment	29	15,616	15,616	966
Metalworking machinery and equipment	24	16,035	16,035	0
Special industry machinery (except metalworking machinery)	84	38,182	36,692	1,347
General industrial machinery and equipment	26	10,690	10,690	138
Service industry machinery	8	2,869	2,869	0
Other machinery (except electrical and electronic)	23	7,551	7,551	0

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total liabilities [2]	Export receipts		
		Total qualified export receipts and nonqualified receipts [1]	Qualified export receipts from the sale of export property	Other qualified export receipts
	(29)	(30)	(31)	(32)
Chemicals and allied products	9,225	405,278	392,466	12,687
Industrial inorganic and organic chemicals	2,750	22,724	13,646	9,075
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	4,866	62,154	59,105	3,039
Drugs	114	38,701	38,695	6
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	1,057	186,167	185,693	456
Paints, varnishes, lacquers, enamels, and allied products	4	2,234	2,206	25
Gum and wood chemicals, and agricultural chemicals	7	88,438	88,329	17
Other chemicals and allied products	428	4,860	4,792	69
Rubber and plastics products	1,517	28,851	28,330	520
Stone, clay, glass, and concrete products	0	8,920	8,760	160
Primary and secondary nonfabricated metal products	11,325	140,252	138,355	1,860
Iron and steel products	6,450	95,340	93,576	1,727
Nonferrous metal products	4,848	36,991	36,859	132
Other primary and secondary nonfabricated metal products	27	7,921	7,920	1
Fabricated metal products (except ordnance, machinery and transportation)	3,031	104,229	103,656	573
Cutlery, hand tools, and general hardware	133	2,563	2,339	224
Heating apparatus (except electric) and plumbing fixtures	1,463	18,134	18,068	66
Fabricated structural metal products	267	20,391	20,368	23
Screw machine products and bolts, nuts, screws, rivets, and washers	65	3,759	3,687	72
Metal stampings	392	10,754	10,726	28
Miscellaneous fabricated metal products	711	48,629	48,469	160
Machinery (except electrical and electronic)	13,961	251,225	248,938	1,959
Engines and turbines	0	2,351	2,324	27
Farm machinery and equipment	3,951	20,318	19,762	557
Construction, mining, and materials handling machinery and equipment	997	62,855	62,314	411
Metalworking machinery and equipment	255	16,257	15,802	422
Special industry machinery (except metalworking machinery)	3,533	80,644	80,266	213
General industrial machinery and equipment	1,084	25,602	25,279	323
Service industry machinery	32	5,478	5,478	0
Other machinery (except electrical and electronic)	4,109	37,720	37,713	8

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Cost of sales and operations	Export promotion and other expenses	
		Total [1]	Export promotion expenses
	(33)	(34)	(35)
Chemicals and allied products	61,734	20,249	18,108
Industrial inorganic and organic chemicals	98	208	206
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	33,990	5,140	4,031
Drugs	6,327	2,145	1,863
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	19,978	11,828	11,115
Paints, varnishes, lacquers, enamels, and allied products	0	3	0
Gum and wood chemicals, and agricultural chemicals	909	80	50
Other chemicals and allied products	432	845	843
Rubber and plastics products	537	11,405	11,347
Stone, clay, glass, and concrete products	81	22	19
Primary and secondary nonfabricated metal products	85,579	2,535	1,912
Iron and steel products	65,466	1,122	828
Nonferrous metal products	19,691	567	240
Other primary and secondary nonfabricated metal products	422	845	844
Fabricated metal products (except ordnance, machinery and transportation)	4,896	3,850	3,126
Cutlery, hand tools, and general hardware	0	1,072	1,022
Heating apparatus (except electric) and plumbing fixtures	1,976	2,081	1,514
Fabricated structural metal products	355	102	98
Screw machine products and bolts, nuts, screws, rivets, and washers	1,058	129	94
Metal stampings	1,507	7	7
Miscellaneous fabricated metal products	0	460	391
Machinery (except electrical and electronic)	65,989	15,167	12,654
Engines and turbines	0	4	3
Farm machinery and equipment	9,687	2,181	2,007
Construction, mining, and materials handling machinery and equipment	19,648	6,973	6,116
Metalworking machinery and equipment	0	401	370
Special industry machinery (except metalworking machinery)	25,329	2,600	2,425
General industrial machinery and equipment	11,325	2,410	1,140
Service industry machinery	0	0	0
Other machinery (except electrical and electronic)	0	599	593

