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**Statistics of Income**

# SOI Bulletin

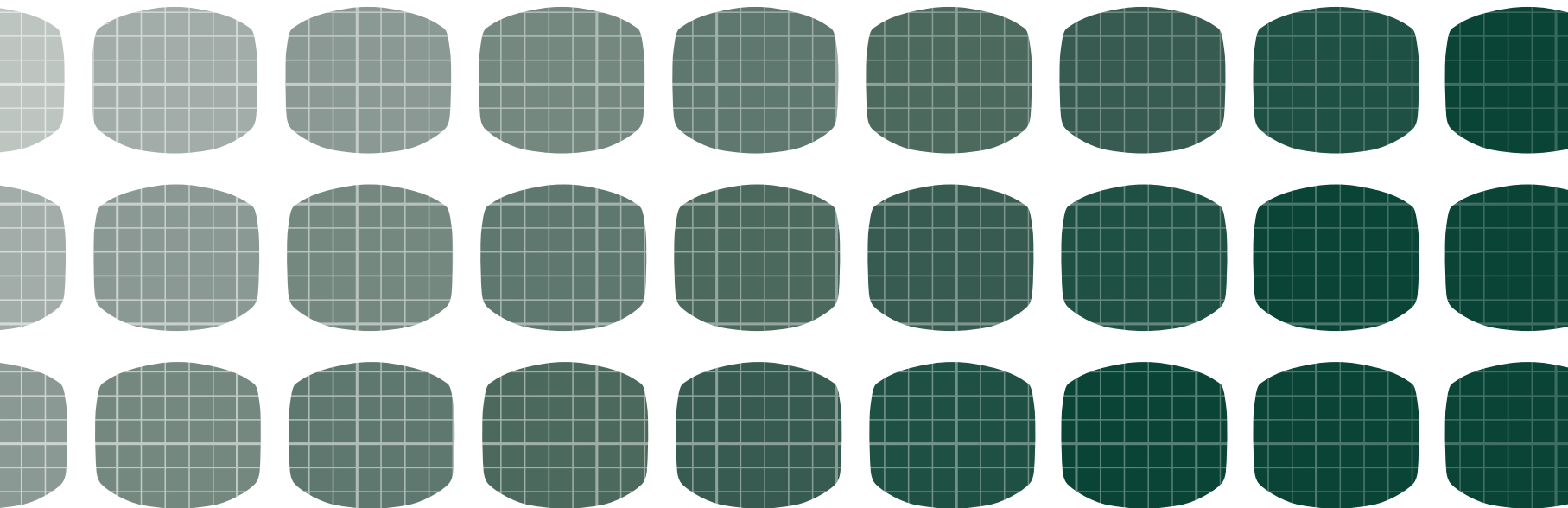
**Winter 2014**

Volume 33, Number 3

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# SOI BULLETIN

*A Quarterly Statistics of Income Report*

**Volume 33, Number 3**

The *Statistics of Income (SOI) Bulletin* is issued quarterly by the Statistics of Income Division of the Internal Revenue Service. The report provides the earliest published annual financial statistics obtained from the various types of tax and information returns filed, as well as information from periodic or special analytical studies of particular interest to students of the U.S. tax system, tax policymakers, and tax administrators. Selected historical and other data tables, previously published in every issue of the *SOI Bulletin*, now are published only on the IRS Website ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)).

Information on the availability of supplemental data on the topics included in this issue, special tabulations undertaken on a reimbursable basis, or other SOI subjects, may be obtained by telephoning the SOI's Statistical Information Services (202-803-9285), or by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, 1111 Constitution Avenue, NW, K-Room 4112, Washington, D.C. 20224.

The *SOI Bulletin* is prepared under the direction of Wayne Kei, Chief, Communications and Data Dissemination Section. Paul Bastuscheck (layout and graphics), Clay Moulton (layout and graphics), Lisa Smith (layout and graphics editor), Camille Swick (layout and graphics), and Georgette Walsh (writer/editor) are the editorial staff who prepare the manuscript. Jim Hobbs, Emily Gross, and Beth Kilss also made major contributions in the production of this issue. Views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department or the Internal Revenue Service.

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# Inside this Issue

## Individual Income Tax Returns, Preliminary Data, 2012

by Michael Parisi

For Tax Year 2012, taxpayers filed 144.9 million U.S. individual income tax returns, a decrease of 0.4 percent from the 145.6 million returns filed for Tax Year 2011. This decrease occurred because of the large decline in returns filed by taxpayers in the smaller adjusted gross income (AGI) classifications. The largest decrease (3.9 percent) was a 1.5 million change in the number of returns with an AGI of under \$15,000. Some of this was made up by an increase in the number of returns for all AGI classifications \$50,000 or greater, with the largest increase (14.9 percent) being a 445.9 thousand change in the number of returns filed with AGI's of \$250,000 and over. Despite the decrease in number of returns, adjusted gross income and several other notable items showed significant increases in 2012. AGI increased 9.0 percent from 2011 to \$9.0 trillion for 2012. This was the largest year-to-year percentage increase in AGI since a 9.2-percent increase from 1996 to 1997. Taxable income increased 11.6 percent to \$6.4 trillion; total income tax increased 14.9 percent to \$1.2 trillion; and total tax liability increased 14.5 percent to \$1.2 trillion. Along with the rise in income and other taxes, the alternative minimum tax rose 7.8 percent to \$29.1 billion for 2012.

## Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

by Janette Wilson and Pearson Liddell

The IRS Statistics of Income (SOI) Division collects data on the sales of capital assets to identify trends in the capital gains and losses reported on individual tax returns. In 1999, SOI began a panel study of individual taxpayers to measure the trends in taxes and income, including capital gains and losses, at different points in time. SOI designed the panel sample to represent all Tax Year 1999 returns, including late returns. This article presents information on the capital gains reported in Tax Years 2004 to 2007 for the panel of taxpayers selected in Tax Year 1999. It also reports capital gains for cross sections of individual taxpayers for Tax Years 2004 through 2007.

Net gains less losses of those taxpayers in the 1999-based Sales of Capital Assets (SOCA) Panel increased \$420.2 billion (or 84.7 percent), from \$496.3 billion in 2004 to \$916.5 billion in 2007. During this same period, capital gains rose 69.2 percent, from \$654.3 billion to

\$1.1 trillion. Long-term gains made up the majority of these gains, increasing more than 70 percent, from \$576.5 billion to \$989.4 billion. Short-term gains also increased significantly, rising 51.2 percent, from \$77.8 billion to \$117.6 billion. For all 4 years of the study, taxpayers realized the most combined short- and long-term net gains less losses from passthrough entities (partnerships, S corporations, and fiduciaries), followed by sales of corporate stock. Passthrough net gains less losses grew from \$176.3 billion in 2004 to \$351.0 billion in 2007. Net gains less losses from sales of corporate stock increased 109.4 percent during this period, from \$137.6 billion to \$288.1 billion.

## Split-Interest Trusts, Filing Year 2012

by Lisa S. Rosenmerkel

The number of Forms 5227 filed with the IRS has consistently declined in recent years. Preparers filed 113,688 Forms 5227 with the IRS in Filing Year 2012, a 3.4-percent decline from Filing Year 2011. While the number of filings declined for all types, charitable remainder trusts continued to be the most common split-interest trust, accounting for 93 percent of returns filed for the year.

Income received by trusts is divided into three income categories for reporting purposes: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types. Overall, total end-of-year assets, which include cash, receivables, and investments, reported for split-interest trusts increased only slightly, by 1 percent, between 2011 and 2012. In contrast, liabilities increased by 24 percent, to \$2.2 billion.

Trustees for all split-interest trusts must report any trust distributions of principal or income for charitable purposes on Form 5227. As in prior years, split-interest trusts made distributions of principal more frequently and in larger dollar amounts than distributions of income. Some 16,500 distributions of principal totaling \$2.5 billion were made to charities in Filing Year 2012. Trustees made 15,580 distributions of income in 2012. The amount of distributions increased by more than \$1 billion or 126.2 percent, to \$1,793.7 billion between 2011 and 2012. Charities related to public or societal benefit received the largest amount and the greatest number of distributions of income and principal from split-interest trusts in 2012.

In 2012, split-interest trusts reported asset contributions of more than \$5.2 billion, an increase of 74 percent

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over 2011. Cash and money market accounts comprised 51 percent of the value of all asset contributions.

### Nonprofit Charitable Organizations, 2010

by Paul Arnsberger

Nonprofit charitable organizations exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3) filed 269,474 Forms 990 and 990-EZ and reported \$2.9 trillion in assets for Tax Year 2010, an increase of 9 percent from the previous year. These organizations reported \$1.6 trillion in total revenue, nearly three-quarters (\$1.2 trillion) of which came from program services, and \$1.5 trillion in expenses.

### In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the spring 2014 issue of the *Statistics of Income Bulletin*, scheduled to be published in May 2014:

- Individual income tax rates and tax shares, 2011;
- High-income tax returns, 2011;
- Individual foreign-earned income and foreign tax credit, 2011;
- Exempt organizations unrelated business income taxes, 2010;
- Municipal bonds, 2011; and
- Large nonoperating foundations panel, Tax Year 1998–2010

# Individual Income Tax Returns, Preliminary Data, 2012

by Michael Parisi

**F**or Tax Year 2012, taxpayers filed 144.9 million U.S. individual income tax returns, a decrease of 0.4 percent from the 145.6 million returns filed for Tax Year 2011. This decrease occurred because of the large decline in returns filed by taxpayers in the smaller adjusted gross income (AGI) classifications. The largest decrease (3.9 percent) was a 1.5 million change in the number of returns with an AGI of under \$15,000 (Figure A). Some of this was made up by an increase in the number of returns for all AGI classifications \$50,000 or greater, with the largest increase (14.9 percent) being a 445.9 thousand change in the number of returns filed with AGI's of \$250,000 and over. Despite the decrease in number of returns, adjusted gross income and several other notable items showed significant increases in 2012. AGI increased 9.0 percent from 2011 to \$9.0 trillion for

2012. This was the largest year-to-year percentage increase in AGI since a 9.2-percent increase from 1996 to 1997.<sup>1</sup> Taxable income increased 11.6 percent to \$6.4 trillion; total income tax increased 14.9 percent to \$1.2 trillion; and total tax liability increased 14.5 percent to \$1.2 trillion. Along with the rise in income and other taxes, the alternative minimum tax rose 7.8 percent to \$29.1 billion for 2012.

## Adjusted Gross Income

A number of key components contributed to the growth in AGI between 2011 and 2012 (Figure B). Net capital gains showed the largest increase, rising 60.4 percent from \$310.9 billion in 2011 to \$498.7 billion in 2012. One part of this, capital gain distributions, rose 30.0 percent from \$13.6 billion to \$17.6 billion. The largest component of AGI, salaries and wages, increased 4.8 percent from \$6,161.5 billion to \$6,457.0 billion. The second largest component of AGI, taxable pensions and annuities, increased 5.6 percent over the same period, from \$590.4 billion in 2011 to \$623.3 billion in 2012. Other items related to retirement also showed increases, with taxable Social Security benefits rising by 10.7 percent and taxable Individual Retirement Arrangement (IRA) distributions increasing by 5.9 percent. Increases in net income less losses associated with businesses were reported for Tax Year 2012 by partnerships and S corporations (up 28.6 percent) and sole proprietorships (businesses or professions) (up 6.5 percent). Another key component of AGI that increased between 2011 and 2012 was ordinary dividends, up 39.8 percent to \$237.0 billion. In comparison, two major components of income decreased for the year. Taxable interest declined 8.9 percent to \$89.6 billion and taxable unemployment compensation dropped 22.9 percent to \$71.5 billion. The number of tax returns reporting taxable unemployment compensation was also down, decreasing 14.0 percent to 11.4 million returns.

## Adjustments

Statutory adjustments to total income increased 7.6 percent to \$129.4 billion for Tax Year 2012. The largest statutory adjustment was the deduction for the self-employment tax, which increased 6.0 percent from \$24.1 billion to \$25.6 billion (see Changes in the Law). The self-employment health insurance deduction grew to \$23.1 billion, a 4.3-percent increase. Payments to self-employed retirement (Keogh) plans rose 9.1 percent to \$19.2 billion, while payments to IRAs increased 7.0 percent to \$12.0 billion. Other adjustments that increased

**Figure A**

### Individual Income Tax Returns, Preliminary Data: Number of Returns, Classified by Adjusted Gross Income, Tax Years 2011 and 2012

[All figures are estimates based on samples]

Item	All returns	Size of adjusted gross income		
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000
	(1)	(2)	(3)	(4)
<b>Number of returns, total</b>				
Tax Year 2012	144,948,385	36,868,111	30,591,169	25,344,865
Tax Year 2011	145,579,530	38,350,460	31,200,606	25,524,238
Difference in number of returns	-631,145	-1,482,349	-609,437	-179,373
Percent change 2011 to 2012	-0.4	-3.9	-2.0	-0.7

Item	Size of adjusted gross income—continued			
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(5)	(6)	(7)	(8)
<b>Number of returns, total</b>				
Tax Year 2012	31,214,450	15,669,954	1,824,024	3,435,811
Tax Year 2011	30,961,024	14,820,629	1,732,611	2,989,961
Difference in number of returns	253,426	849,325	91,413	445,850
Percent change 2011 to 2012	0.8	5.7	5.3	14.9

[1] Includes returns with adjusted gross deficit.

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

Michael Parisi is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Michael Strudler, Chief, Individual Returns Research Section.

<sup>1</sup> Cruciano, Therese, "Individual Income Tax Returns, Preliminary Data, 1997," *Statistics of Income Bulletin*, Spring 1999.



