

IRS



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Tel. 202.622.4000

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WINTER 2000-2001 STATISTICS OF INCOME BULLETIN INCLUDES DETAILS ON FILINGS, HIGH-INCOME TAXPAYERS AND ESTATES

WASHINGTON—The Internal Revenue Service today announced the release of the Winter 2000-2001 issue of the *Statistics of Income Bulletin*. According to the most recent projections, a grand total of 232.5 million tax returns will be filed this year. This number is expected to increase by 1.8 percent annually through 2007, when filings should reach 258.1 million.

An article in the Bulletin presents an analysis of high-income individual income tax returns for tax year 1998. It shows that there were 2,085,211 returns with adjusted gross income of \$200,000 or more for that year, which was 15.3 percent more than for 1997. Of these, 1,467 (0.07 percent) showed no U.S. income tax liability, compared to 1,189 (0.066 percent) the year before. This was due to a combination of allowable adjustments to income, as well as deductions and credits against tax. Overall, though, a large proportion of high-income taxpayers were subject to tax on a major share of total income. For example, the tax on 47.0 percent of the returns was 25 percent or more of adjusted gross income. The 1998 statistics on high-income taxpayers are, however, based on returns not yet subject to IRS examination.

Another article presents results from the first of an annual series of studies of charitable remainder trusts, one of the three main types of split interest trusts. Of the 85,060 information returns filed by charitable remainder trusts for 1998, 76.3 percent were filed by charitable remainder unitrusts, and the remaining 23.7 percent were filed by charitable remainder annuity trusts. These unitrusts reported total assets at a fair market value of over \$64.3 billion, earned \$1.8 billion in ordinary income, received \$8.2 billion in total net capital gains, and distributed over \$4.4 billion to beneficiaries. The annuity trusts reported net ordinary income of \$0.3 billion, total net capital gains of \$0.9 billion, and distributions of \$0.7 billion.

A different article reports that the number of returns filed for estates and trusts for income tax purposes from Tax Year 1977 to 1997 doubled from 1.7 million returns to 3.4 million returns, which may have been due in part to such factors as increased popularity of trusts in estate planning, growth in the population, and personal wealth accumulation. The 3.4 million returns reported almost \$90.9 billion in aggregate gross income and over \$12.2 billion in total tax liability for 1997. Capital gains represented the largest single source of income for estates and trusts, totaling \$47.9 billion, or 52.7 percent of aggregate gross income. On the other hand, distributions to beneficiaries accounted for the largest share of total deductions, 64.7 percent, totaling \$33.1 billion.

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The *Bulletin* further reports that according to the 1992 Estate Post-Audit Study, Statistics of Income's first post-audit analysis of any federal tax return, overall tax liability for estates increased by \$560 million as a result of audit, an increase of only 5.5 percent of the reported, pre-audit total tax liability for 1992. Most estate tax audit cases, 60.1 percent, were closed with additional tax owed; 21.0 percent were closed with a tax reduction; and 18.9 percent were closed with no change in reported net estate tax. However, audits of estates only slightly increase net estate tax revenue for a filing year; and married decedents' estates are just as likely as not to pay additional tax due to audit.

The federal excise tax on gasoline, currently 18.4 cents a gallon, has generated over \$20 billion per year in tax revenue since 1997. This figure is 170 times the amount generated in 1933, the first year of the tax. Most of the revenue is distributed through the Highway Account and the Mass Transit Account of the Highway Trust Fund, and portions of it are used to reduce the federal budget deficit.

A final article deals with the 1,328 international boycott reports filed in 1997 and the 1,273 filed in 1998. In both years, corporations filed 92 percent of the reports, partnerships filed 6 percent; and trusts or individuals filed the remainder.

The *Bulletin* also includes historical data on income, deductions, and tax reported on returns filed by individuals, corporations and unincorporated businesses, with selected data presented for estates. Statistics are also presented on tax collections and refunds for recent years.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$35 (\$43.75 foreign), single issues cost \$22 (\$27.50 foreign).

For more information about these data, write the Acting Director, Statistics of Income (SOI) Division, N:ADC:R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608, check the World Wide Web at www.irs.gov/tax_stats, or telephone the SOI statistical information services office at (202) 874-0410, by fax, (202) 874-0964.

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Editor's note: See attached *Statistics of Income Bulletin* order form.