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Net income (less deficit)		
	Total	Net income	Deficit
	(36)	(37)	(38)
Chemicals and allied products	323,295	335,427	-12,132
Industrial inorganic and organic chemicals	22,418	22,418	0
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	23,025	23,078	-53
Drugs	30,229	30,229	0
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	154,361	166,436	-12,074
Paints, varnishes, lacquers, enamels, and allied products	2,230	2,230	0
Gum and wood chemicals, and agricultural chemicals	87,449	87,453	-5
Other chemicals and allied products	3,584	3,584	0
Rubber and plastics products	16,909	16,909	0
Stone, clay, glass, and concrete products	8,817	8,818	-1
Primary and secondary nonfabricated metal products	52,138	52,360	-222
Iron and steel products	28,752	28,752	0
Nonferrous metal products	16,733	16,954	-222
Other primary and secondary nonfabricated metal products	6,654	6,654	0
Fabricated metal products (except ordnance, machinery and transportation)	95,484	95,665	-181
Cutlery, hand tools, and general hardware	1,492	1,524	-32
Heating apparatus (except electric) and plumbing fixtures	14,077	14,226	-149
Fabricated structural metal products	19,934	19,934	0
Screw machine products and bolts, nuts, screws, rivets, and washers	2,572	2,572	0
Metal stampings	9,240	9,240	0
Miscellaneous fabricated metal products	48,169	48,169	0
Machinery (except electrical and electronic)	170,068	170,095	-27
Engines and turbines	2,347	2,347	0
Farm machinery and equipment	8,451	8,466	-16
Construction, mining, and materials handling machinery and equipment	36,234	36,234	0
Metalworking machinery and equipment	15,855	15,858	-2
Special industry machinery (except metalworking machinery)	52,715	52,722	-7
General industrial machinery and equipment	11,868	11,870	-2
Service industry machinery	5,478	5,478	0
Other machinery (except electrical and electronic)	37,121	37,121	0

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Taxable income			
	Total	Selected independent computations of taxable income		
		Portion attributable to excess qualified export receipts	Adjusted IC-DISC income subject to deferral computation	Current-year tax-deferred income
	(39)	(40)	(41)	(42)
Chemicals and allied products	323,253	283,194	49,675	64,323
Industrial inorganic and organic chemicals	22,418	7,744	12,161	18,503
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	23,022	11,025	11,212	19,484
Drugs	30,226	22,397	7,829	7,829
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	154,361	159,720	7,632	7,620
Paints, varnishes, lacquers, enamels, and allied products	2,230	51	2,179	2,229
Gum and wood chemicals, and agricultural chemicals	87,413	82,256	5,148	5,146
Other chemicals and allied products	3,584	0	3,515	3,512
Rubber and plastics products	16,909	8,304	8,599	8,590
Stone, clay, glass, and concrete products	8,815	4,745	3,913	3,903
Primary and secondary nonfabricated metal products	52,138	21,093	31,001	32,575
Iron and steel products	28,752	14,351	14,260	14,230
Nonferrous metal products	16,733	4,679	12,149	13,500
Other primary and secondary nonfabricated metal products	6,654	2,063	4,591	4,845
Fabricated metal products (except ordnance, machinery and transportation)	95,484	40,148	55,096	65,441
Cutlery, hand tools, and general hardware	1,492	0	1,308	1,460
Heating apparatus (except electric) and plumbing fixtures	14,077	7,138	7,053	8,326
Fabricated structural metal products	19,934	10,570	9,354	18,191
Screw machine products and bolts, nuts, screws, rivets, and washers	2,572	0	2,572	2,553
Metal stampings	9,240	3,278	5,962	6,077
Miscellaneous fabricated metal products	48,169	19,163	28,847	28,834
Machinery (except electrical and electronic)	169,972	61,868	107,188	109,032
Engines and turbines	2,347	14	2,321	2,304
Farm machinery and equipment	8,451	3,803	4,368	4,299
Construction, mining, and materials handling machinery and equipment	36,137	19,970	15,837	15,816
Metalworking machinery and equipment	15,855	3,489	12,266	12,216
Special industry machinery (except metalworking machinery)	52,715	14,042	38,587	40,215
General industrial machinery and equipment	11,868	1,664	10,094	10,057
Service industry machinery	5,478	1,834	3,644	4,054
Other machinery (except electrical and electronic)	37,121	17,051	20,070	20,070

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders
	(43)	(44)	(45)
Chemicals and allied products	271,978	48,069	365,308
Industrial inorganic and organic chemicals	3,915	7,432	23,676
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	3,591	19,856	60,338
Drugs	22,397	185	30,641
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	159,731	13,936	187,629
Paints, varnishes, lacquers, enamels, and allied products	1	28	2,782
Gum and wood chemicals, and agricultural chemicals	82,271	1,794	56,868
Other chemicals and allied products	71	4,838	3,374
Rubber and plastics products	8,319	6,663	15,250
Stone, clay, glass, and concrete products	4,914	2,169	5,162
Primary and secondary nonfabricated metal products	19,785	20,602	46,850
Iron and steel products	14,522	12,882	24,371
Nonferrous metal products	3,454	7,042	16,987
Other primary and secondary nonfabricated metal products	1,808	677	5,491
Fabricated metal products (except ordnance, machinery and transportation)	30,224	22,457	103,535
Cutlery, hand tools, and general hardware	64	5,704	1,316
Heating apparatus (except electric) and plumbing fixtures	5,900	3,174	16,022
Fabricated structural metal products	1,743	949	23,106
Screw machine products and bolts, nuts, screws, rivets, and washers	20	3,764	1,635
Metal stampings	3,163	1,529	14,491
Miscellaneous fabricated metal products	19,335	7,337	46,964
Machinery (except electrical and electronic)	60,967	61,346	151,923
Engines and turbines	43	5,821	2,389
Farm machinery and equipment	4,167	9,210	6,131
Construction, mining, and materials handling machinery and equipment	20,321	9,312	42,483
Metalworking machinery and equipment	3,641	10,091	12,471
Special industry machinery (except metalworking machinery)	12,507	19,121	39,847
General industrial machinery and equipment	1,812	7,039	10,834
Service industry machinery	1,424	602	3,264
Other machinery (except electrical and electronic)	17,051	151	34,501