# Individual Income Tax Returns, Preliminary Data, 2012

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**Figure B**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b>	<b>145,579,530</b>	<b>144,948,385</b>	<b>-0.4</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Form 1040 returns	83,962,280	83,225,812	-0.9	N/A	N/A	N/A
Form 1040A returns	38,974,100	38,607,172	-0.9	N/A	N/A	N/A
Form 1040EZ returns	22,643,149	23,115,401	2.1	N/A	N/A	N/A
Electronically filed returns [1]	120,375,055	122,266,344	1.6	N/A	N/A	N/A
<b>Adjusted gross income (less deficit)</b>	<b>145,579,530</b>	<b>144,948,385</b>	<b>-0.4</b>	<b>8,292,393,204</b>	<b>9,042,368,989</b>	<b>9.0</b>
Salaries and wages	120,317,238	120,492,304	0.1	6,161,526,961	6,457,003,190	4.8
Taxable interest	52,396,110	48,089,330	-8.2	98,356,849	89,608,695	-8.9
Tax-exempt interest [2]	5,955,446	5,951,659	-0.1	66,639,737	65,336,547	-2.0
Ordinary dividends	27,650,383	27,906,118	0.9	169,550,560	237,009,844	39.8
Qualified dividends	25,052,468	25,431,087	1.5	125,191,743	188,877,385	50.9
State income tax refunds	22,405,480	22,263,203	-0.6	25,620,717	26,051,319	1.7
Alimony received	434,418	444,118	2.2	8,201,903	8,448,328	3.0
Business or profession net income	17,317,197	17,496,924	1.0	319,286,114	338,857,446	6.1
Business or profession net loss	5,589,622	5,488,157	-1.8	52,436,123	54,633,426	4.2
Business or profession net income less loss	22,906,819	22,985,081	0.3	266,849,990	284,224,020	6.5
Net capital gain [3]	10,130,951	12,084,763	19.3	310,896,415	498,692,343	60.4
Capital gain distributions [3]	8,824,527	10,471,788	18.7	13,550,709	17,612,233	30.0
Net capital loss	11,832,163	10,446,846	-11.7	27,296,431	24,089,163	-11.7
Sales of property other than capital assets, net gain	823,930	821,888	-0.2	11,580,564	15,683,414	35.4
Sales of property other than capital assets, net loss	951,920	1,016,900	6.8	25,839,094	26,953,421	4.3
Sales of property other than capital assets net gain less loss	1,775,850	1,838,788	3.5	-14,258,530	-11,270,007	21.0
Taxable Individual Retirement Arrangement distributions	13,094,079	13,293,639	1.5	216,294,925	229,039,795	5.9
Taxable pensions and annuities	27,097,754	27,614,259	1.9	590,383,592	623,275,150	5.6
Rent and royalty net income	6,412,113	6,850,085	6.8	93,594,726	102,769,309	9.8
Rent and royalty net loss	5,674,163	5,593,094	-1.4	58,713,835	55,724,659	-5.1
Rent and royalty net income less loss	12,086,276	12,443,179	3.0	34,880,890	47,044,650	34.9
Partnership and S corporation net income	4,687,703	4,976,939	6.2	458,870,831	561,435,966	22.4
Partnership and S corporation net loss	2,480,085	2,396,092	-3.4	78,250,171	71,939,537	-8.1
Partnership and S corporation net income less loss	7,167,788	7,373,031	2.9	380,620,660	489,496,429	28.6
Estate and trust net income	514,271	542,482	5.5	18,859,988	21,918,998	16.2
Estate and trust net loss	44,852	52,475	17.0	1,120,181	1,498,986	33.8
Estate and trust net income less loss	559,123	594,957	6.4	17,739,807	20,420,012	15.1
Farm net income	613,864	607,335	-1.1	16,383,985	20,856,330	27.3
Farm net loss	1,266,450	1,238,006	-2.2	23,494,561	25,913,372	10.3
Unemployment compensation	13,304,580	11,447,661	-14.0	92,709,719	71,504,641	-22.9
Taxable Social Security benefits	16,890,909	17,873,905	5.8	202,974,835	224,680,535	10.7
<b>Total statutory adjustments</b>	<b>35,713,497</b>	<b>36,411,069</b>	<b>2.0</b>	<b>120,286,462</b>	<b>129,374,193</b>	<b>7.6</b>
Educator expenses	3,879,653	3,845,402	-0.9	976,767	972,449	-0.4
Certain business expenses of reservists, performing artists, and fee-basis government officials	149,474	142,647	-4.6	518,382	518,442	[9]
Payments to an Individual Retirement Arrangement	2,616,065	2,614,633	-0.1	11,255,268	12,048,729	7.0
Student loan interest deduction	10,183,878	10,862,522	6.7	9,826,305	10,785,546	9.8
Tuition and fees deduction	1,957,339	2,137,596	9.2	4,357,612	4,736,807	8.7
Health savings account deduction	981,452	1,048,888	6.9	2,934,461	3,199,728	9.0
Moving expenses adjustment	1,024,723	1,122,840	9.6	4,170,682	3,010,491	-27.8
Self-employment tax deduction	18,077,044	18,414,088	1.9	24,112,872	25,564,221	6.0

Footnotes at end of figure.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Figure B—Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012—Continued

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Self-employed health insurance deduction	3,569,236	3,597,414	0.8	22,114,796	23,055,702	4.3
Payments to a self-employed retirement (Keogh) plan	869,952	879,760	1.1	17,621,794	19,217,028	9.1
Penalty on early withdrawal of savings	1,061,787	766,014	-27.9	2,089,469	432,195	-79.3
Alimony paid	583,132	621,760	6.6	10,339,024	12,562,610	21.5
Domestic production activities deduction	616,344	616,624	[9]	8,447,895	11,005,522	30.3
Other adjustments [4]	144,280	146,398	1.5	1,412,611	2,125,773	50.5
<b>Total exemptions [5]</b>	<b>290,959,379</b>	<b>289,036,404</b>	<b>-0.7</b>	<b>1,076,128,195</b>	<b>1,097,471,129</b>	<b>2.0</b>
<b>Total deductions</b>	<b>143,239,893</b>	<b>142,928,574</b>	<b>-0.2</b>	<b>1,940,352,305</b>	<b>1,986,486,031</b>	<b>2.4</b>
<b>Total standard deduction [6]</b>	<b>97,014,844</b>	<b>97,469,156</b>	<b>0.5</b>	<b>774,073,808</b>	<b>802,096,115</b>	<b>3.6</b>
Basic standard deduction	97,014,844	97,469,156	0.5	751,058,261	778,168,926	3.6
Additional standard deduction	13,330,220	13,806,281	3.6	22,985,385	23,904,241	4.0
<b>Total itemized deductions</b>	<b>46,225,049</b>	<b>45,459,418</b>	<b>-1.7</b>	<b>1,166,278,497</b>	<b>1,184,389,916</b>	<b>1.6</b>
Medical and dental expenses deduction	10,300,929	10,142,326	-1.5	82,154,035	83,098,999	1.2
Taxes paid deduction	45,904,067	45,127,804	-1.7	450,763,322	473,288,959	5.0
State and local income taxes [7]	44,545,480	43,822,192	-1.6	270,951,014	293,174,713	8.2
Income taxes	33,964,669	33,639,690	-1.0	255,171,898	277,075,934	8.6
General sales taxes	10,580,811	10,182,502	-3.8	15,779,117	16,098,779	2.0
Interest paid deduction	36,458,783	35,289,035	-3.2	371,622,696	340,989,032	-8.2
Total home mortgage interest deduction	35,971,926	34,766,623	-3.4	358,774,706	326,286,141	-9.1
Charitable contributions deduction	37,858,203	37,392,661	-1.2	160,336,603	179,059,057	11.7
<b>Taxable income</b>	<b>108,893,638</b>	<b>109,144,308</b>	<b>0.2</b>	<b>5,695,765,605</b>	<b>6,356,630,161</b>	<b>11.6</b>
Alternative minimum tax	4,292,149	4,250,567	-1.0	27,021,186	29,120,958	7.8
<b>Income tax before credits</b>	<b>107,963,513</b>	<b>108,306,174</b>	<b>0.3</b>	<b>1,107,934,134</b>	<b>1,263,297,489</b>	<b>14.0</b>
<b>Total tax credits [8]</b>	<b>49,857,151</b>	<b>47,638,258</b>	<b>-4.5</b>	<b>70,450,947</b>	<b>71,727,671</b>	<b>1.8</b>
Child care credit	6,425,683	6,422,373	-0.1	3,482,560	3,457,717	-0.7
Credit for the elderly or disabled	115,374	65,050	-43.6	16,623	8,860	-46.7
Child tax credit	23,308,358	23,049,023	-1.1	28,295,971	27,932,433	-1.3
Education tax credits	12,233,236	10,220,402	-16.5	12,572,522	10,701,456	-14.9
Retirement savings contributions credit	6,504,841	6,998,725	7.6	1,140,959	1,220,809	7.0
Residential energy credits	3,722,744	2,274,929	-38.9	1,709,046	1,269,568	-25.7
Foreign tax credit	6,898,513	7,110,374	3.1	13,485,943	18,044,839	33.8
General business credit	428,063	397,768	-7.1	1,842,613	1,901,495	3.2
Prior-year minimum tax credit	239,841	248,990	3.8	545,769	795,932	45.8
<b>Total earned income credit (EIC)</b>	<b>28,314,220</b>	<b>28,185,550</b>	<b>-0.5</b>	<b>64,411,121</b>	<b>65,408,702</b>	<b>1.5</b>
EIC used to offset income tax before credits	3,761,542	4,189,432	11.4	1,099,646	1,229,492	11.8
EIC used to offset other taxes	6,871,375	6,879,942	0.1	6,690,796	6,880,453	2.8
EIC refundable portion	25,044,745	24,733,068	-1.2	56,620,678	57,298,757	1.2
<b>Total refundable American Opportunity Credit</b>	<b>13,016,424</b>	<b>10,140,770</b>	<b>-22.1</b>	<b>11,690,654</b>	<b>8,969,989</b>	<b>-23.3</b>
Refundable American Opportunity Credit used to offset income tax before credits	6,007,342	5,151,321	-14.2	4,727,606	4,099,742	-13.3
Refundable American Opportunity Credit used to offset other taxes	603,649	524,257	-13.2	298,149	271,134	-9.1
Refundable American Opportunity Credit refundable portion	7,743,406	5,468,814	-29.4	6,664,899	4,599,113	-31.0
<b>Total additional child tax credit</b>	<b>21,520,041</b>	<b>20,823,664</b>	<b>-3.2</b>	<b>29,040,027</b>	<b>28,099,060</b>	<b>-3.2</b>
Additional child tax credit used to offset other taxes	1,170,200	1,202,326	2.7	1,074,599	1,146,809	6.7
Additional child tax credit refundable portion	20,878,669	20,131,010	-3.6	27,965,428	26,952,251	-3.6

Footnotes at end of figure.

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## Figure B—Continued

### Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012—Continued

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total Regulated Investment Company credit</b>	<b>155,710</b>	<b>30,765</b>	<b>-80.2</b>	<b>1,325,540</b>	<b>143,196</b>	<b>-89.2</b>
Regulated Investment Company credit used to offset income tax before credits	28,232	18,469	-34.6	27,924	27,848	-0.3
Regulated Investment Company credit used to offset other taxes	* 7	* 1,444	* 20,528.6	* 28	* 948	* 3,285.7
Regulated Investment Company credit refundable portion	145,296	13,083	-91.0	1,297,588	114,400	-91.2
<b>Total adoption credit</b>	<b>46,384</b>	<b>* 2,429</b>	<b>-94.8</b>	<b>579,536</b>	<b>* 28,355</b>	<b>-95.1</b>
Adoption credit used to offset income tax before credits	29,809	* 1,368	-95.4	188,244	* 10,074	-94.6
Adoption credit used to offset other taxes	6,693	0	-100.0	8,028	0	-100.0
Adoption credit refundable portion	28,757	* 2,091	-92.7	383,264	* 18,280	-95.2
<b>Total refundable prior-year minimum tax credit</b>	<b>205,739</b>	<b>201,621</b>	<b>-2.0</b>	<b>540,681</b>	<b>458,106</b>	<b>-15.3</b>
Refundable prior-year minimum tax credit used to offset income tax before credits	175,250	177,708	1.4	442,446	346,176	-21.8
Refundable prior-year minimum tax credit used to offset other taxes	7,619	3,304	-56.6	14,024	6,203	-55.8
Refundable prior-year minimum tax credit refundable portion	26,250	24,890	-5.2	84,211	105,728	25.6
<b>Total health insurance credit</b>	<b>21,111</b>	<b>11,396</b>	<b>-46.0</b>	<b>53,923</b>	<b>24,756</b>	<b>-54.1</b>
Health insurance credit used to offset income tax before credits	17,462	9,301	-46.7	28,417	14,131	-50.3
Health insurance credit used to offset other taxes	* 1,392	* 1,051	-24.5	* 3,112	* 900	-71.1
Health insurance credit refundable portion	8,974	* 2,103	-76.6	22,394	* 9,725	-56.6
Self-employment tax	18,077,044	18,414,088	1.9	42,824,983	45,243,716	5.6
<b>Total income tax</b>	<b>91,832,424</b>	<b>93,149,118</b>	<b>1.4</b>	<b>1,037,484,722</b>	<b>1,191,569,818</b>	<b>14.9</b>
<b>Total tax liability</b>	<b>95,583,556</b>	<b>96,946,427</b>	<b>1.4</b>	<b>1,078,896,610</b>	<b>1,235,478,192</b>	<b>14.5</b>

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

N/A—Not applicable.

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

[2] Not included in adjusted gross income (less deficit).

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

[4] Other adjustments does not include the foreign housing deduction or the medical savings account deduction. However, these are included in total adjustments.

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

[6] Includes additional real estate taxes, motor vehicle taxes, and net disaster loss deductions from prior years, not shown separately.

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

[8] Includes EIC, American Opportunity Credit, Regulated Investment Company credit, refundable adoption credit, refundable prior-year minimum tax credit, and health insurance credit, used to offset income tax before credits, shown separately in this figure.

[9] Less than 0.05 percent.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

significantly from 2011 levels were the deductions for domestic production activities (30.3 percent) and alimony paid (21.5 percent). In addition, the total amount claimed for exemptions increased 2.0 percent to \$1,097.5 billion.

## Deductions

Total deductions, the sum of standard deductions and total itemized deductions, increased to \$1,986.5 billion (2.4 percent) in Tax Year 2012. The number of returns claiming the standard deduction increased 0.5 percent,

accounting for 67.2 percent of all returns filed and 40.4 percent of the total deductions amount. The average standard deduction (comprised of the basic and additional standard deduction) increased 3.1 percent from \$7,979 for 2011 to \$8,229 for 2012, for a total of \$802.1 billion. Itemized deductions were claimed on 31.4 percent of all returns filed for 2012 and represented 59.6 percent of the total deductions amount.<sup>2</sup> The average total for itemized deductions was \$26,054, a 3.3-percent increase from the 2011 average of \$25,230. Overall, 45.5 million taxpayers

<sup>2</sup> The remaining 1.4 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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(down 1.7 percent from 2011) claimed total itemized deductions of \$1,184.4 billion, an increase of 1.6 percent of what was reported the previous year.

Total taxes paid, the largest deduction, accounted for 40.0 percent of all itemized deductions. For 2012, it increased 5.0 percent to \$473.3 billion. Interest paid, the second largest deduction, made up 28.8 percent of total itemized deductions. For 2012, it decreased 8.2 percent to \$341.0 billion. Mortgage interest accounted for 95.7 percent (\$326.3 billion) of the total interest paid deduction. In part, the large decrease in this deduction could be attributed to the record-low average prevailing interest rates throughout 2012 and lower home ownership.<sup>3</sup> Other itemized deductions included the charitable contributions deduction, up 11.7 percent to \$179.1 billion in 2012, and the medical and dental expenses deduction, which rose 1.2 percent to \$83.1 billion.

## Tax Credits

Total tax credits (excluding the “refundable” portions, as well as any amount of these credits used to offset any other taxes) increased 1.8 percent to \$71.7 billion in 2012. The foreign tax credit had the largest dollar increase, rising 33.8 percent (\$4.6 billion) from \$13.5 billion in 2011 to \$18.0 billion in 2012. The adoption credit dropped by the largest percentage (95.1 percent) to \$28.4 million, partially due to the credit no longer being refundable (see Changes in the Law section). Other credits affected by tax law changes included the first-time homebuyer credit, which expired at the end of 2011 for all taxpayers, and the residential energy credits taken. This credit declined 25.7 percent, from \$1.7 billion in 2011 to \$1.3 billion in 2012. This latter decrease was likely due to the tax law change in 2011, which limited the nonbusiness residential energy credits to a lifetime limit of \$500 (see Changes in the Law section).

For 2012, the earned income credit (EIC) increased 1.5 percent to \$65.4 billion. The EIC eligibility limits on the amounts of earned income and investment income rose slightly in 2012 (see Changes in Law section). The portion of the EIC used to offset income tax before credits rose 11.8 percent, from \$1.1 billion to \$1.2 billion. The portion of the EIC used to offset other taxes (such as the self-employment tax) rose 2.8 percent to \$6.9 billion. The largest part of the EIC, the refundable portion, was paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 1.2 percent to \$57.3 billion for 2012.

All of the other refundable credits showed a decrease from 2011 to 2012. They included the American Opportunity Credit, additional child tax credit, Regulated Investment Company credit, adoption credit, refundable prior-year minimum tax credit, and health insurance credit. The American Opportunity Credit decreased 23.3 percent, from \$11.7 billion to \$9.0 billion. The number of returns filed that claimed this credit also declined by 22.1 percent. For 2012, there was a new format for Form 8863, *Education Credits*. A taxpayer had to complete a separate Part III (specific student and educational institution information) for each individual for whom the credit was claimed. For this credit, 5.5 million returns claimed a refundable amount totaling \$4.6 billion. The additional child tax credit decreased 3.2 percent to \$28.1 billion (with nearly all of the additional child tax credit being refundable).

