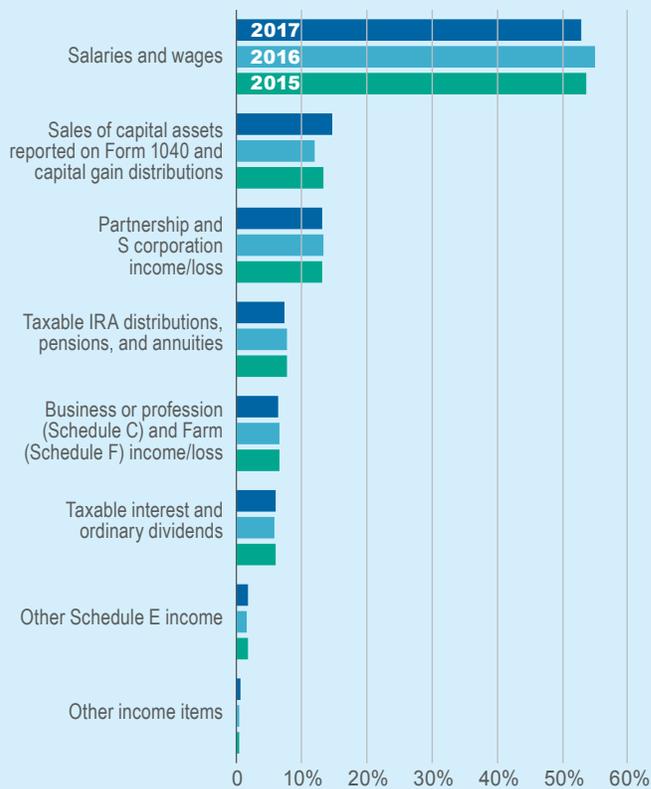


Individual Income Tax Returns with Small Business Income and Losses, Tax Years 2015–2017

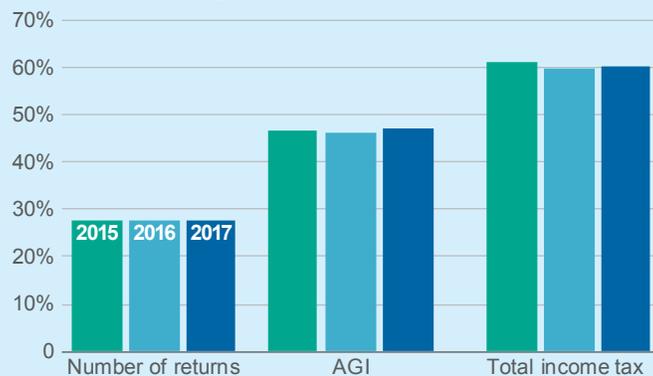


The IRS Statistics of Income (SOI) Division has recently made available on SOI's Tax Stats Web Page new tabulations for individual returns that contain small business income or losses. These include income from Schedule C, *Profit or Loss from Business*, Schedule E, *Supplemental Income or Loss*, and Schedule F, *Profit or Loss from Farming*.

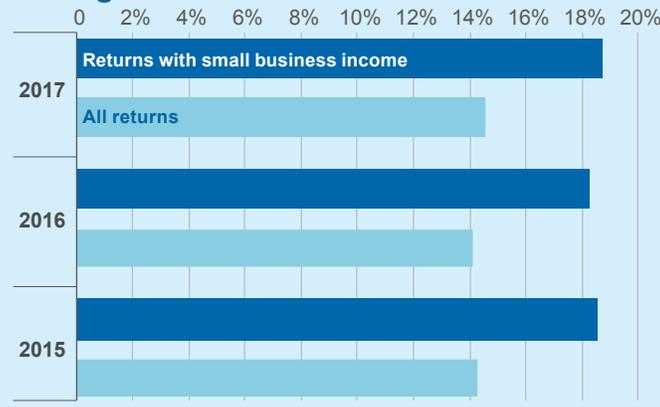
Income Items as a Percentage of Adjusted Gross Income for Returns with Small Business Income



Returns with Small Business Income as a Percentage of All Returns



Average Tax Rate



Highlights of the Data

- For 2017, nearly 28 percent of all individual income tax returns (42.3 million returns) had some small business income and/or losses. This was a small increase from both 2015 and 2016 (27.5%).
- These taxpayers reported 47.1 percent of total adjusted gross income (AGI) and paid 60.4 percent of income tax. Similar percentages were reported for 2015 and 2016.
- For 2017, average AGI for returns with small businesses was \$122,414 vs. \$72,006 average AGI for all returns. Both were increases from 2015 (\$115,900 vs. \$67,846) and 2016 (\$114,274 vs. \$68,049).
- For 2017, salaries and wages were the largest source of income for small businesses (52.8%), a decline from 2015 (53.7%) and 2016 (55.0%). In contrast, wages represented 68.8 percent of AGI for the overall tax return population for 2017.
- For 2017, net income less losses from Schedules C, E and F totaled \$1.1 trillion (21.1% of AGI for returns with these schedules). Similarly, this income was \$1.0 trillion for 2015 and 2016.
- In each of the three years, the largest portion of small business income came from partnership/S corporation income less losses. For 2017, it was \$680.3 billion (13.1% of AGI); for 2015, it was \$628.7 billion; and \$629.0 billion for 2016.
- For 2017, the average tax rate for returns with small business income or losses was appreciably higher (18.7%) than the overall rate for individual tax returns (14.6%).