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Current-year total export gross receipts of IC-DISCs and related U.S. persons		
	Total	IC-DISCs	Related U.S. persons
	(46)	(47)	(48)
Chemicals and allied products	3,653,082	3,596,707	56,375
Industrial inorganic and organic chemicals	292,679	292,581	98
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers	339,380	283,102	56,277
Drugs	482,313	482,313	0
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries	1,038,016	1,038,016	0
Paints, varnishes, lacquers, enamels, and allied products	48,016	48,016	0
Gum and wood chemicals, and agricultural chemicals	1,405,701	1,405,701	0
Other chemicals and allied products	46,977	46,977	0
Rubber and plastics products	300,100	300,100	0
Stone, clay, glass, and concrete products	117,397	117,397	0
Primary and secondary nonfabricated metal products	872,002	733,490	138,512
Iron and steel products	416,150	376,908	39,242
Nonferrous metal products	337,892	238,622	99,270
Other primary and secondary nonfabricated metal products	117,961	117,961	0
Fabricated metal products (except ordnance, machinery and transportation)	1,331,554	1,331,554	0
Cutlery, hand tools, and general hardware	16,423	16,423	0
Heating apparatus (except electric) and plumbing fixtures	193,401	193,401	0
Fabricated structural metal products	175,923	175,923	0
Screw machine products and bolts, nuts, screws, rivets, and washers	15,352	15,352	0
Metal stampings	122,876	122,876	0
Miscellaneous fabricated metal products	807,579	807,579	0
Machinery (except electrical and electronic)	1,844,334	1,835,322	9,012
Engines and turbines	17,832	17,832	0
Farm machinery and equipment	70,900	70,900	0
Construction, mining, and materials handling machinery and equipment	394,023	394,023	0
Metalworking machinery and equipment	143,902	143,902	0
Special industry machinery (except metalworking machinery)	627,932	622,998	4,934
General industrial machinery and equipment	194,855	190,776	4,079
Service industry machinery	77,722	77,722	0
Other machinery (except electrical and electronic)	317,168	317,168	0

Footnotes at end of table.

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Table 3. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Number of returns	Assets		
		Total [1]	Qualified assets	
			Total	Export property
	(49)	(50)	(51)	(52)
Electrical and electronic machinery, equipment and supplies	132	185,138	184,699	19,730
Electric power transmission and distribution equipment (including transformers, motors and generators)	17	29,308	28,877	2,560
Household appliances	8	31,575	31,573	13,063
Electric lighting and wiring equipment	17	23,823	23,823	1,857
Audio and video equipment (except communication types)	4	2,208	2,208	0
Communication equipment	9	16,279	16,279	0
Semiconductors, capacitors, resistors, and other electronic components	35	71,611	71,608	2,249
Computer and peripheral equipment	8	950	947	0
Other electrical and electronic machinery, equipment, and supplies	34	9,383	9,383	0
Transportation equipment	89	94,860	94,231	15,799
Motor vehicles and motor vehicle equipment	48	39,442	39,418	5,561
Aircraft and aircraft parts and equipment	26	43,597	43,584	7,085
Ships and nautical equipment	6	2,102	1,511	1
Other transportation equipment	9	9,720	9,719	3,151
Professional, scientific, and controlling instruments	94	109,521	109,312	1,914
Engineering, laboratory, and scientific and research instruments and associated equipment	17	14,222	14,222	110
Instruments for measuring, controlling, and indicating physical characteristics	26	11,738	11,736	0
Surgical, medical, and dental instruments and supplies	45	79,544	79,336	1,804
Miscellaneous manufactured products	75	33,737	33,736	275

Footnotes at end of table.

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Table 3. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total liabilities [2]	Export receipts		
		Total qualified export receipts and nonqualified receipts [1]	Qualified export receipts from the sale of export property	Other qualified export receipts
	(53)	(54)	(55)	(56)
Electrical and electronic machinery, equipment and supplies	44,999	418,526	412,628	5,695
Electric power transmission and distribution equipment (including transformers, motors and generators)	15,495	65,512	64,901	531
Household appliances	548	42,643	42,510	133
Electric lighting and wiring equipment	12,621	64,402	64,364	37
Audio and video equipment (except communication types)	24	4,457	4,457	0
Communication equipment	1,913	18,026	17,576	329
Semiconductors, capacitors, resistors, and other electronic components	11,405	175,299	173,598	1,701
Computer and peripheral equipment	40	9,677	8,503	1,174
Other electrical and electronic machinery, equipment, and supplies	2,955	38,510	36,718	1,791
Transportation equipment	23,319	246,396	244,063	1,674
Motor vehicles and motor vehicle equipment	5,173	89,771	89,037	700
Aircraft and aircraft parts and equipment	17,156	141,137	140,078	434
Ships and nautical equipment	5	2,794	2,757	37
Other transportation equipment	984	12,694	12,190	503
Professional, scientific, and controlling instruments	18,782	205,397	200,996	4,011
Engineering, laboratory, and scientific and research instruments and associated equipment	2,035	26,301	25,759	542
Instruments for measuring, controlling, and indicating physical characteristics	314	31,172	30,882	221
Surgical, medical, and dental instruments and supplies	14,397	139,828	137,292	2,214
Miscellaneous manufactured products	2,556	79,965	78,989	800

Footnotes at end of table.