Taxpayers received a total of \$89.1 billion of refundable credits for 2012, exceeding the \$71.7 billion in total tax credits used against income tax. This refundable amount represented a 4.2-percent decrease from Tax Year 2011 levels of \$93.0 billion.

The comparisons of data for Tax Years 2011 and 2012 in this article are based on preliminary estimates. Even though final estimates for Tax Year 2011 are available, comparing preliminary estimates for Tax Year 2012 to final estimates may yield misleading results because preliminary estimates tend to be underestimated for certain items. 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 2011 are available in the fall 2013 issue of the *SOI Bulletin* and *Statistics of Income—2011, Individual Income Tax Returns*.]

## Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2011, 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 2012 preliminary data presented in this article.

*Adoption credit*—The adoption credit stopped being refundable at the end of 2011. However, the taxpayer could have still claimed the adoption credit.

*Alternative minimum tax (AMT)*—For Tax Year 2012, the maximum AMT exemption increased from \$74,450

<sup>3</sup> The average mortgage interest rate for 2012 was 3.66 percent compared with 4.45 percent for 2011. See source: Primary Mortgage Market Survey®. The U.S. national homeownership rate decreased from 66.1 percent in 2011 to 65.5 in 2012 according to the U.S. Census Bureau. See source: Table 14, <http://www.census.gov/housing/hvs/data/histabs.html>.

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to \$78,750 for a married couple filing a joint return and from \$48,450 to \$50,600 for singles and heads of households, and from \$37,225 to \$39,375 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 credit for taxpayers with no qualifying children rose to \$475 from \$464. For these taxpayers, earned income and AGI had to be less than \$13,980 (\$19,190 if married filing jointly) to be eligible for the EIC. For taxpayers with one qualifying child, the maximum credit increased from \$3,094 to \$3,169 and, for taxpayers with two qualifying children, the maximum credit increased from \$5,112 to \$5,236. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$36,920 (\$42,130 for married filing jointly) for one qualifying child, or less than \$41,952 (\$47,162 for married filing jointly) for two qualifying children. The maximum credit for taxpayers with three or more qualifying children increased from \$5,751 to \$5,891. For these taxpayers, earned income and AGI had to be less than \$45,060 (\$50,270 if married filing jointly) to be eligible for the EIC. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$3,200 for the year.

**Exemption amount**—For Tax Year 2012, the exemption amount increased by \$100 to \$3,800.

**First-time homebuyer credit**—The first-time homebuyer credit expired and was no longer available for 2012.

**Indexing**—In addition to other items separately listed, the following nonexhaustive list of items increased due to indexing for inflation: personal income tax bracket boundaries and the maximum amount of earnings subject to self-employment tax.

**Individual Retirement Arrangement deduction**—The phase-out range for IRA deductions for those covered by a retirement plan began at an AGI of \$92,000 if married filing jointly or a qualifying widow(er), up from \$90,000 in 2011. For 2010, the modified-AGI limit on rollovers and conversions to Roth IRAs was eliminated for one year. If a taxpayer elected not to have included all of the realized income from a rollover or conversion to a Roth IRA in 2010, then half of the taxable income realized was to be included in their 2011 AGI and half in 2012.

**Residential energy credits**—The nonbusiness energy property credit was available for property placed in service in 2012. However, the credit had a lifetime limit of \$500, of which only \$200 may have been used for windows. Subject to the lifetime limits, only 10 percent of the qualified energy efficiency improvements were allowed. Subject to the lifetime limits, the residential energy property costs were limited to \$300 for energy efficient building property, \$150 for any qualified natural gas, propane, or oil furnace or hot water boiler, and \$50 for any advanced main air-circulating fan.

**Standard deduction amount**—The standard deduction for people who did not itemize deductions on Schedule A of Form 1040 was higher for 2012 than it was in 2011. The amount depended on a person's filing status, whether the individual was age 65 or older or blind, and whether an exemption could be claimed for the taxpayer by another person. For 2012, the standard deduction increased to \$11,900 for joint filers, up from \$11,600 in 2011. For single filers and married filing separate filers, the deduction amount increased to \$5,950, up from \$5,800. For heads of households, the deduction was \$8,700, up from \$8,500.

## 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 2013. 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.<sup>4</sup> Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2012 data are based on a sample of 252,911 returns and an estimated final population of 145,025,179 returns. The corresponding sample and population for the preliminary 2011 data were 253,142 returns and 145,675,989 returns, respectively.

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

<sup>4</sup> 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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on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in SOI Sampling Methodology and Data Limitations, later in this issue of the *SOI 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 2012 returns, between January and late September of 2013. 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 2012 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)
<b>Number of returns, total</b>	<b>144,948,385</b>	<b>36,868,111</b>	<b>30,591,169</b>	<b>25,344,865</b>	<b>31,214,450</b>	<b>15,669,954</b>	<b>1,824,024</b>	<b>3,435,811</b>
Form 1040 returns	83,225,812	13,661,752	11,507,543	13,560,606	24,076,267	15,159,811	1,824,024	3,435,811
Form 1040A returns	38,607,172	10,658,202	13,622,341	8,345,942	5,529,241	451,445	0	0
Form 1040EZ returns	23,115,401	12,548,157	5,461,285	3,438,317	1,608,942	58,699	0	0
Electronically filed returns [2]	122,266,344	30,045,308	26,115,704	21,667,860	26,451,808	13,459,410	1,579,396	2,946,859
<b>Adjusted gross income (less deficit)</b>	<b>9,042,368,989</b>	<b>103,499,663</b>	<b>671,429,655</b>	<b>990,241,141</b>	<b>2,225,210,691</b>	<b>2,103,735,185</b>	<b>405,204,163</b>	<b>2,543,048,491</b>
Salaries and wages:								
Number of returns	120,492,304	26,698,099	25,507,744	22,174,307	27,301,900	14,123,441	1,654,070	3,032,742
Amount	6,457,003,190	221,850,775	526,464,524	803,830,428	1,714,693,913	1,610,920,079	297,831,541	1,281,411,930
Taxable interest:								
Number of returns	48,089,330	6,508,543	5,511,469	6,864,753	14,377,224	10,286,372	1,460,612	3,080,358
Amount	89,608,695	6,775,338	4,928,137	6,283,824	14,959,280	14,112,277	3,676,654	38,873,186
Tax-exempt interest: [3]								
Number of returns	5,951,659	493,657	423,004	596,647	1,529,464	1,494,865	306,982	1,107,040
Amount	65,336,547	3,054,836	2,368,421	3,497,573	8,985,231	12,032,026	3,418,847	31,979,612
Ordinary dividends:								
Number of returns	27,906,118	3,652,264	2,835,091	3,334,875	7,763,780	6,633,208	1,092,057	2,594,843
Amount	237,009,844	8,025,787	7,805,322	9,371,015	27,507,007	34,763,853	9,630,507	139,906,353
Qualified dividends:								
Number of returns	25,431,087	3,256,793	2,518,654	3,005,727	7,015,746	6,114,352	1,031,470	2,488,346
Amount	188,877,385	4,951,100	5,166,122	5,998,476	18,623,889	25,106,460	7,296,066	121,735,272
State income tax refunds:								
Number of returns	22,263,203	445,112	1,076,575	2,997,659	8,865,647	7,058,377	772,258	1,047,576
Amount	26,051,319	369,930	557,618	1,783,287	7,379,150	8,440,441	1,386,406	6,134,488
Alimony received:								
Number of returns	444,118	62,863	97,176	114,665	129,248	32,037	3,807	4,323
Amount	8,448,328	416,037	1,073,255	1,589,465	2,848,714	1,585,403	325,719	609,734
Business or profession net income:								
Number of returns	17,496,924	5,640,368	3,203,857	2,228,562	3,445,111	2,038,751	299,631	640,644
Amount	338,857,446	43,634,458	40,883,770	31,805,545	59,435,770	62,167,065	16,758,825	84,172,013
Business or profession net loss:								
Number of returns	5,488,157	987,325	901,243	917,248	1,470,271	883,897	117,999	210,175
Amount	54,633,426	19,932,543	7,469,376	6,450,463	9,045,068	5,860,003	1,075,409	4,800,563
Net capital gain: [4]								
Number of returns	12,084,763	1,328,710	1,110,576	1,385,364	3,261,355	3,015,968	546,525	1,436,264
Amount	498,692,343	10,606,096	3,582,711	5,108,099	19,888,295	33,941,533	12,167,470	413,398,139
Capital gain distributions: [4]								
Number of returns	10,471,788	1,279,778	881,493	1,146,731	2,736,988	2,557,078	482,140	1,387,579
Amount	17,612,233	868,841	733,022	1,037,844	3,196,105	3,826,458	1,041,941	6,908,022
Net capital loss:								
Number of returns	10,446,846	1,842,771	976,235	1,159,027	2,596,078	2,371,643	435,215	1,065,879
Amount	24,089,163	4,301,044	2,229,901	2,610,005	5,874,520	5,353,781	1,004,645	2,715,267
Sales of property other than capital assets, net gain:								
Number of returns	821,888	77,639	70,452	90,859	203,849	171,163	35,642	172,283
Amount	15,683,414	1,823,526	429,722	634,434	1,641,309	1,856,876	468,644	8,828,904
Sales of property other than capital assets, net loss:								
Number of returns	1,016,900	185,460	74,272	97,109	198,236	216,762	49,386	195,676
Amount	26,953,421	16,371,787	831,655	1,001,521	2,441,416	1,833,306	670,589	3,803,147
Taxable Individual Retirement Arrangement distributions:								
Number of returns	13,293,639	1,812,226	2,033,015	2,051,743	4,042,602	2,435,946	305,850	612,258
Amount	229,039,795	9,692,774	15,194,394	19,761,456	59,502,776	63,570,561	11,874,165	49,443,670

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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)
<b>Taxable pensions and annuities:</b>								
Number of returns	27,614,259	4,073,207	4,692,752	4,826,395	8,284,342	4,513,507	475,636	748,419
Amount	623,275,150	27,798,034	58,606,621	85,182,988	212,136,275	172,248,548	23,578,892	43,723,792
<b>Rent and royalty net income:</b>								
Number of returns	6,850,085	893,743	775,654	886,435	1,841,223	1,528,306	238,583	686,141
Amount	102,769,309	7,095,372	4,861,915	6,030,332	17,201,122	21,365,081	5,428,101	40,787,386
<b>Rent and royalty net loss:</b>								
Number of returns	5,593,094	771,537	530,674	792,105	1,813,503	1,196,191	130,567	358,517
Amount	55,724,659	11,227,372	4,172,995	6,588,903	14,772,697	10,108,485	1,553,074	7,301,135
<b>Partnership and S corporation net income:</b>								
Number of returns	4,976,939	329,495	358,214	446,618	1,119,603	1,323,480	300,274	1,099,256
Amount	561,435,966	6,454,961	4,012,515	6,633,822	23,611,591	51,556,620	22,001,179	447,165,278
<b>Partnership and S corporation net loss:</b>								
Number of returns	2,396,092	383,064	193,878	284,261	588,153	552,994	101,591	292,151
Amount	71,939,537	32,640,137	1,763,028	3,147,473	6,172,565	6,259,765	1,731,645	20,224,925
<b>Estate and trust net income:</b>								
Number of returns	542,482	51,762	39,049	39,352	145,313	149,772	28,244	88,990
Amount	21,918,998	406,847	242,516	445,309	1,659,655	3,327,030	946,790	14,890,851
<b>Estate and trust net loss:</b>								
Number of returns	52,475	7,454	2,432	6,634	14,480	9,990	3,590	7,896
Amount	1,498,986	456,812	27,735	13,686	38,718	54,970	9,703	897,361
<b>Farm net income:</b>								
Number of returns	607,335	95,127	76,831	94,653	165,941	120,458	14,457	39,867
Amount	20,856,330	842,758	955,903	1,362,971	4,117,844	5,020,162	1,574,709	6,981,985
<b>Farm net loss:</b>								
Number of returns	1,238,006	205,050	153,857	201,971	354,500	224,895	30,583	67,152
Amount	25,913,372	8,887,838	2,034,241	2,470,318	4,693,006	3,639,693	764,628	3,423,648
<b>Unemployment compensation:</b>								
Number of returns	11,447,661	2,509,034	3,196,471	2,132,697	2,497,621	943,013	76,682	92,142
Amount	71,504,641	11,472,201	21,383,795	14,012,738	16,603,167	6,761,745	547,909	723,086
<b>Taxable Social Security benefits:</b>								
Number of returns	17,873,905	152,699	3,351,697	4,007,807	6,521,499	2,954,490	307,721	577,993
Amount	224,680,535	484,412	7,680,784	29,141,392	104,184,035	61,722,317	7,148,002	14,319,593
<b>Total statutory adjustments:</b>								
Number of returns	36,411,069	7,167,393	5,864,062	6,093,811	9,438,752	5,798,637	604,955	1,443,459
Amount	129,374,193	11,451,504	9,615,818	12,593,778	25,664,234	25,721,244	6,288,928	38,038,687
<b>Educator expenses:</b>								
Number of returns	3,845,402	101,365	285,838	688,065	1,509,689	1,091,656	96,935	71,853
Amount	972,449	22,077	65,920	163,333	379,506	298,133	25,470	18,010
<b>Certain business expenses of reservists, performing artists, and fee-basis government officials:</b>								
Number of returns	142,647	19,063	23,799	22,610	42,511	28,282	2,455	3,926
Amount	518,442	72,089	53,672	74,428	168,038	110,615	12,979	26,622
<b>Payments to an Individual Retirement Arrangement:</b>								
Number of returns	2,614,633	96,628	290,640	540,812	966,608	585,735	43,795	90,416
Amount	12,048,729	281,157	1,032,306	2,043,077	4,412,120	3,117,226	350,284	812,559
<b>Student loan interest deduction:</b>								
Number of returns	10,862,522	860,469	1,875,910	2,666,134	3,719,976	1,740,033	0	0
Amount	10,785,546	737,767	1,788,017	2,842,552	3,744,425	1,672,786	0	0
<b>Tuition and fees deduction:</b>								
Number of returns	2,137,596	588,714	281,093	258,219	444,460	565,110	0	0
Amount	4,736,807	1,646,798	635,013	519,586	808,067	1,127,343	0	0

Footnotes at end of table.



# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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)
<b>Health savings account deduction:</b>								
Number of returns	1,048,888	32,704	75,865	127,163	321,171	274,971	54,682	162,332
Amount	3,199,728	93,203	157,064	238,857	774,058	914,397	231,383	790,766
<b>Moving expenses adjustment:</b>								
Number of returns	1,122,840	134,497	197,550	270,157	305,960	156,689	24,267	33,721
Amount	3,010,491	271,072	407,573	589,788	733,342	629,041	141,522	238,154
<b>Self-employment tax deduction:</b>								
Number of returns	18,414,088	5,571,477	3,245,029	2,322,840	3,577,410	2,330,678	383,777	982,877
Amount	25,564,221	3,201,894	3,140,282	2,665,970	5,027,142	4,996,705	1,188,280	5,343,947
<b>Self-employed health insurance deduction:</b>								
Number of returns	3,597,414	476,303	432,153	476,107	861,749	683,267	156,187	511,648
Amount	23,055,702	1,916,888	1,738,616	2,321,885	4,680,658	5,212,127	1,313,744	5,871,784
<b>Payments to a self-employed retirement (Keogh) plan:</b>								
Number of returns	879,760	16,593	20,987	35,955	145,896	256,181	84,098	320,050
Amount	19,217,028	175,495	114,766	169,862	1,541,419	4,032,858	1,899,347	11,283,280
<b>Penalty on early withdrawal of savings:</b>								
Number of returns	766,014	149,149	130,147	129,309	207,867	106,500	13,678	29,365
Amount	432,195	164,474	25,166	84,232	116,990	16,771	2,238	22,325
<b>Alimony paid:</b>								
Number of returns	621,760	44,005	49,438	79,122	201,989	153,337	24,740	69,128
Amount	12,562,610	2,394,891	299,360	639,017	2,296,521	2,389,333	678,720	3,864,768
<b>Domestic production activities deduction:</b>								
Number of returns	616,624	26,202	38,621	45,460	138,457	165,185	35,037	167,663
Amount	11,005,522	295,562	74,554	98,285	429,971	772,603	277,575	9,056,971
<b>Other adjustments [5]:</b>								
Number of returns	146,398	14,118	16,877	32,086	54,731	19,430	3,392	5,764
Amount	2,125,773	144,735	83,353	142,785	529,362	405,513	156,454	663,570
<b>Total exemptions:</b>								
Number of exemptions	289,036,404	46,529,964	59,253,327	51,744,893	72,891,332	43,330,460	5,287,677	9,998,751
Amount	1,097,471,129	176,567,391	224,958,731	196,491,689	276,818,273	164,583,039	20,083,175	37,968,832
<b>Total deductions:</b>								
Number of returns	142,928,574	34,852,859	30,588,131	25,343,463	31,214,450	15,669,934	1,824,016	3,435,720
Amount	1,986,486,031	248,554,699	271,765,217	266,289,861	464,460,159	366,510,427	64,683,483	304,222,184
<b>Total standard deduction [6]:</b>								
Number of returns	97,469,156	33,203,783	27,221,376	18,691,704	15,150,558	2,936,537	123,339	141,859
Amount	802,096,115	223,366,012	221,092,673	163,242,862	156,992,149	34,379,237	1,428,181	1,594,999
<b>Basic standard deduction:</b>								
Number of returns	97,469,156	33,203,783	27,221,376	18,691,704	15,150,558	2,936,537	123,339	141,859
Amount	778,168,926	216,432,663	215,235,717	159,009,110	151,731,069	32,896,404	1,356,712	1,507,252
<b>Additional standard deduction:</b>								
Number of returns	13,806,281	4,210,874	3,393,963	2,387,615	2,943,613	786,307	36,912	46,997
Amount	23,904,241	6,932,333	5,852,348	4,229,845	5,249,890	1,480,619	71,465	87,742
<b>Total itemized deductions:</b>								
Number of returns	45,459,418	1,649,077	3,366,755	6,651,758	16,063,893	12,733,397	1,700,677	3,293,861
Amount	1,184,389,916	25,188,687	50,672,544	103,046,998	307,468,010	332,131,189	63,255,302	302,627,185

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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)
Medical and dental expenses deduction:								
Number of returns	10,142,326	1,212,487	1,771,348	2,268,484	3,547,126	1,213,734	71,577	57,569
Amount	83,098,999	10,518,408	13,617,644	15,740,657	28,334,696	11,693,305	1,264,543	1,929,746
Taxes paid deduction:								
Number of returns	45,127,804	1,561,100	3,282,995	6,569,557	16,004,188	12,719,326	1,700,200	3,290,439
Amount	473,288,959	5,043,882	10,866,117	25,829,153	99,245,763	137,979,796	29,849,327	164,474,922
State and local income taxes: [7]								
Number of returns	43,822,192	1,384,319	3,071,671	6,303,953	15,618,927	12,506,453	1,678,342	3,258,527
Amount	293,174,713	1,093,110	3,138,976	10,463,506	50,005,257	79,564,838	18,763,094	130,145,931
Income taxes:								
Number of returns	33,639,690	443,691	1,584,610	4,404,276	12,448,192	10,562,839	1,433,355	2,762,726
Amount	277,075,934	562,630	1,911,654	8,372,586	45,110,866	75,261,869	17,966,233	127,890,096
General sales taxes:								
Number of returns	10,182,502	940,627	1,487,061	1,899,677	3,170,735	1,943,614	244,987	495,800
Amount	16,098,779	530,480	1,227,322	2,090,920	4,894,390	4,302,969	796,861	2,255,835
Interest paid deduction:								
Number of returns	35,289,035	851,279	1,998,556	4,736,064	12,837,237	10,838,792	1,421,164	2,605,943
Amount	340,989,032	5,940,659	14,370,102	33,375,071	106,672,578	112,712,872	18,963,322	48,954,428
Total home mortgage interest deduction:								
Number of returns	34,766,623	833,031	1,970,780	4,680,846	12,708,926	10,717,671	1,391,645	2,463,723
Amount	326,286,141	5,793,826	13,667,387	31,975,573	102,504,845	111,050,973	18,464,876	42,828,661
Charitable contributions deduction:								
Number of returns	37,392,661	996,862	2,355,805	4,932,473	13,115,346	11,353,209	1,557,804	3,081,163
Amount	179,059,057	1,496,518	5,144,603	11,859,196	39,218,895	44,723,793	8,827,805	67,788,247
<b>Taxable income:</b>								
Number of returns	109,144,308	9,244,421	23,219,933	24,702,430	31,071,779	15,650,872	1,822,172	3,432,701
Amount	6,356,630,161	25,071,854	215,157,181	532,917,061	1,487,794,538	1,573,704,933	320,597,796	2,201,386,798
Alternative minimum tax:								
Number of returns	4,250,567	10,189	9,362	4,255	101,055	652,710	811,912	2,661,084
Amount	29,120,958	94,887	25,851	42,555	178,933	1,470,671	2,192,885	25,115,175
<b>Income tax before credits:</b>								
Number of returns	108,306,174	8,933,785	22,909,005	24,570,062	31,000,834	15,637,984	1,821,529	3,432,976
Amount	1,263,297,489	2,592,666	23,862,403	66,217,691	215,899,065	278,431,079	69,206,368	607,088,216
<b>Total tax credits: [8]</b>								
Number of returns	47,638,258	2,866,913	10,213,336	10,622,912	13,931,653	7,504,470	715,938	1,783,036
Amount	71,727,671	430,259	5,188,784	11,547,535	23,183,207	12,198,459	980,823	18,198,603
Child care credit:								
Number of returns	6,422,373	8,127	878,713	1,289,536	2,138,811	1,635,985	199,604	271,597
Amount	3,457,717	947	386,514	742,418	1,166,072	908,929	101,059	151,777
Credit for the elderly or disabled:								
Number of returns	65,050	42,281	22,769	0	0	0	0	0
Amount	8,860	6,509	2,351	0	0	0	0	0
Child tax credit:								
Number of returns	23,049,023	65,030	3,912,426	6,315,341	9,226,075	3,528,404	1,747	0
Amount	27,932,433	7,461	1,775,669	6,358,867	14,907,718	4,881,425	1,291	0
Education tax credits:								
Number of returns	10,220,402	759,846	2,271,984	2,298,819	3,141,439	1,748,314	0	0
Amount	10,701,456	184,767	1,693,307	2,382,452	3,892,421	2,548,509	0	0
Retirement savings contributions credit:								
Number of returns	6,998,725	316,228	3,065,086	2,658,465	958,946	0	0	0
Amount	1,220,809	53,066	513,784	500,572	153,386	0	0	0

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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)
<b>Residential energy credits:</b>								
Number of returns	2,274,929	17,567	144,638	374,969	881,696	646,612	85,639	123,808
Amount	1,269,568	4,370	40,436	122,647	358,206	438,658	97,703	207,548
<b>Foreign tax credit:</b>								
Number of returns	7,110,374	131,366	389,933	720,019	2,008,189	2,024,746	438,717	1,397,406
Amount	18,044,839	7,008	37,653	121,852	522,091	1,210,561	631,157	15,514,517
<b>General business credit:</b>								
Number of returns	397,768	3,540	14,360	17,873	90,276	120,269	29,988	121,459
Amount	1,901,495	8,318	6,090	23,020	146,192	250,172	53,738	1,413,965
<b>Prior-year minimum tax credit:</b>								
Number of returns	248,990	* 2,077	2,415	11,767	37,368	102,132	36,796	56,436
Amount	795,932	* 302	136	11,242	42,134	139,645	31,872	570,601
<b>Total earned income credit (EIC):</b>								
Number of returns	28,185,550	13,709,934	9,657,456	4,812,682	* 5,479	0	0	0
Amount	65,408,702	25,139,004	33,463,571	6,805,993	* 135	0	0	0
<b>EIC used to offset income tax before credits:</b>								
Number of returns	4,189,432	1,560,306	1,012,233	1,616,892	0	0	0	0
Amount	1,229,492	138,018	460,391	631,083	0	0	0	0
<b>EIC used to offset other taxes:</b>								
Number of returns	6,879,942	4,004,830	2,034,773	839,302	* 1,038	0	0	0
Amount	6,880,453	3,372,172	2,824,111	684,138	* 32	0	0	0
<b>EIC, refundable portion:</b>								
Number of returns	24,733,068	11,651,204	9,397,206	3,680,217	* 4,441	0	0	0
Amount	57,298,757	21,628,813	30,179,069	5,490,771	* 103	0	0	0
<b>Total refundable American Opportunity Credit:</b>								
Number of returns	10,140,770	2,433,065	2,112,786	1,646,099	2,308,858	1,639,962	0	0
Amount	8,969,989	2,082,915	1,765,229	1,416,853	2,093,261	1,611,731	0	0
<b>Refundable American Opportunity Credit used to offset income tax before credits:</b>								
Number of returns	5,151,321	28,600	571,099	864,375	2,055,559	1,631,688	0	0
Amount	4,099,742	2,757	213,474	561,023	1,725,289	1,597,199	0	0
<b>Refundable American Opportunity Credit used to offset other taxes:</b>								
Number of returns	524,257	173,755	125,264	144,953	75,840	4,444	0	0
Amount	271,134	63,724	61,212	95,535	48,983	1,679	0	0
<b>Refundable American Opportunity Credit refundable portion:</b>								
Number of returns	5,468,814	2,376,518	1,816,851	902,046	361,885	11,513	0	0
Amount	4,599,113	2,016,433	1,490,543	760,295	318,988	12,853	0	0
<b>Total additional child tax credit:</b>								
Number of returns	20,823,664	6,339,577	9,315,550	4,190,717	959,074	18,736	* 10	0
Amount	28,099,060	6,182,837	14,021,421	6,513,589	1,356,886	24,312	* 15	0
<b>Additional child tax credit used to offset other taxes:</b>								
Number of returns	1,202,326	184,991	306,617	442,107	263,484	5,123	* 4	0
Amount	1,146,809	181,530	331,642	429,718	197,986	5,930	* 3	0
<b>Additional child tax credit refundable portion:</b>								
Number of returns	20,131,010	6,202,471	9,142,374	3,946,358	824,469	15,331	* 6	0
Amount	26,952,251	6,001,307	13,689,779	6,083,871	1,158,900	18,383	* 12	0

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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)
<b>Total Regulated Investment Company credit:</b>								
Number of returns	30,765	* 513	10,441	* 4,188	6,958	4,791	1,124	2,751
Amount	143,196	* 16	93,601	* 10,451	3,895	1,133	7,591	26,510
Regulated Investment Company credit used to offset income tax before credits:								
Number of returns	18,469	* 5	* 1,044	* 3,144	* 5,715	4,710	* 1,117	2,734
Amount	27,848	* 1	* 1,053	* 2,476	* 2,205	1,109	* 7,590	13,413
Regulated Investment Company credit used to offset other taxes:								
Number of returns	* 1,444	* 254	0	0	* 1,185	** 5	0	**
Amount	* 948	* 12	0	0	* 935	** 2	0	**
Regulated Investment Company credit refundable portion:								
Number of returns	13,083	* 254	10,441	* 1,044	1,243	76	* 7	18
Amount	114,400	* 3	92,548	* 7,975	755	22	* 1	13,097
<b>Total adoption credit:</b>								
Number of returns	* 2,429	* 1,061	0	0	0	* 1,030	* 338	0
Amount	* 28,355	* 14,177	0	0	0	* 13,758	* 419	0
Adoption credit used to offset income tax before credits:								
Number of returns	* 1,368	0	0	0	0	* 1,030	* 338	0
Amount	* 10,074	0	0	0	0	* 9,656	* 419	0
Adoption credit used to offset other taxes:								
Number of returns	0	0	0	0	0	0	0	0
Amount	0	0	0	0	0	0	0	0
Adoption credit refundable portion:								
Number of returns	* 2,091	* 1,061	0	0	0	* 1,030	0	0
Amount	* 18,280	* 14,177	0	0	0	* 4,103	0	0
<b>Total refundable prior-year minimum tax credit:</b>								
Number of returns	201,621	12,192	4,625	2,095	5,143	26,416	22,536	128,613
Amount	458,106	38,728	7,510	5,439	16,735	78,184	37,408	274,103
Refundable prior-year minimum tax credit used to offset income tax before credits:								
Number of returns	177,708	162	0	0	1,900	24,988	22,314	128,344
Amount	346,176	918	0	0	8,598	43,923	36,349	256,388
Refundable prior-year minimum tax credit used to offset other taxes:								
Number of returns	3,304	1,912	* 70	* 93	679	362	91	98
Amount	6,203	4,170	* 702	* 89	513	439	69	220
Refundable prior-year minimum tax credit refundable portion:								
Number of returns	24,890	10,684	4,608	2,011	4,282	2,783	168	355
Amount	105,728	33,640	6,807	5,349	7,624	33,822	990	17,495

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2012

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**Table 1. Individual Income Tax Returns, Tax Year 2012 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]

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		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)
<b>Total health insurance credit:</b>								
Number of returns	11,396	* 1,052	0	* 3,486	* 3,606	* 3,075	0	* 178
Amount	24,756	* 2,592	0	* 9,065	* 8,336	* 4,201	0	* 563
Health insurance credit used to offset income tax before credits:								
Number of returns	9,301	0	0	* 2,442	* 3,606	* 3,075	0	* 178
Amount	14,131	0	0	* 1,074	* 8,294	* 4,201	0	* 563
Health insurance credit used to offset other taxes:								
Number of returns	* 1,051	0	0	* 1,044	* 7	0	0	0
Amount	* 900	0	0	* 877	* 24	0	0	0
Health insurance credit refundable portion:								
Number of returns	* 2,103	* 1,052	0	* 1,044	* 7	0	0	0
Amount	* 9,725	* 2,592	0	* 7,114	* 18	0	0	0
Self-employment tax:								
Number of returns	18,414,088	5,571,477	3,245,029	2,322,840	3,577,410	2,330,678	383,777	982,877
Amount	45,243,716	5,600,927	5,482,799	4,653,417	8,770,435	8,752,703	2,102,055	9,881,380
<b>Total income tax:</b>								
Number of returns	93,149,118	7,255,135	15,814,248	19,436,785	29,810,945	15,591,186	1,817,342	3,423,477
Amount	1,191,569,818	2,162,407	18,673,619	54,670,156	192,715,858	266,232,620	68,225,545	588,889,614
<b>Total tax liability:</b>								
Number of returns	96,946,427	9,778,819	16,461,976	19,856,298	29,999,831	15,605,875	1,818,532	3,425,096
Amount	1,235,478,192	4,306,609	21,303,481	58,830,154	203,061,743	277,026,193	70,693,399	600,256,613

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

\*\* Data combined to prevent disclosure of information for specific taxpayers.

[1] Includes returns with adjusted gross deficit.

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

[3] Not included in adjusted gross income (less deficit).

[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. However these are included in total deductions.

[6] Includes additional real estate taxes, motor vehicle taxes, and net disaster loss deductions from prior years, not shown separately.