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Cost of sales and operations	Export promotion and other expenses	
		Total [1]	Export promotion expenses
	(57)	(58)	(59)
Electrical and electronic machinery, equipment and supplies	184,486	31,181	25,282
Electric power transmission and distribution equipment (including transformers, motors and generators)	41,058	7,946	7,026
Household appliances	26,014	3,387	2,748
Electric lighting and wiring equipment	42,191	7,650	4,770
Audio and video equipment (except communication types)	2,537	4	2
Communication equipment	12,313	2,007	1,726
Semiconductors, capacitors, resistors, and other electronic components	54,106	7,820	7,125
Computer and peripheral equipment	0	6	0
Other electrical and electronic machinery, equipment, and supplies	6,297	2,362	1,884
Transportation equipment	120,743	27,865	21,815
Motor vehicles and motor vehicle equipment	25,540	5,864	3,303
Aircraft and aircraft parts and equipment	94,549	21,952	18,463
Ships and nautical equipment	264	48	48
Other transportation equipment	390	1	1
Professional, scientific, and controlling instruments	70,937	19,265	14,771
Engineering, laboratory, and scientific and research instruments and associated equipment	476	2,341	2,247
Instruments for measuring, controlling, and indicating physical characteristics	2,995	1,172	1,049
Surgical, medical, and dental instruments and supplies	66,169	14,061	11,223
Miscellaneous manufactured products	16,863	3,565	3,059

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Net income (less deficit)		
	Total	Net income	Deficit
	(60)	(61)	(62)
Electrical and electronic machinery, equipment and supplies	202,859	203,979	-1,120
Electric power transmission and distribution equipment (including transformers, motors and generators)	16,508	17,528	-1,020
Household appliances	13,243	13,243	0
Electric lighting and wiring equipment	14,561	14,561	0
Audio and video equipment (except communication types)	1,916	1,917	-1
Communication equipment	3,707	3,707	0
Semiconductors, capacitors, resistors, and other electronic components	113,373	113,470	-98
Computer and peripheral equipment	9,671	9,671	0
Other electrical and electronic machinery, equipment, and supplies	29,881	29,882	-1
Transportation equipment	97,788	98,085	-297
Motor vehicles and motor vehicle equipment	58,367	58,637	-270
Aircraft and aircraft parts and equipment	24,637	24,663	-26
Ships and nautical equipment	2,481	2,482	-1
Other transportation equipment	12,303	12,303	0
Professional, scientific, and controlling instruments	115,195	115,757	-562
Engineering, laboratory, and scientific and research instruments and associated equipment	23,485	23,487	-2
Instruments for measuring, controlling, and indicating physical characteristics	27,005	27,009	-4
Surgical, medical, and dental instruments and supplies	59,598	59,665	-68
Miscellaneous manufactured products	59,536	59,777	-241

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC–DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC–DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Taxable income			
	Total	Selected independent computations of taxable income		
		Portion attributable to excess qualified export receipts	Adjusted IC–DISC income subject to deferral computation	Current-year tax-deferred income
	(63)	(64)	(65)	(66)
Electrical and electronic machinery, equipment and supplies	202,640	67,202	134,780	136,909
Electric power transmission and distribution equipment (including transformers, motors and generators)	16,440	6,108	11,281	11,195
Household appliances	13,243	6,786	6,457	8,758
Electric lighting and wiring equipment	14,561	2,758	11,803	11,767
Audio and video equipment (except communication types)	1,916	912	1,004	1,004
Communication equipment	3,600	250	3,110	3,099
Semiconductors, capacitors, resistors, and other electronic components	113,328	39,318	72,951	72,912
Computer and peripheral equipment	9,671	3,388	6,283	6,283
Other electrical and electronic machinery, equipment, and supplies	29,881	7,681	21,891	21,891
Transportation equipment	97,557	46,681	49,864	55,770
Motor vehicles and motor vehicle equipment	58,135	35,020	23,253	28,328
Aircraft and aircraft parts and equipment	24,637	5,749	17,739	18,623
Ships and nautical equipment	2,481	975	1,507	1,507
Other transportation equipment	12,303	4,937	7,365	7,311
Professional, scientific, and controlling instruments	115,195	58,515	56,447	56,938
Engineering, laboratory, and scientific and research instruments and associated equipment	23,485	6,976	16,335	16,302
Instruments for measuring, controlling, and indicating physical characteristics	27,005	15,188	11,693	12,516
Surgical, medical, and dental instruments and supplies	59,598	34,577	24,605	24,309
Miscellaneous manufactured products	59,426	24,696	34,740	34,720

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Total amount deemed distributed	Tax-deferred IC-DISC income reported to shareholders	Actual distributions to shareholders
	(67)	(68)	(69)
Electrical and electronic machinery, equipment and supplies	66,850	104,050	195,762
Electric power transmission and distribution equipment (including transformers, motors and generators)	6,266	10,763	14,978
Household appliances	4,485	21,952	6,461
Electric lighting and wiring equipment	2,794	6,061	12,476
Audio and video equipment (except communication types)	912	329	1,141
Communication equipment	501	12,451	2,265
Semiconductors, capacitors, resistors, and other electronic components	40,514	44,370	110,782
Computer and peripheral equipment	3,388	489	9,779
Other electrical and electronic machinery, equipment, and supplies	7,991	7,635	37,879
Transportation equipment	42,084	53,080	114,523
Motor vehicles and motor vehicle equipment	30,078	22,404	74,245
Aircraft and aircraft parts and equipment	6,040	22,692	24,604
Ships and nautical equipment	975	936	1,865
Other transportation equipment	4,991	7,048	13,810
Professional, scientific, and controlling instruments	58,819	71,982	136,182
Engineering, laboratory, and scientific and research instruments and associated equipment	7,184	6,311	30,540
Instruments for measuring, controlling, and indicating physical characteristics	14,493	10,219	27,160
Surgical, medical, and dental instruments and supplies	35,356	51,689	71,074
Miscellaneous manufactured products	24,947	20,209	70,713

Footnotes at end of table.