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

[8] Includes EIC, American Opportunity Credit, Regulated Investment Company credit, refundable adoption credit, refundable prior-year minimum tax credit, and health insurance credit, used to offset income tax before credits, shown separately in this table.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

by Janette Wilson and Pearson Liddell

The IRS Statistics of Income (SOI) Division collects data on the sales of capital assets to identify trends in the capital gains and losses reported on individual tax returns. In 1999, SOI began a panel study of individual taxpayers to measure the trends in taxes and income, including capital gains and losses at different points in time. SOI designed the panel sample to represent all Tax Year 1999 returns, including late returns. This article presents information on the capital gains reported in Tax Years 2004 to 2007 for the panel of taxpayers selected in Tax Year 1999. It also reports capital gains for cross sections of individual taxpayers for Tax Years 2004 through 2007.<sup>1</sup>

A comparison of the number of tax returns in the SOI Individual Cross-Section and those in the SOI Individual Panel shows that the number of panel filers decreased overall between Tax Years 1999 and 2007 (Figure A). Panel attrition may be explained by death, decreases in income below the filing requirements, returns filed after the closing date for this study, and filing status changes. In 1999, there were 127.1 million returns in the SOI Cross

Section and 127.0 million returns in the Individual Panel. In comparison, 143.0 million returns made up the SOI Cross Section and 105.8 million returns made up the Panel in 2007. These returns represented about three-quarters (74.0 percent) of the population. Any extrapolation from the panel to the entire population should be made with extreme caution.<sup>2</sup>

## Summary of Panel Data, Tax Years 2004–2007

Net gains less losses of those taxpayers in the 1999-based Sales of Capital Assets (SOCA) Panel increased \$420.2 billion (or 84.7 percent), from \$496.3 billion in 2004 to \$916.5 billion in 2007. During this same period, capital gains rose 69.2 percent, from \$654.3 billion to \$1.1 trillion. Long-term gains made up the majority of these gains, increasing more than 70 percent, from \$576.5 billion to \$989.4 billion. Short-term gains also increased significantly, rising 51.2 percent, from \$77.8 billion to \$117.6 billion.

For all 4 years of the study, taxpayers realized the most combined short- and long-term net gains less losses from passthrough entities (partnerships, S corporations, and fiduciaries), followed by sales of corporate stock. Passthrough net gains less losses grew from \$176.3 billion in 2004 to \$351.0 billion in 2007. Net gains less losses from sales of corporate stock increased 109.4 percent during this period, from \$137.6 billion to \$288.1 billion.

In comparison, in 2004 and 2005, taxpayers reported the most capital gains from corporate stock sales, followed by passthrough entities. Taxpayers realized gains from corporate stock of \$227.8 billion in 2004 and \$318.9 billion in 2005. Capital gains from passthrough entities reached \$191.1 billion in 2004, increasing to \$255.2 billion the following year. Conversely, in 2006, taxpayers reported the most gains from passthrough entities (\$302.3 billion), followed by stock sales (\$294.6 billion).

Corporate stock made up the highest category in terms of losses for all 4 years of the study. Taxpayers reported \$90.1 billion capital stock losses in 2004 and \$96.6 billion in 2007. Losses from mutual fund sales made up the second highest category for 2004 (\$16.9 billion) and 2005 (\$13.6 billion); losses reported from options and futures sales (\$13.4 billion) led this category in 2006. Losses from passthrough entities (\$15.8 billion) made up the second highest category in terms of losses in 2007.

Short-term capital gains from corporate stock sales increased 36.0 percent, from \$33.9 billion in 2004 to \$46.0 billion in 2007. Passthrough gains for this same

**Figure A**

### Comparison of Number of Returns in the Statistics of Income (SOI) Cross Section and SOI Individual Panel, Tax Years 1999–2007

[Number of returns is in millions]

Tax year	Number of returns in individual cross section	Number of returns in individual panel	Panel as a percent of cross section [1]
	(1)	(2)	(3)
1999	127.1	127.0	100.0
2000	129.4	120.4	93.1
2001	130.3	116.8	89.7
2002	130.1	113.1	87.0
2003	130.4	109.1	83.6
2004	132.2	109.2	82.6
2005	134.4	107.5	80.0
2006	138.4	106.9	77.2
2007	143.0	105.8	74.0

[1] Percents are based on unrounded data.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

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

<sup>1</sup> A previous SOI article reported on capital gains for the 1999 panel for Tax Years 1999 to 2003. See Wilson, Janette, and Pearson Liddell, "Sales of Capital Assets Panel Data, Tax Years 1999–2003," *Statistics of Income Bulletin*, Summer 2009, Volume 29, Number 1, pp 197–228.

<sup>2</sup> See Bryant, Victoria, "Attrition in the Individual Income Tax Return Panel Tax Years 1999–2005," Presented at the American Statistical Association's Joint Statistical Meetings, Denver, CO, August 2007.

## Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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period rose 66.9 percent, from \$18.4 billion to \$30.6 billion. In comparison, long-term gains from corporate stock sales increased 74.7 percent, from \$193.9 billion to \$338.7 billion. Long-term passthrough gains also increased significantly for this period, rising from \$172.7 billion to \$336.1 billion.

In terms of losses, taxpayers realized the most capital losses from short- and long-term corporate stock sales. Short-term losses of this type increased from \$32.0 billion to \$41.2 billion. Conversely, long-term losses from corporate stock sales fell from \$58.2 billion in 2004 to \$46.4 billion in 2006 before rising to \$55.5 billion in 2007.

### Description of SOCA Panel Data

SOI based the estimates in this article on a sample of individual tax returns filed for Tax Year 1999, and followed this sample population for each ensuing year. For Tax Year 1999, the SOI Individual Cross-Section Sample included 176,966 individual tax returns. From these

returns, SOI selected a SOCA cross-section sample of 121,053 taxpayers. For the SOCA panel base year, SOI selected a stratified subsample (83,432 returns) from the cross-section sample. Tables 1, 2, 3, and 5 show these data in current dollar amounts. Table 4 shows these data in constant dollar amounts.

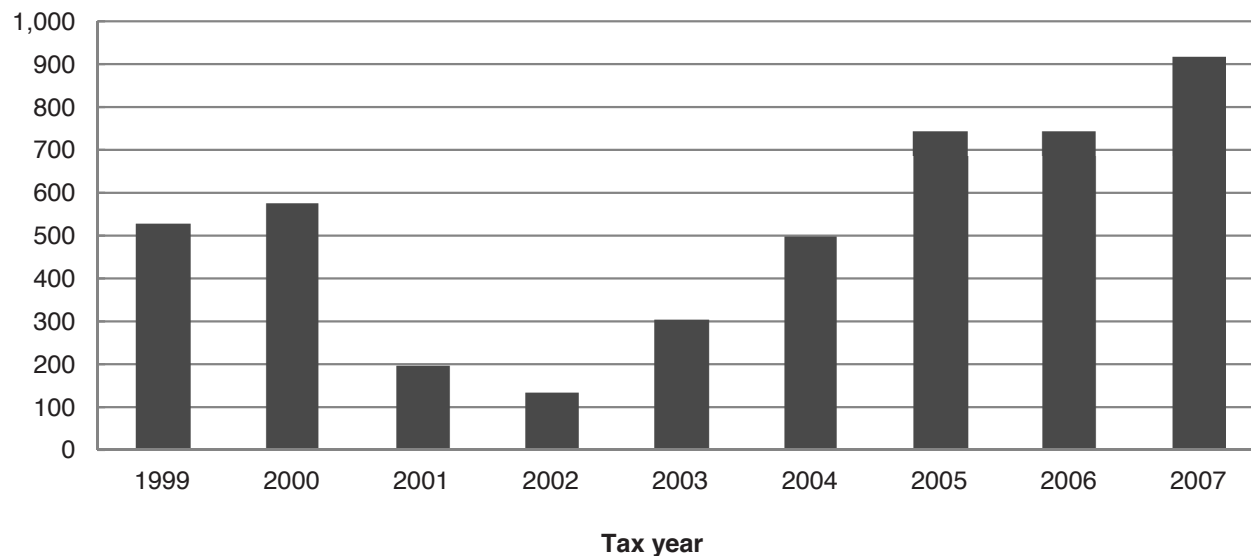
### Capital Gains and Losses

A comparison of net capital gains less losses for 1999 through 2007 shows overall net gains declining between 1999 and 2002, and steadily increasing between 2002 and 2007. Taxpayers reported the most net gains less losses from capital asset sales (\$916.5 billion) in 2007, an overall increase of \$391.4 billion or 74.5 percent from 1999 (Figure B). The 2007 levels represent an increase of \$784.6 billion, or almost 600 percent from the lowest amount of \$131.9 billion reported in 2002. Between 2000 and 2002, net gains declined 77.0 percent, from \$574.1 billion to \$131.9 billion.

**Figure B**

### Net Gains Less Losses from Sales of Capital Assets, Tax Years 1999–2007

Billions of dollars



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

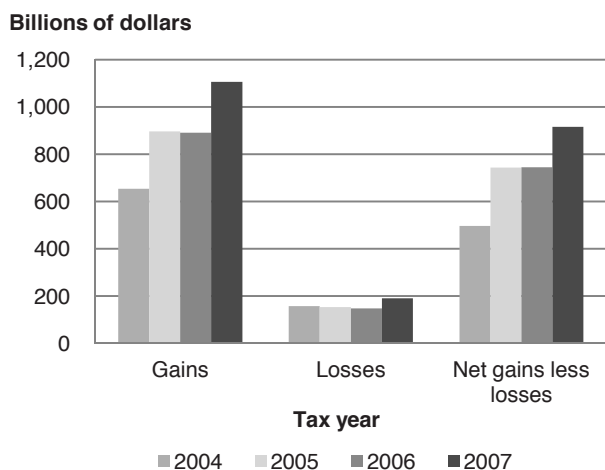
# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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In the 4 tax years included in this study, the amount of net gains less losses, capital gains, and capital losses reported varied dramatically (Figure C). In terms of gains, taxpayers realized the highest gains of \$1.1 trillion in 2007, an increase of 69.2 percent from \$654.3 billion in gains reported in 2004. Taxpayers also reported gains of \$896.9 billion in 2005 and \$891.6 billion in 2006. In comparison, between 2004 and 2007, reported losses increased 20.5 percent from \$158.0 billion to \$190.5 billion. Taxpayers realized the least amount of losses in 2006 (\$147.2 billion).

**Figure C**

## Gains, Losses, and Net Gains Less Losses from Sales of Capital Assets, Tax Years 2004–2007

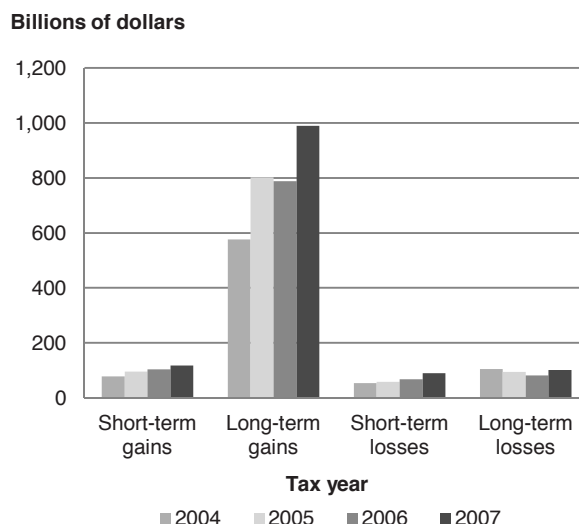


Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

A comparison of short- and long-term capital gains and losses shows that taxpayers reported the largest gains and losses in 2007, with the exception of long-term losses in 2004 (Figure D). Short-term gains increased steadily between 2004 and 2007 (from \$77.8 billion to \$117.6 billion), an overall increase of 51.2 percent. Reported long-term gains increased 71.6 percent during this same period, from \$576.5 billion in 2004 to \$989.4 billion in 2007, despite a slight decrease from \$801.8 billion in 2005 to \$788.5 billion in 2006. In terms of losses, taxpayers reported increasing short-term losses from \$53.0 billion in 2004 to \$89.0 billion in 2007, an almost 68-percent increase during the 4 years of this study. As cited

**Figure D**

## Short- and Long-Term Gains and Losses from Sales of Capital Assets, Tax Years 2004–2007



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

above, taxpayers reported the largest long-term losses (\$105.0 billion) in 2004. Long-term losses declined the next two years to \$80.6 billion in 2006, but increased by more than 25 percent to \$101.4 billion, in 2007.

## Gains and Losses from Selected Capital Asset Types

When comparing net capital gains less losses for selected asset types, taxpayers reported the most net gains for passthrough entities for each tax year (Figure E). Net gains from this asset type increased steadily during the years of the study, from \$176.3 billion in 2004 to \$351.0 billion in 2007. These gains represented 35.5 percent of the total \$496.3 billion net gains reported by taxpayers in 2004, and 38.3 percent of the total \$916.5 billion reported in 2007. Net gains realized from corporate stock sales were consistently the next highest category, with gains of \$137.6 billion (27.7 percent of total net gains) reported in 2004 and \$288.1 billion in 2007 (31.4 percent of the total). Most of the selected categories showed taxpayers reporting increasing net gains between 2004 and 2007, with the exception of those gains from real estate sales. The highest net capital gains of \$158.8 billion, for this category, were reported in 2005. Net gains from this asset type then declined almost 40 percent to \$95.4 billion in 2006, decreasing again to \$81.4 billion in 2007.

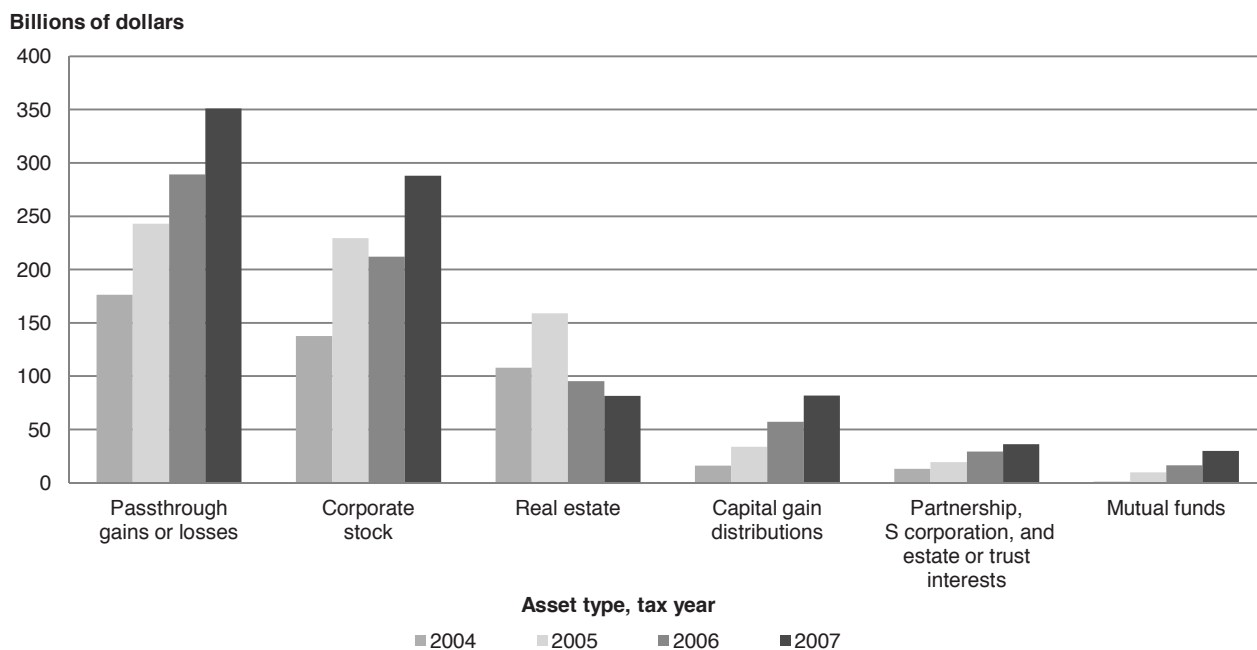


# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Figure E**

## Net Gains Less Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

The latter level represents an overall 48.7-percent decline in net gains from sales of real estate from 2005 levels.

### Short-Term Gains and Losses

Details on short-term gains and losses by selected asset type show that in terms of gains, corporate stock and passthrough gains were consistently the highest for each tax year (Figure F). Gains from corporate stock rose from \$33.9 billion (43.5 percent of total gains) in 2004 to \$46.0 billion in 2007 (39.1 percent of the total amount). Passthrough gains also increased, from \$18.4 billion to \$30.6 billion, representing 23.6 percent of the total in 2004 and 26.1 percent of the total amount in 2007. Options and futures accounted for the third highest category in terms of gains for each tax year, increasing from \$9.1 billion in 2004 to \$20.5 billion in 2007.

In comparison, corporate stock had the highest short-term losses, which steadily increased from \$32.0 billion to \$41.2 billion. These losses represented 60.3 percent of all short-term losses in 2004 and 46.2 percent in 2007. Losses from options and futures sales accounted for the second largest of all categories for 2005 through 2007, representing over 15 percent of all short-term losses for

these 3 tax years. In 2005, taxpayers reported \$10.1 billion in short-term losses of options and futures sales, \$12.9 billion in 2006, and \$14.3 billion in 2007.

### Long-Term Gains and Losses

Taxpayers reported the most long-term gains from corporate stock sales with the exception of 2006, when they reported \$278.7 billion in gains from passthrough entities, compared to \$251.7-billion gains for corporate stock (Figure G). For this asset type, in 2004, taxpayers realized \$193.9-billion gains from corporate stock, \$287.7 billion in 2005, and \$338.7 billion in 2007. For the 4 years of the study, long-term gains from corporate stock sales represented almost 35 percent of total long-term gains. Gains from passthrough entities accounted for about 30 percent of total gains in 2004 and 2005, and almost 35 percent in the 2 subsequent tax years. In terms of losses, taxpayers reported the most overall from corporate stock sales, realizing the highest amount (\$58.2 billion) in 2004 and the least amount (\$46.4 billion) in 2006.

Whereas options and futures accounted for the second highest short-term loss category for most years of the study, for 2004 and 2005, mutual funds accounted

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Figure F**

## Short-Term Gains and Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Asset type	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>77,778,417</b>	<b>53,028,683</b>	<b>95,073,791</b>	<b>58,339,717</b>	<b>103,085,513</b>	<b>66,656,153</b>	<b>117,600,001</b>	<b>89,048,160</b>
Corporate stock	33,860,751	31,968,449	40,219,714	36,214,182	42,840,017	36,280,197	46,034,293	41,151,324
U.S. Government and State and local obligations	331,880	460,730	396,596	496,958	473,986	579,597	729,825	1,979,840
Other bonds, notes and debentures	236,859	294,388	240,083	407,931	201,346	1,045,630	331,889	843,225
Options and futures	9,097,336	6,203,678	10,125,931	10,060,950	15,090,040	12,942,686	20,470,167	14,342,099
Mutual funds	3,890,521	2,969,439	3,717,889	2,548,780	4,431,051	3,695,161	6,021,782	6,484,356
Partnership, S corporation, and estate or trust interests	1,901,730	837,093	1,971,269	1,031,631	2,039,527	730,041	1,841,029	3,406,326
Residential rental property	2,797,121	360,933	5,143,844	287,451	2,370,504	343,924	1,185,919	520,996
Depreciable business personal property	375,137	351,762	376,391	168,428	599,697	142,436	255,379	411,357
Depreciable business real property	615,719	314,371	1,504,297	28,685	773,720	127,779	741,637	132,330
Farmland	52,948	134	51,882	3,245	1,276	57,849	8,977	856
Other land	986,903	171,879	1,297,522	75,036	842,400	248,131	396,403	3,138
Residences	259,039	29,579	298,417	63,750	313,622	58,606	190,771	128,900
Passthrough gains or losses	18,358,300	2,308,014	20,546,940	2,703,483	23,581,841	4,764,071	30,643,925	7,103,872
Other assets	5,014,173	6,758,234	9,183,016	4,249,206	9,526,485	5,640,044	8,748,004	12,539,539

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

**Figure G**

## Long-Term Gains and Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Asset type	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>576,491,049</b>	<b>104,956,475</b>	<b>801,798,879</b>	<b>94,464,947</b>	<b>788,510,577</b>	<b>80,579,874</b>	<b>989,370,484</b>	<b>101,402,616</b>
Corporate stock	193,894,508	58,174,024	278,667,578	53,240,323	251,733,059	46,352,792	338,734,974	55,498,091
U.S. Government and State and local obligations	3,829,389	986,380	3,138,356	1,683,975	3,221,722	1,615,219	2,011,675	1,079,313
Other bonds, notes and debentures	1,005,621	849,326	985,166	1,011,896	763,364	833,709	1,298,018	674,342
Options and futures	3,020,964	714,510	806,307	982,705	1,106,648	505,152	1,558,409	569,062
Mutual funds	13,987,426	13,945,603	19,474,150	11,005,479	23,534,953	7,923,454	37,758,621	7,446,278
Partnership, S corporation, and estate or trust interests	16,669,467	4,854,649	24,651,463	6,319,672	32,196,025	4,302,262	48,657,144	10,894,635
Residential rental property	48,549,377	1,567,513	65,572,867	1,576,129	34,711,446	2,426,828	34,608,196	3,828,698
Depreciable business personal property	2,161,083	769,141	1,921,778	502,593	1,939,536	564,838	2,806,056	1,208,937
Depreciable business real property	29,043,809	864,102	50,695,573	586,048	26,595,997	1,142,874	22,104,104	730,862
Farmland	2,888,327	30,916	2,460,815	43,038	1,910,410	26,798	3,080,158	17,031
Other land	26,912,949	794,592	35,540,978	851,536	33,103,354	552,819	25,648,255	1,132,467
Residences	15,291,797	1,128,366	21,656,661	1,252,675	15,043,946	582,961	10,651,959	1,408,634
Passthrough gains or losses	172,743,519	12,478,290	234,614,909	9,390,915	278,719,839	8,423,731	336,064,387	8,651,748
Capital gain distributions	16,020,951	0	33,844,874	0	57,185,863	0	81,635,139	0
Other assets	30,471,860	7,799,064	27,767,406	6,017,963	26,744,415	5,326,438	42,753,390	8,262,519

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

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for the second-most losses for long-term sales. In 2004, taxpayers reported \$14.0-billion long-term losses from mutual funds and \$11.0 billion losses the following year. Taxpayers realized the second-most losses, of \$8.4 billion, from passthrough entities in 2006, and a year later, long-term partnership losses of \$10.9 billion were the second highest.

## Capital Gains and Losses by Adjusted Gross Income and Selected Asset Type

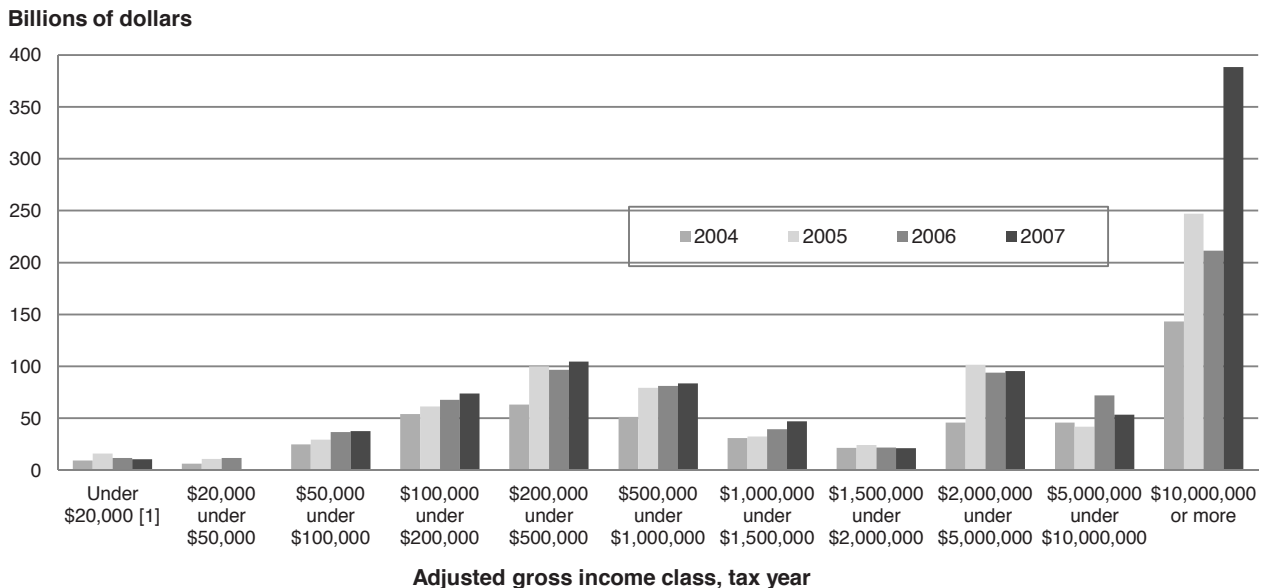
Capital gains were highly concentrated among taxpayers with an adjusted gross income (AGI) over \$10 million (Figures H and I). In 1999, these taxpayers reported \$117.1-billion net gains, and in 2002 (although still the highest net-gains-reporting AGI group), this group realized the least amount of net gains (\$66.5 billion). Gains reported by this income class steadily increased until 2007 when \$388.4-billion gains were reported. Taxpayers in the \$200,000-under-\$500,000 AGI class reported the second-most net gains for most tax years. This group

reported \$75.5-billion gains in 1999, the least amount of \$21.4 billion in 2001, and the most gains, \$104.6 billion, in 2007. Most groups, with the exception of those with an AGI of less than \$20,000 and those taxpayers with an AGI between \$1,500,000 and \$2,000,000, showed overall increases in net gains in 2007 compared to 2004. Taxpayers in the \$1,500,000-under-\$2,000,000 AGI group realized the most net gains in 2005; and those with an AGI of less than \$20,000 reported their largest gains in 2005. Both groups showed declines for net gains in 2007.

A comparison of net capital gains less losses for Tax Years 1999 through 2007 by asset type shows that for the first 2 years, the most net gains were reported from sales of corporate stock (Figure J). Net gains from corporate stock sales (\$224.4 billion) represented 42.7 percent of total net gains for 1999 and 41.2 percent (\$236.3 billion) of the total for 2000. Although taxpayers reported net losses of \$7.5 billion in 2002 from this asset type, the most losses (\$40.5 billion) were claimed on sales of mutual funds. Net gains reported from corporate stock

**Figure H**

**Net Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Years 2004–2007**



[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004-2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Figure I**

## Net Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Adjusted gross income class	Tax year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b>	<b>525,135,482</b>	<b>574,082,059</b>	<b>196,542,380</b>	<b>131,871,820</b>	<b>303,754,272</b>	<b>496,284,307</b>	<b>744,068,006</b>	<b>744,360,063</b>	<b>916,519,709</b>
Under \$5,000 [1]	3,584,304	850,341	-9,332,893	-9,180,503	1,960,640	7,379,632	13,208,519	8,007,919	5,899,315
\$5,000 under \$10,000	1,910,578	992,449	-2,800,378	-3,175,941	-1,516,937	706,747	724,160	368,280	727,336
\$10,000 under \$15,000	1,876,549	1,059,248	-2,845,828	-3,908,135	-246,613	440,353	489,029	1,210,620	1,405,375
\$15,000 under \$20,000	2,714,908	1,730,258	-1,414,843	-4,048,246	-925,297	881,612	1,553,100	2,036,805	2,600,172
\$20,000 under \$25,000	2,422,171	2,910,950	-1,460,974	-1,351,414	147,195	1,048,502	1,378,137	988,463	1,696,277
\$25,000 under \$30,000	2,595,291	1,922,799	319,687	-2,455,033	132,454	938,831	1,213,388	1,994,161	2,665,745
\$30,000 under \$40,000	7,439,243	5,744,018	-2,393,313	-5,184,507	3,675,172	1,919,366	3,763,536	2,910,244	-8,976,638
\$40,000 under \$50,000	6,568,703	6,028,234	-501,309	-3,819,178	1,350,893	2,509,321	4,493,436	5,956,762	5,154,276
\$50,000 under \$75,000	20,384,663	16,883,445	-2,590,264	-3,899,206	3,416,949	10,175,084	12,457,669	16,566,066	17,125,026
\$75,000 under \$100,000	23,408,632	19,552,935	4,073,387	-2,005,899	7,133,988	14,680,782	17,024,033	20,252,630	20,650,871
\$100,000 under \$200,000	63,262,519	57,382,491	16,986,968	10,480,028	30,480,137	53,998,239	61,337,059	67,826,338	73,909,020
\$200,000 under \$500,000	75,493,907	79,171,925	21,370,954	23,766,128	48,441,235	63,096,265	99,950,246	96,631,087	104,556,334
\$500,000 under \$1,000,000	47,595,595	48,586,295	25,124,901	18,559,667	33,720,334	51,203,476	79,372,125	81,141,894	83,539,458
\$1,000,000 under \$1,500,000	28,349,003	31,357,673	11,982,843	10,211,532	29,434,538	31,050,651	32,328,705	39,357,234	47,048,130
\$1,500,000 under \$2,000,000	19,864,336	20,006,227	11,502,567	3,626,552	15,905,405	21,354,101	24,096,833	21,691,708	21,202,898
\$2,000,000 under \$5,000,000	60,649,518	90,841,925	33,353,000	21,968,369	35,225,109	45,895,681	101,657,996	94,005,135	95,622,797
\$5,000,000 under \$10,000,000	39,919,829	45,580,063	20,640,592	15,769,473	20,412,770	45,761,916	42,009,831	72,025,839	53,316,500
\$10,000,000 or more	117,095,733	143,480,783	74,527,283	66,518,133	75,006,300	143,243,748	247,010,203	211,388,878	388,376,817

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

sales steadily increased after 2002 to \$288.1 billion in 2007. Corporate stock sales averaged approximately 29 percent of all net gains after 2002.

After Tax Year 2000, the most net gains for each year were realized by passthrough entities. In 2001, taxpayers reported \$84.9 billion net gains for this type, which represented 43.2 percent of the total net gain amount of \$196.5 billion. In 2002, when taxpayers realized the least overall net gains (\$131.9 billion) for all years of the study, income from passthrough entities accounted for 52.5 percent of net gains (\$69.2 billion). In subsequent tax years, when the amount of net gains being reported steadily increased, the proportion of gains from passthrough entities was approximately 36 percent, steadily increasing to \$351.0 billion in 2007.

### Gains and Losses by Length of Time Held

In terms of length of time held, for short-term sales, most gains and losses were reported on sales that were held less than 1 month (Figure K). For all years of the study, approximately a quarter or more of capital gains

reported on short-term sales were from those assets held less than a month. In 2004, taxpayers reported \$10.2-billion gains on assets held less than 1 month (24.9 percent of all gains), and this amount gradually increased to \$16.7 billion in 2007 (30.2 percent of all gains). In terms of short-term losses, taxpayers selling assets held for less than a month made up about a quarter of those losses. Looking at holding periods for long-term sales transactions, in 2004 and 2006, taxpayers reported the largest gains for assets held between 5 and 10 years, reporting \$59.6-billion gains of this type in 2004, and \$76.6 billion in 2006. In Tax Year 2005, taxpayers reported the most gains (\$109.9 billion) from assets held between 4 and 5 years. For all years of the study, taxpayers reported the most long-term gains (\$134.4 billion) in 2007 for transactions held between 2 and 3 years.