Interest-Charge Domestic International Sales Corporations, Tax Years 2004, 2005, and 2006

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Table 3. Active IC-DISC Returns: Assets, Receipts, Deductions, Income and Total Export Gross Receipts of IC-DISCs and Related U.S. Persons, by Selected Major and Minor Product or Service Group, Tax Year 2006—Continued

[Money amounts in thousands of dollars]

Selected major and minor product or service	Current-year total export gross receipts of IC-DISCs and related U.S. persons		
	Total	IC-DISCs	Related U.S. persons
	(70)	(71)	(72)
Electrical and electronic machinery, equipment and supplies	1,771,524	1,767,967	3,557
Electric power transmission and distribution equipment (including transformers, motors and generators)	214,029	212,871	1,158
Household appliances	153,037	153,037	0
Electric lighting and wiring equipment	214,958	214,958	0
Audio and video equipment (except communication types)	29,278	29,278	0
Communication equipment	52,276	52,276	0
Semiconductors, capacitors, resistors, and other electronic components	789,866	789,866	0
Computer and peripheral equipment	59,000	56,601	2,399
Other electrical and electronic machinery, equipment, and supplies	259,080	259,080	0
Transportation equipment	1,387,873	1,365,430	22,444
Motor vehicles and motor vehicle equipment	917,392	894,984	22,408
Aircraft and aircraft parts and equipment	279,358	279,358	0
Ships and nautical equipment	60,198	60,198	0
Other transportation equipment	130,925	130,889	36
Professional, scientific, and controlling instruments	1,017,684	954,285	63,400
Engineering, laboratory, and scientific and research instruments and associated equipment	230,359	166,959	63,400
Instruments for measuring, controlling, and indicating physical characteristics	274,034	274,034	0
Surgical, medical, and dental instruments and supplies	452,725	452,725	0
Miscellaneous manufactured products	720,094	720,094	0

[1] Includes items not shown separately.

[2] Excludes shareholder's equity accounts.

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

SOI Sampling Methodology and Data Limitations

This article 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. More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

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 such criteria as: industry, presence or absence of a tax form or schedule, and various income factors or other measures of economic size (such as total assets, total receipts, size of gift, and size of estate). 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 incidence of fiscal (noncalendar) year reporting and extensions of filing time. 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 those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return's selection 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 pro-

cessing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files 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 TINs designated 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 year's 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 one 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 computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns, outliers, or trimming weights. Weights are used to adjust for the various sampling rates used, relative to the population—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 "poststrata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these poststrata using additional population counts. The data on each sample return in a stratum are then multiplied by that weight. To produce the tabulated estimates, the

Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.

SOI Sampling Methodology and Data Limitations

In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.

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 percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV 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 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible

samples similarly selected. 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.)

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

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 and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items 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 by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose, or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data reported on sampled returns

SOI Sampling Methodology and Data Limitations

and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, through a published errata.

Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A zero, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a zero indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

Public Release of SOI Information

Goals for Public Release of SOI Information

Statistics of Income program and year	End of tax year	Close of filing period—		Close of sampling period	Tentative release date for final data
		Regular	With extensions of time		
	(1)	(2)	(3)	(4)	(5)
Individual income tax returns:					
2007	December 2007	April 2008	October 2008	December 2008	August 2009
2008	December 2008	April 2009	October 2009	December 2009	August 2010
Nonfarm sole proprietorships:					
2007	December 2007	April 2008	October 2008	December 2008	August 2009
2008	December 2008	April 2009	October 2009	December 2009	August 2010
Partnerships:					
2007	December 2007	April 2008	October 2008	December 2008	July 2009
2008	December 2008	April 2009	October 2009	December 2009	July 2010
Corporations [1]:					
2006	June 2007	September 2007	March 2008	June 2008	February 2009
2007	June 2008	September 2008	March 2009	June 2009	February 2010
Corporation foreign tax credit [2]:					
2005	June 2006	September 2006	March 2007	June 2007	October 2008
2006	June 2007	September 2007	March 2008	June 2008	October 2009
Controlled foreign corporations [2]:					
2006	June 2007	September 2007	March 2008	June 2008	October 2009
Tax-exempt organizations [3]:					
2006	November 2007	April 2008	October 2008	December 2008	August 2009
2007	November 2008	April 2009	October 2009	December 2009	August 2010
Private foundations [3]:					
2006	November 2007	April 2008	October 2008	December 2008	August 2009
2007	November 2008	April 2009	October 2009	December 2009	August 2010
Tax-exempt organization unrelated business income [3]:					
2006	November 2007	April 2008	October 2008	December 2008	October 2009
2007	November 2008	April 2009	October 2009	December 2009	October 2010
Estate tax returns:					
2008	[4]	[4]	[4]	December 2008	October 2009
2009	[4]	[4]	[4]	December 2009	October 2010
Split-interest trusts:					
2008	[5]	[5]	[5]	December 2008	October 2009
2009	[5]	[5]	[5]	December 2009	October 2010
Gift tax returns:					
2008	[4]	[4]	[4]	December 2008	October 2009
2009	[4]	[4]	[4]	December 2009	October 2010
Nonresident alien estate tax returns:					
2007	[4]	[4]	[4]	December 2008	June 2009
2009	[4]	[4]	[4]	December 2009	June 2010
Fiduciary extracts:					
2008	[5]	[5]	[5]	December 2008	October 2009
2009	[5]	[5]	[5]	December 2009	October 2010
Tax-exempt bonds:					
2007	[6]	[6]	[6]	December 2008	May 2009
2008	[6]	[6]	[6]	December 2009	May 2010

[1] Corporation statistics for 2005 represent accounting periods ended July 2005 through June 2006. Study Year 2006 is similarly defined.

[2] Data for 2005 represent accounting periods ending July 2005 through June 2006. Data for Study Year 2006 are similarly defined.

[3] Data for 2006 represent tax years ending between December 2006 and November 2007. Study Year 2007 is similarly defined.

[4] Estate and gift tax data are processed on a filing-year, rather than on a year-of-death or gift-year (tax-year) basis. At a later stage (not shown here), filing years are combined by year of death or gift year, respectively.

[5] Split-interest trust and fiduciary income tax statistics are processed on a filing-year rather than a tax-year basis.

[6] Tax-exempt private activity governmental bond statistics are collected annually based on issue year. Arbitrage rebate and penalty studies are conducted biennially, for tax years ending in odd numbers.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Projects*	Primary Analysts	Frequency and Program Content
Americans Living Abroad: 2006 Program	Scott Hollenbeck Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.
Controlled Foreign Corporations: 2008 Program	Randy Miller	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.
Controlled Foreign Partnerships: 2008 Program	Bill States	This study provides data on activities of foreign partnerships that are controlled by U.S. corporations or partnerships. Frequency of this study has not been determined.
Corporation Foreign Tax Credit: 2007 Program 2008 Program	Lissa Costa Scott Luttrell	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.
Corporation Income Tax Returns: 2007 Program 2008 Program	Bill Rush Heather Parisi Bill Rush	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
Entity Classification Election:	John Comisky	This annual study provides data from all Entity Classification Elections, including the type of election and whether the entity is foreign or domestic.
Estate Tax: 2004-2006 Program 2007-2009 Program	Brian Raub Joseph Newcomb	This annual study provides information on a gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Also included are data on nonresident aliens who had more than \$60,000 of assets in the United States. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent year-of-death study is based on decedents who died in 2004 with returns filed in 2004-2006. The most recent data available are for returns filed in 2008.
Excise Taxes:	Ruth Schwartz	Basic data are collected and processed by three Department of the Treasury agencies: the Internal Revenue Service, the Alcohol and Tobacco Tax and Trade Bureau (formerly the Bureau of Alcohol, Tobacco, Firearms, and Explosives), and the Customs Service. Data by type of tax are shown by fiscal year for 1998-2005 and quarterly for more recent years.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Projects*	Primary Analysts	Frequency and Program Content
Foreign-Controlled Domestic Corporations: 2006 Program	James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.
Foreign Recipients of U.S. Income: 2006 Program	Scott Luttrell	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 Trusts: 2006 Program	Dan Holik	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 the trust was created, value of transfer to the trust, and year the trust was created. The most recent study is for Tax Year 2002.
Gift Tax: 2008 Program 2009 Program 2010 Program	Darien Jacobson Melissa Belvedere	This annual study provides data for type and amount of gift, information on donee, and tax computation items. Information about the donor and gift splitting is also available. Most recent data are for Filing Year 2008.
Individual Income Tax Return Public-Use File:	Victoria Bryant	Microdata on CD-ROMs are produced annually and contain detailed information obtained from the individual income tax return statistics program, with identifiable taxpayer information omitted to make the file available for public dissemination on a reimbursable basis.
Individual Income Tax Returns: 2007 Program 2008 Program 2009 Program	Maureen Keenan Kahr Scott Hollenbeck Mike Parisi	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.
Individual Income Tax Returns Special Tabulations:	Mike Parisi	Special tabulations of selected individual income, deduction, and tax data are produced on a reimbursable basis.
Interest-Charge Domestic International Sales Corporations (IC-DISCs): 2006 Program 2008 Program	Dan Holik	These corporations replaced the Domestic International Sales Corporations, or DISCs, as of 1985. Balance sheet, income statement, and export-related data are tabulated every 4 years. The most recent study is for Tax Year 2004.
International Boycott Reports: 2006 Program 2007 Program	Lissa Costa	This study 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.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Projects*	Primary Analysts	Frequency and Program Content
Migration Flow and County Income Data:	Emily Gross Kevin Pierce	Migration flow data (based on year-to-year changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis. The most recent data are for 2006-2007.
Noncash Charitable Contributions:	Janette Wilson	This study of individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deduction claimed on Form 8283, <i>Noncash Charitable Contributions</i> .
Occupation Studies:	Terry Nuriddin	This periodic study classifies individual income tax returns by occupation and contains a dictionary of occupational titles that can be used to enhance the economic data of other individual income tax return studies.
Partnership Returns of Income:	Tim Wheeler Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.
Partnership Withholding Study: 2006 Program	Scott Luttrell	This annual study provides data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.
Personal Wealth Study: 2004 Program 2007 Program	Brian Raub Joseph Newcomb	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate databases. The most recent data, for 2004, are based on returns filed from 2004 to 2006.
S Corporations: 2007 Program 2008 Program	Eurry Kim	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.
Sales of Capital Assets:	Janette Wilson	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.
Sole Proprietorships: 2007 Program 2008 Program 2009 Program	Jeff Curry Adrian Dungan	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C, <i>Profit or Loss From Business</i> , for nonfarm proprietors, classified by industry group.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Projects*	Primary Analysts	Frequency and Program Content
Split-Interest Trust Information: 2008 Program 2009 Program 2010 Program	Lisa Schreiber	This annual study provides information on charitable remainder trusts, charitable lead trusts, and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent data are for Filing Year 2008.
Tax-Exempt Bond Issues: 2007 Program 2008 Program 2009 Program	Cynthia Belmonte	This annual study provides information on private activity and Governmental bond issues by type of property financed, size of face amount, and State. The most recent data are for Issue Year 2007 public purpose bonds and private activity bonds.
Tax-Exempt Organizations (Except Private Foundations): 2006 Program 2007 Program 2008 Program	Paul Arnsberger	This annual study provides balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent data are for Tax Year 2006 returns filed in Calendar Years 2007-2008.
Tax-Exempt Organizations, (Private Foundations): 2006 Program 2007 Program 2008 Program	Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF. The most recent data are for Tax Year 2006 returns filed in Calendar Years 2007-2008.
Tax-Exempt Organizations, Unrelated Business Income: 2006 Program 2007 Program 2008 Program	Jael Jackson	This annual study provides tabulations of unrelated business income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent data are for Tax Year 2006 returns filed in Calendar Years 2007-2008.
Transactions of Foreign-Controlled Corporations:	Mark Lowe	This biennial study provides data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.
ZIP Code Area Data:	Mary Jezek	Statistics on CD-ROM show number of individual income tax returns, exemptions, and several income items by State and 5-digit ZIP Code. Data are available for 2002 and 2004-2006 on a reimbursable basis. Data for Tax Years 1998 and 2001 are also available, free of charge, on the IRS Web site: http://www.irs.gov/taxstats/article/0,,id=96947,00.html .