### Yearly Distribution of Gains and Losses

Table 4, one of the five tables at the end of this article, provides information about the distribution of net gains and losses. This table shows the distribution of net gains

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**Figure J**

## Net Gains Less Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Asset type	Tax year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b>	<b>525,135,483</b>	<b>574,082,057</b>	<b>196,542,379</b>	<b>131,871,818</b>	<b>303,754,273</b>	<b>496,284,307</b>	<b>744,068,006</b>	<b>744,360,063</b>	<b>916,519,709</b>
Corporate stock	224,438,833	236,282,420	31,308,482	-7,490,158	79,139,211	137,612,787	229,432,787	211,940,086	288,119,853
U.S. Government obligations	17,443	215,967	1,062,074	574,747	393,911	166,934	-37,504	-326,355	-1,371,319
State and local government obligations	-175,052	-773,134	847,057	815,971	1,525,899	2,547,225	1,391,524	1,827,247	1,053,665
Other bonds, notes, and debentures	251,093	-328,354	-490,286	-1,161,716	873,024	98,766	-194,579	-914,629	112,339
Put and call options	1,189,119	2,788,491	1,293,690	713,867	1,271,486	2,649,677	-569,461	664,377	1,737,402
Futures contracts	-1,695,952	2,265,510	1,775,484	3,208,610	790,594	2,550,435	458,044	2,084,472	5,380,012
Mutual funds, except tax-exempt bond funds	15,316,879	9,431,260	-28,437,011	-40,476,841	-18,121,719	1,281,929	9,628,184	16,446,336	30,747,855
Tax-exempt bond mutual funds	-1,248,039	-1,732,553	-401,075	121,507	10,533	-319,023	9,598	-98,947	-898,086
Partnership, S corporation, and estate or trust interests	17,832,301	16,977,257	11,334,921	14,203,376	14,227,701	12,879,455	19,271,429	29,203,248	36,197,212
Livestock	1,398,095	2,444,655	2,078,931	1,267,261	1,699,107	2,015,995	2,039,965	2,094,802	2,614,635
Timber	1,713,105	2,551,604	1,503,370	1,514,765	953,066	2,095,654	1,874,468	1,379,233	823,302
Involuntary conversions	58,568	-96,270	-105,920	695	92,686	-157,946	-54,169	287,752	9,529
Residential rental property	24,820,154	23,737,018	28,973,685	34,730,944	33,968,633	49,418,053	68,853,130	34,311,199	31,444,421
Depreciable business personal property	1,213,814	1,947,281	828,845	719,166	1,788,633	1,415,317	1,627,147	1,831,959	1,441,141
Depreciable business real property	13,862,743	15,475,859	18,334,060	19,190,829	22,399,511	28,481,054	51,585,136	26,099,065	21,982,548
Farmland	2,887,856	3,002,006	2,153,081	3,360,808	1,768,139	2,910,225	2,466,413	1,827,040	3,071,248
Other land	12,973,849	16,400,048	13,957,124	14,895,529	24,087,603	26,933,382	35,911,928	33,144,804	24,909,052
Residences	3,542,186	4,928,275	7,502,531	7,690,077	13,568,292	14,392,892	20,638,652	14,716,000	9,305,196
Other assets	7,461,794	12,551,800	980,724	4,152,636	5,382,656	15,138,579	18,710,826	16,493,088	21,908,750
Unidentifiable	5,006,526	873,266	4,208,218	-315,400	4,076,272	1,836,453	4,112,143	5,049,544	5,343,120
Passthrough gains or losses	132,546,389	142,587,031	84,883,407	69,222,442	109,181,430	176,315,514	243,067,451	289,113,879	350,952,692
Capital gain distributions	61,723,778	82,552,418	12,950,990	4,932,704	4,677,605	16,020,951	33,844,874	57,185,863	81,635,139

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

and losses realized over the 4-year period by average AGI class in three subparts to the table.<sup>3</sup> These subparts present numbers and amounts for those taxpayers who realized a net gain or a loss (Table 4a), a net capital gain (Table 4b), and those who realized losses (Table 4c) for 1 or more tax years.

Taxpayers who realized no net gains or losses filed 281.8 million tax returns between Tax Years 2004 and 2007 (Table 4a). A comparison of taxpayers who realized a net gain or loss for 1, 2, 3, and 4 years shows that the number of tax returns increased from 38.4 million with realizations of a net gain or loss for 1 year, to 58.0 million reporting a gain or loss for 4 years. However, the amount realized increased from \$113.1 billion for those taxpayers who reported a gain or loss for 1 year, to \$2.2 trillion, for those who reported a gain or loss for all 4 years. A comparison of taxpayers who realized a net gain or loss

for 1 year and those with net gain or loss for 4 years shows that 77.6 percent in the first group reported an AGI of less than \$200,000, while only 15.3 percent of those in the second group had an AGI of less than \$200,000. In contrast, over half (53.5 percent) of returns with all 4 years had AGIs of \$2 million or more.

### Cross-Section Data and Panel Data Comparison

The last table in this article shows cross-section data for Tax Years 2004 through 2007 (Table 5). Tax Year 1999 was the base year of the study, and for subsequent years, SOI used panel data with an added replenishment from its Continuous Work History Sample (CWHs) to make a cross-section estimate for each year. The CWHs represents the random sample portion of the SOI Individual Panel and the base year includes these returns. However,

<sup>3</sup> To calculate average AGI, each year's AGI amounts were indexed to constant dollars. All of these constant AGI's were summed and then averaged.

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**Figure K**

## Short- and Long-Term Gains and Losses from Sales of Capital Assets, by Length of Time Held, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Length of time held	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Short-term transactions</b>								
<b>Total</b>	<b>41,010,666</b>	<b>35,119,929</b>	<b>49,371,413</b>	<b>36,202,101</b>	<b>52,213,400</b>	<b>41,276,574</b>	<b>55,231,336</b>	<b>50,128,214</b>
Under 1 month	10,207,990	8,419,693	13,390,031	8,806,462	14,137,242	12,873,862	16,703,154	11,478,674
1 month under 2 months	4,369,982	4,083,316	5,709,563	5,065,566	5,656,469	5,516,652	5,371,734	8,563,089
2 months under 3 months	3,207,499	3,049,039	3,546,493	3,388,083	5,060,894	4,548,244	7,383,695	4,602,453
3 months under 4 months	3,066,234	2,437,883	3,383,752	2,888,253	3,329,278	2,450,374	3,100,072	3,346,862
4 months under 5 months	2,832,631	2,226,422	2,995,451	2,364,631	2,949,701	2,512,114	2,951,742	3,553,853
5 months under 6 months	2,570,615	1,914,712	3,395,357	2,037,582	4,744,364	2,553,653	2,608,244	2,460,804
6 months under 7 months	3,063,348	1,859,465	3,116,474	2,039,540	2,896,955	2,337,787	3,121,110	4,504,850
7 months under 8 months	2,759,144	1,509,304	2,721,323	1,485,162	2,889,973	1,526,176	2,747,012	2,250,290
8 months under 9 months	2,231,705	1,527,859	1,950,874	1,558,996	2,436,924	2,410,816	2,263,391	2,170,028
9 months under 10 months	1,986,864	1,535,535	2,554,965	2,067,769	2,234,627	1,348,542	2,291,225	2,090,776
10 months under 11 months	1,790,182	1,281,654	2,401,054	1,795,782	2,159,205	1,219,117	2,114,476	1,949,061
11 months under 12 months	1,603,683	1,335,277	2,166,200	1,614,851	1,891,762	1,175,991	2,587,645	1,652,616
1 year or more [1]	1,320,789	3,939,770	2,039,876	1,089,424	1,826,006	803,246	1,987,836	1,504,858
<b>Long-term transactions</b>								
<b>Total</b>	<b>268,155,452</b>	<b>60,828,372</b>	<b>425,323,505</b>	<b>53,114,669</b>	<b>299,366,123</b>	<b>47,783,324</b>	<b>389,468,227</b>	<b>68,149,964</b>
Under 18 months [2]	21,046,971	5,607,011	28,479,339	7,618,551	28,998,790	7,132,820	26,871,954	8,072,609
18 months under 2 years	14,164,747	2,980,318	16,055,528	4,512,307	17,071,388	4,582,904	19,617,355	5,387,118
2 years under 3 years	17,997,891	7,183,029	33,511,432	4,210,096	32,827,008	6,767,556	134,442,834	21,552,781
3 years under 4 years	35,644,955	11,259,582	19,349,385	5,256,669	21,167,974	3,058,506	22,361,029	4,542,234
4 years under 5 years	14,540,203	14,980,789	109,900,447	9,591,903	16,234,549	3,496,891	17,527,480	2,485,492
5 years under 10 years	59,598,893	12,770,700	58,835,035	18,156,809	76,642,752	17,995,641	65,780,864	14,861,016
10 years under 15 years	22,683,579	3,850,953	51,001,180	1,879,404	32,147,533	2,405,262	34,584,420	7,369,344
15 years under 20 years	34,717,461	933,380	32,345,669	1,016,796	24,113,251	1,145,950	18,342,337	2,016,136
20 years or more	47,760,752	1,262,610	75,845,490	872,134	50,162,878	1,197,794	49,939,954	1,863,234

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

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

NOTE: Sales with indeterminable dates (these were dates that were unreadable or not included with the sale description) were subtracted from the total number of gains and losses.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

SOI added any primary taxpayer from this group who did not file a return in 1999 to the panel (see Data Source and Limitations for further explanation).

A comparison of the number of transactions, sales price, basis, and net capital gain less loss for those returns in the cross section that was created and those in the panel show that overall the cross-section estimates are higher than the panel numbers (Figure L). Tax Year 1999 panel and cross-section numbers are the same, as 1999 is the base year of the panel. For all tax years, with the exception of Tax Year 2002, the cross-section estimates are higher than the panel numbers. Also shown, for comparison purposes, are the published data for net capital gain less loss from the SOI Individual Cross-Section for

each tax year. For most years, these data are comparable with the exception of the estimates for 2002 and 2003, which differ by more than 10 percent.

### Description of Tables

Tables 1 through 5 present detailed data on sales of capital assets for Tax Years 2004 through 2007. Tables 1 and 2 show aggregated data from transactions reported on the following tax forms: Form 1040, Schedule D (*U.S. Individual Income Tax Return, Capital Gains and Losses* and reconciliation of Forms 1099B, *Proceeds From Broker and Barter Exchange Transactions*); Form 4797 (*Sale of Business Property*); Form 6252 (*Installment Sale Income*); Form 8824 (*Like-Kind Exchanges*); Form

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**Figure L**

## Comparison of Statistics of Income (SOI) SOCA Cross Section and SOI Individual Panel, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Tax year	All transactions: Panel [1]				All transactions: SOCA Cross Section [2]				SOI Complete Report Cross Section [3]
	Number	Sales price	Basis	Net gain less loss	Number	Sales price	Basis	Net gain less loss	Net gain less loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1999	179,036,504	3,692,260,458	3,345,549,329	525,135,483	179,036,504	3,692,260,458	3,345,549,329	525,135,483	531,170,093
2000	229,620,553	5,088,224,593	4,709,938,089	574,082,057	236,874,553	5,231,772,567	4,847,795,479	582,445,853	585,650,240
2001	185,159,297	2,834,718,909	2,715,813,938	196,542,379	197,379,297	3,016,425,527	2,896,539,270	205,947,701	206,824,931
2002	182,763,750	2,867,517,618	2,783,223,597	131,871,818	193,597,750	2,990,876,736	2,908,395,593	127,071,094	106,479,084
2003	173,413,092	3,081,431,990	2,855,551,806	303,754,273	186,689,092	3,206,959,002	2,975,950,410	310,491,092	269,659,181
2004	177,594,460	4,083,968,569	3,713,007,852	496,284,307	181,924,460	4,231,737,802	3,858,310,967	498,940,990	489,898,002
2005	213,277,900	12,216,056,213	5,307,702,917	744,068,006	219,029,900	12,326,036,562	5,407,741,851	756,933,628	699,162,404
2006	240,991,832	4,327,545,681	3,861,255,842	744,360,063	244,463,832	4,424,828,877	3,952,360,582	758,019,188	796,964,376
2007	251,706,886	5,148,482,713	4,564,359,838	916,519,709	258,650,885	5,287,308,159	4,687,002,867	937,091,625	917,630,180

[1] Estimates based on 1999–2007 SOCA Panel Data.

[2] Estimates based on Statistics of Income 2000–2007 SOCA Individual Cross-Section Sample data.

[3] Estimates based on *Statistics of Income—2003, Individual Income Tax Returns* (IRS Publication 1304).

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

4684 (*Casualties and Thefts*); Form 2439 (*Notice to Shareholder of 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 that carried to Schedule D were also included. Specifically, Table 1 shows the distribution of net gains or losses realized by asset type. SOI counted capital gain distributions and passthrough income from partnerships, S corporations, and estates and trusts as one transaction even though the gains or losses may have been from more than one entity and reflected many transactions at the entity level. Table 2 shows the distribution of net gain or loss by AGI group. Table 3 shows the distributions of transactions by length of time held. Table 4 presents data on the distribution and amounts of net gains and losses realized over the 4 years of this study. SOI classified returns by the number of years that they reported gains and/or losses on their sales of capital assets. Table 5 shows cross-section data for Tax Years 2004 through 2007.

### Explanation of Selected Terms

Categories of Assets:

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

*Corporate stock*—Includes shares of publicly traded and closely held common and preferred stock, stock rights, and stock warrants. Short sales of corporate stock are also included.

*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.

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

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

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

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

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

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

*Other land*—Includes undeveloped land other than farmland.

*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.

*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 levels.

*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.

*Residences*—Principal residences and secondary homes.

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

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

*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.

*Timber*—Includes cut or standing timber sales and timber that qualifies for Internal Revenue Code Section 1231 (involuntary conversion) treatment.

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

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

## Other Terms:

*Basis*—The original cost of the investment is adjusted by adding the cost of expenses of the sale or any improvement costs minus depreciation, amortization, and depletion deductions.

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

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

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

*Net capital gains*—Capital gains less capital losses.

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

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

## Data Source and Limitations

SOI estimated the statistics presented here from a probability sample. The target population consisted of all Individual Income Tax Returns (Forms 1040, 1040A, 1040EZ and 1040PC, including electronic returns) filed by U.S. citizens and residents for Tax Year 1999. SOI selected the SOCA base-year sample from its 1999 SOI Individual Return Sample. To study SOCA in more detail, and collect SOCA data for longitudinal analyses, SOI selected a subsample from the 1999 Individual Return Sample. This served as the base-year SOCA Panel Sample.

The yearly SOI Individual Return Sample is a stratified random sample (Testa and Scali, 2005).<sup>4</sup> The stratification is achieved by the return-type code and income code. SOI determined the income code by income groupings and “degree of interest.” In Tax Year 1999, the Individual Return Sample of 176,966 returns was drawn from the population of 127,321,626 returns. The Tax Year 1999 SOCA Panel Sample of 83,432 returns was also a stratified random sample, representing all individual income tax returns for the year, including late returns. In comparison, SOI designed the 1999 Individual Return Sample and 1999 SOCA Cross-Sectional Sample to represent all returns filed in Calendar Year 2000. Therefore, the 1999 SOCA Panel Sample was drawn from the 1999 Individual Return Sample and supplemented with the 2000 and 2001 Individual Return Samples, including returns filed up to 2 years late.

SOI followed the sampled panel returns in subsequent years, up until Tax Year 2007. In each year, a selected panel return stayed in the panel if at least one of the taxpayers’ Social Security numbers (primary or

<sup>4</sup> See Testa, Valerie and Jama Scali, (2005) “Description of the Sample,” *Statistics of Income—2005, Individual Income Tax Returns*, Internal Revenue Service, Washington, DC.



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secondary) was filed in that year, regardless of the taxpayer's marital status. The panel data collected were used for both longitudinal analyses and cross-sectional estimations.

In every subsequent year, a small refreshment sample was added to the panel sample for cross-sectional estimation purposes only. This small refreshment sample is a 1-in-2,000-random sample, adding only those returns not already included in the sample. Therefore, each of these returns received a weight of 2,000.

Since the estimates here are based on a sample, they may differ from figures that would have been obtained if a complete census of all income tax returns had been taken. The particular sample used for estimates is one of the many possible samples that could have been selected using the same sample design. Estimates calculated from these different samples would vary, causing

the sampling error. To properly use the statistical data, the magnitude of the potential sampling error must be known. The coefficients of variation (CVs) are used to measure that magnitude. It is a measure of the spread of estimates from possible samples and used to evaluate the precision of estimates based on samples. In addition to sampling error, nonsampling error can also affect the estimates. For example, there may be errors in keying and cleaning the data, or misinterpretations of tax instructions by taxpayers.