* Many of the data release dates are published in each issue of the *SOI Bulletin* (see "Public Release of SOI Information"). For more information about data availability for a particular project, call or fax the numbers shown at the top of the page.

SOI Products and Services

Statistics of Income (SOI) data are available in electronic formats and in print. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS)**:

Statistical Information Services (sis@irs.gov)
Statistics of Income Division
Internal Revenue Service
P.O. Box 2608 • Washington, DC 20013-2608
(202) 874-0410 • **Fax:** (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202) 622-4000.

Free Products on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including Compliance Research projections and nonprofit Master File microdata records. At present, about 10,450 files reside there.

Web site: www.irs.gov/taxstats

There is also a direct link to our Web site from FedStats, the gateway to official statistics from the Federal Government: www.fedstats.gov.

Tax Stats

On the Tax Stats Home Page, you will find the following list of topics that will lead to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

Business Tax Statistics

Corporations • International • Partnerships
Nonfarm Sole Proprietorships
S Corporations • All Topics

Charitable and Exempt Organization Statistics

Charities • Exempt Organization Master File
Private Foundations • Trusts
Tax-Exempt Bonds • All Topics

Individual Tax Statistics

Estate and Gift Tax • Individual Income
Tax • International Personal
Wealth • All Topics

Products, Publications, and Papers

SOI Bulletins • IRS Data Books
U.S. Population Migration Data • SOI Paper Series
All Topics

IRS Operations, Budget, and Compliance

Issuing Refunds • Collecting Revenue
Enforcing Laws • Assisting Taxpayers
Historical Data Tables • All Topics

Statistics by Form

706 • 709 • 990 • 990-PF • 990-T
1040 • 1041 • 1065 • 1118 • 1120
5471 • 5472 • 8038 • All Forms

Statistics of Income (SOI)

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Dissemination Policy
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All Topics

Additional Information

Tax Statistics at a Glance
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Payments for SOI Data
Questions On Tax Statistics?

Products for Sale From SOI

Many of SOI's data files are available for sale on CD-ROM or via e-mail through Statistical Information Services. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Credit and debit card payments are also accepted. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns for corporations, individuals, exempt organizations, and private foundations and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

SOI Products and Services

Corporation Income Tax Returns

Corporation Source Book

CD-ROMs containing data from the *Corporation Source Book* are available for Tax Years 1996-2003 at a cost of \$250 per year. Data from the 2004 through 2007 *Corporation Source Books* are available at no charge from the Tax Stats Web site. Data tables from the 2000 through 2007 *Source Books* are also available at no charge from the Tax Stats Web site at: www.irs.gov/taxstats/bustaxstats/article/0,,id=149687,00.html.

Individual Income Tax Returns

Individual Public-Use Microdata Files

These files include individual income tax returns for Tax Years 1960, 1962, 1964, and 1966-2005. All of the files have been edited to protect the confidentiality of individual taxpayers. Public-use files of individual income tax returns for 1960, 1962, 1964, and 1966-1991 are available for sale by writing to the Center for Electronic Records at the National Archives and Records Administration, 8601 Adelphi Road, College Park, MD 20740-6001, or by calling toll-free (866) 272-6272. Files for 1992 through 2005 are available on CD-ROM from the SOI Division. Price for the SOI microdata files is \$4,000 per year.

County-to-County Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by county for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total “adjusted gross income.” Available for Filing Years 1991-2008. Price is \$200 per year for the entire United States or \$10 per State per year for Filing Years 1991-2004. All years for the entire United States are also available for \$500. Filing Years 2005-2008 are available at no cost at www.irs.gov/taxstats. Click on “U.S. Population Migration Data.”

State-to-State Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by State for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the

number of personal exemptions (which approximates the population); and total “adjusted gross income.” Available for Filing Years 1989-2008. Price is \$50 per year for the entire United States or \$10 per State per year for Filing Years 1989-2004. Filing Years 2005-2008 are available at no cost at www.irs.gov/taxstats. Click on “U.S. Population Migration Data.”

County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989-2007 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year for Filing Years 1989-2003. Filing Years 2005-2008 are available at no cost at www.irs.gov/taxstats. Click on “U.S. Population Migration Data.”

ZIP Code Area Data

Statistics are available for Tax Years 2002 and 2004-2006 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; contributions; number of returns with Schedules C and F; and number of returns with Schedule A, by State and 5-digit ZIP Code. In addition to these items, data for Tax Year 2004-2006 also show the amount of taxable dividends; net capital gain/loss; IRA payment adjustment; self-employed pension adjustment; taxes paid deduction; alternative minimum tax; income tax before credits; earned income credit; and number of returns prepared by paid preparers. Price is \$500 for the entire United States; \$25 for a single State. Data for Tax Years 1998 and 2001 are available free on SOI’s Internet site. Go to www.irs.gov, select the **Tax Stats** option; Individual Tax Statistics; Individual Income Tax; Zip Code Data (SOI) under Data by Geographic Areas.

Tax-Exempt Organizations

Compendium of Studies of Tax-Exempt Organizations, 1989-1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in In-

ternal Revenue Code sections 501(c)(3)-(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the *Compendium* includes papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research. Available at no charge on CD-ROM.

Microdata Records for Tax Year 2006

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 16,736 Internal Revenue Code section 501(c)(3) organizations and 7,180 section 501(c)(4)-(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Microdata Records for Tax Years 1992-2005

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Private Foundations (and Charitable Trusts)

Microdata Records for Tax Year 2006

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 12,523 returns. (All returns filed by foundations with assets of \$10 million or more, as well as the population of returns filed by nonexempt charitable trusts, are included in the sample.) Microdata records contain information on revenue, expenses,

assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Microdata Records for Tax Years 1992-2005

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Publications

Statistics of Income—2007, Corporation Source Book

*Publication 1053, Price: \$175,
plus \$10 for shipping and handling*

This document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page. *Corporation Source Book* industry pages and notes for 1963 through the present are available at a cost of \$30, plus \$1 per page copying charge (free for orders under 5 pages). The complete, printed version of the *Source Book* for selected prior years, 1984-2007, is also for sale at \$175 per year, plus \$10 for shipping and handling.

Compendium of Federal Estate Tax and Personal Wealth Studies

*Publication 1773, Price: \$26,
plus \$10 for shipping and handling*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composi-

SOI Products and Services

tion of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

Products for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, **by calling (202) 512-1800, or faxing (202) 512-2250**. Credit cards are accepted. Publications may also be obtained by using the order form at the end of this *Bulletin* or writing to:

Superintendent of Documents

P.O. Box 371954
Pittsburgh, PA 15250-7954

* If you determine from the Government Printing Office that any of the following items is out of print, call **Statistical Information Services on (202) 874-0410** for assistance.

Statistics of Income—2006, Corporation Income Tax Returns

Publication 16, Stock No. 048-004-02515-9
Single copy price: \$44 International: \$61.60

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2006 through June 2007. Data are classified by industry, size of total assets, and size of business receipts

In addition, the 2006 report is available on SOI's Tax Stats Web site.

Statistics of Income—2007, Individual Income Tax Returns

Publication 1304, Stock No. 048-004-02514-1

Price: \$43 Foreign: \$60.20

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2007 than those published earlier in the *SOI Bulletin*.

Presents information on:

- sources of income
- exemptions
- itemized deductions
- tax computations

Classifies data by:

- size of adjusted gross income
- marital status
- type of tax computation
- age

IRS Data Book, 2008

Annually, Publication 55B, Stock No. 048-004-02501-9

Price: \$13.50 International: \$18.90

This volume pertains to Fiscal Year (FY) 2008—October 1, 2007, through September 30, 2008. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, the IRS budget and workforce, and other selected activities. The FY 2009 issue of the Data Book will be available in late March 2010.

Statistics of Income Bulletin

Quarterly, Publication 1136, Stock No. 748-005-00000-5

Subscription price: \$67 International: \$93.80

Single copy price: \$44 International: \$61.60

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