Weights were applied to each sampled return when calculating estimates to account for the selection probabilities and other factors that might lead to differences between the sample and the population. Weights were calculated by dividing the population count of returns in a stratum by the number of sample returns for that stratum, and adjusted for misclassified and missing returns.

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**Table 1A. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2004**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>177,594,460</b>	<b>4,083,968,569</b>	<b>3,713,007,852</b>	<b>496,284,307</b>
Corporate stock	112,343,131	1,553,458,369	1,415,109,580	137,612,787
U.S. Government obligations	1,829,425	123,079,684	122,901,052	166,934
State and local government obligations	3,255,553	161,522,168	158,921,503	2,547,225
Other bonds, notes and debentures	1,645,058	160,141,549	160,038,132	98,766
Put and call options	3,505,392	31,956,524	29,360,736	2,649,677
Futures contracts	334,343	9,530,573	6,996,629	2,550,435
Mutual funds, except tax-exempt bond funds	25,500,069	350,142,725	348,857,139	1,281,929
Tax-exempt bond mutual funds	2,264,575	63,955,768	62,031,774	-319,023
Partnership, S corporation, and estate or trust interests	1,801,443	98,808,856	85,437,969	12,879,455
Livestock	637,808	4,137,512	1,594,587	2,015,995
Timber	98,942	3,367,500	1,271,843	2,095,654
Involuntary conversions	304,031	421,169	-361,264	-157,946
Residential rental property	1,445,394	199,368,026	138,423,680	49,418,053
Depreciable business personal property	1,892,478	13,525,640	9,454,726	1,415,317
Depreciable business real property	725,331	80,321,876	45,097,294	28,481,054
Farmland	115,334	8,044,894	3,954,028	2,910,225
Other land	907,861	69,217,524	38,371,946	26,933,382
Residences	447,744	132,643,622	82,697,173	14,392,892
Other assets	3,131,470	959,650,672	944,032,848	15,138,579
Unidentifiable	554,984	60,673,918	58,816,476	1,836,453
Passthrough gains or losses	4,631,501	N/A	N/A	176,315,514
Capital gain distributions	10,222,593	N/A	N/A	16,020,951

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 1B. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2005**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>213,277,900</b>	<b>12,216,056,213</b>	<b>5,307,702,917</b>	<b>744,068,006</b>
Corporate stock	137,799,714	9,412,299,568	1,966,829,243	229,432,787
U.S. Government obligations	2,027,751	133,718,332	1,003,441,964	-37,504
State and local government obligations	3,081,962	212,952,208	210,545,798	1,391,524
Other bonds, notes and debentures	1,465,275	53,395,235	53,570,330	-194,579
Put and call options	4,559,660	26,082,012	26,528,841	-569,461
Futures contracts	415,571	9,105,252	9,018,011	458,044
Mutual funds, except tax-exempt bond funds	29,462,180	712,627,939	702,991,043	9,628,184
Tax-exempt bond mutual funds	3,434,807	53,879,219	53,920,667	9,598
Partnership, S corporation, and estate or trust interests	2,534,657	80,983,882	62,271,900	19,271,429
Livestock	684,783	4,049,771	1,224,580	2,039,965
Timber	134,934	3,188,037	1,313,534	1,874,488
Involuntary conversions	902,117	779,785	344,781	-54,169
Residential rental property	1,694,884	279,879,975	186,955,403	68,853,130
Depreciable business personal property	1,513,055	17,500,966	13,138,903	1,627,147
Depreciable business real property	774,192	137,322,921	70,999,000	51,585,136
Farmland	91,997	7,005,783	4,159,506	2,466,413
Other land	856,771	82,476,608	40,981,016	35,911,928
Residences	473,116	175,392,631	109,955,977	20,638,652
Other assets	3,351,935	762,711,420	742,656,880	18,710,826
Unidentifiable	645,694	50,704,668	46,855,542	4,112,143
Passthrough gains or losses	4,837,323	N/A	N/A	243,067,451
Capital gain distributions	12,535,519	N/A	N/A	33,844,874

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 1C. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2006**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>240,991,832</b>	<b>4,327,545,681</b>	<b>3,861,255,842</b>	<b>744,360,063</b>
Corporate stock	159,974,004	2,443,185,612	2,226,356,803	211,940,086
U.S. Government obligations	2,230,887	150,570,893	149,884,128	-326,355
State and local government obligations	2,927,990	210,361,725	208,237,277	1,827,247
Other bonds, notes and debentures	1,688,899	50,452,920	51,071,585	-914,629
Put and call options	5,751,744	58,689,101	58,000,860	664,377
Futures contracts	719,391	24,544,250	22,521,884	2,084,472
Mutual funds, except tax-exempt bond funds	31,437,562	360,203,348	343,163,464	16,446,336
Tax-exempt bond mutual funds	2,504,466	45,024,687	45,139,478	-98,947
Partnership, S corporation, and estate or trust interests	3,921,090	104,128,299	75,858,912	29,203,248
Livestock	671,094	4,194,140	1,338,911	2,094,802
Timber	95,094	1,803,757	424,510	1,379,233
Involuntary conversions	269,816	613,363	35,664	287,752
Residential rental property	1,313,336	181,160,023	136,906,599	34,311,199
Depreciable business personal property	1,764,059	17,279,180	11,921,114	1,831,959
Depreciable business real property	602,404	79,760,719	49,884,910	26,099,065
Farmland	79,391	8,946,541	4,109,119	1,827,040
Other land	810,028	97,824,404	53,790,420	33,144,804
Residences	405,552	130,489,945	87,112,506	14,716,000
Other assets	4,029,604	293,861,683	276,147,728	16,493,088
Unidentifiable	1,577,580	64,451,090	59,349,970	5,049,544
Passthrough gains or losses	4,873,578	N/A	N/A	289,113,879
Capital gain distributions	13,344,263	N/A	N/A	57,185,863

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 1D. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2007**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>251,706,886</b>	<b>5,148,482,713</b>	<b>4,564,359,838</b>	<b>916,519,709</b>
Corporate stock	159,374,528	1,977,005,143	1,686,781,401	288,119,853
U.S. Government obligations	2,166,044	135,587,777	137,229,015	-1,371,319
State and local government obligations	2,904,818	236,402,815	235,114,216	1,053,665
Other bonds, notes and debentures	1,688,624	95,274,255	95,124,787	112,339
Put and call options	4,894,839	55,631,056	53,253,074	1,737,402
Futures contracts	757,888	37,038,950	31,857,742	5,380,012
Mutual funds, except tax-exempt bond funds	40,190,784	525,907,131	496,349,482	30,747,855
Tax-exempt bond mutual funds	4,285,265	64,899,178	65,482,407	-898,086
Partnership, S corporation, and estate or trust interests	4,543,560	136,520,741	101,353,607	36,197,212
Livestock	605,563	5,531,716	2,189,332	2,614,635
Timber	78,091	2,155,327	857,884	823,302
Involuntary conversions	288,819	415,001	28,083	9,529
Residential rental property	1,192,148	179,917,767	136,222,517	31,444,421
Depreciable business personal property	2,040,494	17,174,672	11,304,646	1,441,141
Depreciable business real property	502,498	78,782,739	49,746,266	21,982,548
Farmland	82,702	8,135,361	4,882,784	3,071,248
Other land	583,409	57,095,141	28,255,627	24,909,052
Residences	342,229	115,687,840	86,218,211	9,305,196
Other assets	5,175,679	723,036,471	653,611,910	21,908,750
Unidentifiable	687,367	696,283,632	688,496,849	5,343,120
Passthrough gains or losses	5,044,549	N/A	N/A	350,952,692
Capital gain distributions	14,276,989	N/A	N/A	81,635,139

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 2A. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2004**

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>All returns</b>	<b>23,328,723</b>	<b>4,083,968,569</b>	<b>3,713,007,852</b>	<b>496,284,307</b>
Under \$5,000 [1]	1,314,453	165,173,801	158,747,090	7,379,632
\$5,000 under \$10,000	902,087	58,771,388	56,469,682	706,747
\$10,000 under \$15,000	1,024,226	53,023,043	51,100,295	440,353
\$15,000 under \$20,000	1,021,728	79,607,096	78,182,827	881,612
\$20,000 under \$25,000	894,108	34,584,940	31,194,597	1,048,502
\$25,000 under \$30,000	883,044	29,622,654	28,337,694	938,831
\$30,000 under \$40,000	1,659,393	74,129,945	72,138,300	1,919,366
\$40,000 under \$50,000	1,668,745	87,462,896	80,276,690	2,509,321
\$50,000 under \$75,000	4,062,964	258,644,745	242,792,180	10,175,084
\$75,000 under \$100,000	3,143,710	321,175,173	301,863,262	14,680,782
\$100,000 under \$200,000	4,496,976	479,781,959	424,933,525	53,998,239
\$200,000 under \$500,000	1,656,688	495,613,433	437,725,823	63,096,265
\$500,000 under \$1,000,000	376,281	309,083,736	265,319,508	51,203,476
\$1,000,000 under \$1,500,000	90,271	147,651,688	131,657,307	31,050,651
\$1,500,000 under \$2,000,000	52,885	162,316,673	151,901,398	21,354,101
\$2,000,000 under \$5,000,000	52,149	174,022,871	149,625,636	45,895,681
\$5,000,000 under \$10,000,000	14,975	116,658,521	98,191,847	45,761,916
\$10,000,000 or more	14,040	1,036,644,008	952,550,192	143,243,748

[1] Includes adjusted gross deficit.

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 2B. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2005**

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>All returns</b>	<b>24,416,748</b>	<b>12,216,056,213</b>	<b>5,307,702,917</b>	<b>744,068,006</b>
Under \$5,000 [1]	1,304,156	150,556,383	131,289,440	13,208,519
\$5,000 under \$10,000	780,283	63,121,182	62,336,814	724,160
\$10,000 under \$15,000	887,023	30,662,438	29,517,152	489,029
\$15,000 under \$20,000	970,250	74,790,186	71,761,200	1,553,100
\$20,000 under \$25,000	909,459	39,465,258	36,578,252	1,378,137
\$25,000 under \$30,000	851,877	38,653,859	35,166,395	1,213,388
\$30,000 under \$40,000	1,732,614	113,654,028	109,934,647	3,763,536
\$40,000 under \$50,000	1,734,025	425,415,744	419,581,631	4,493,436
\$50,000 under \$75,000	4,166,651	423,145,789	404,790,153	12,457,669
\$75,000 under \$100,000	3,264,914	260,736,305	240,880,289	17,024,033
\$100,000 under \$200,000	5,123,031	912,746,608	849,683,324	61,337,059
\$200,000 under \$500,000	1,935,839	693,005,923	1,468,176,056	99,950,246
\$500,000 under \$1,000,000	475,725	278,609,879	224,392,897	79,372,125
\$1,000,000 under \$1,500,000	113,498	156,146,953	132,609,872	32,328,705
\$1,500,000 under \$2,000,000	44,650	82,982,586	68,010,468	24,096,833
\$2,000,000 under \$5,000,000	89,265	670,037,497	606,181,518	101,657,996
\$5,000,000 under \$10,000,000	18,774	122,490,502	103,539,160	42,009,831
\$10,000,000 or more	14,714	7,679,835,095	313,273,650	247,010,203

[1] Includes adjusted gross deficit.

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 2C. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2006**

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>All returns</b>	<b>24,149,411</b>	<b>4,327,545,681</b>	<b>3,861,255,842</b>	<b>744,360,063</b>
Under \$5,000 [1]	1,103,056	220,132,666	211,933,779	8,007,919
\$5,000 under \$10,000	693,097	20,497,949	20,572,810	368,280
\$10,000 under \$15,000	787,012	53,247,739	52,333,362	1,210,620
\$15,000 under \$20,000	915,927	49,143,591	47,509,036	2,036,805
\$20,000 under \$25,000	727,258	105,564,449	104,876,619	988,463
\$25,000 under \$30,000	747,628	25,447,421	21,908,408	1,994,161
\$30,000 under \$40,000	1,577,440	85,787,925	81,745,093	2,910,244
\$40,000 under \$50,000	1,680,196	57,741,901	54,080,616	5,956,762
\$50,000 under \$75,000	4,095,574	249,730,005	231,234,032	16,566,066
\$75,000 under \$100,000	3,339,087	232,217,644	215,067,365	20,252,630
\$100,000 under \$200,000	5,451,300	748,601,157	688,628,832	67,826,338
\$200,000 under \$500,000	2,213,118	709,826,685	637,434,409	96,631,087
\$500,000 under \$1,000,000	515,917	325,737,260	265,651,234	81,141,894
\$1,000,000 under \$1,500,000	119,814	163,346,422	136,023,947	39,357,234
\$1,500,000 under \$2,000,000	45,489	93,452,883	79,294,734	21,691,708
\$2,000,000 under \$5,000,000	97,673	511,957,026	468,150,060	94,005,135
\$5,000,000 under \$10,000,000	23,944	199,577,622	178,339,017	72,025,839
\$10,000,000 or more	15,881	475,535,336	366,472,491	211,388,878

[1] Includes adjusted gross deficit.

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.



# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 2D. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2007**

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>All returns</b>	<b>24,529,064</b>	<b>5,148,482,713</b>	<b>4,564,359,838</b>	<b>916,519,709</b>
Under \$5,000 [1]	965,595	201,794,901	201,168,436	5,899,315
\$5,000 under \$10,000	616,314	19,896,401	19,639,953	727,336
\$10,000 under \$15,000	739,506	27,837,900	26,348,910	1,405,375
\$15,000 under \$20,000	864,481	22,172,680	21,605,157	2,600,172
\$20,000 under \$25,000	729,313	28,374,600	27,605,689	1,696,277
\$25,000 under \$30,000	817,138	28,259,373	24,569,956	2,665,745
\$30,000 under \$40,000	1,608,216	48,225,812	58,542,204	-8,976,638
\$40,000 under \$50,000	1,579,763	195,978,739	192,202,355	5,154,276
\$50,000 under \$75,000	4,015,455	330,292,993	318,729,342	17,125,026
\$75,000 under \$100,000	3,407,014	187,030,954	169,639,968	20,650,871
\$100,000 under \$200,000	5,818,681	860,523,574	755,647,376	73,909,020
\$200,000 under \$500,000	2,444,215	808,739,785	730,051,198	104,556,334
\$500,000 under \$1,000,000	588,908	355,779,605	303,014,329	83,539,458
\$1,000,000 under \$1,500,000	147,703	193,263,245	161,505,264	47,048,130
\$1,500,000 under \$2,000,000	47,726	78,261,229	68,351,928	21,202,898
\$2,000,000 under \$5,000,000	94,309	385,919,147	332,078,178	95,622,797
\$5,000,000 under \$10,000,000	26,038	747,126,086	722,162,423	53,316,500
\$10,000,000 or more	18,689	629,005,691	431,497,170	388,376,817

[1] Includes adjusted gross deficit.

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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

Statistics of Income Bulletin | Winter 2014

**Table 3A. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2004**

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

Type of transaction, length of time held	Length of time held							
	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)
<b>Short-term transactions</b>								
<b>Total</b>	<b>52,108,358</b>	<b>1,158,441,596</b>	<b>1,096,993,781</b>	<b>77,778,417</b>	<b>31,356,034</b>	<b>1,486,437,267</b>	<b>1,534,936,515</b>	<b>53,028,683</b>
Under 1 month	15,317,865	375,954,339	365,719,348	10,207,990	8,935,276	229,362,376	237,768,678	8,419,693
1 month under 2 months	4,884,514	76,235,920	71,835,538	4,369,982	3,399,531	35,381,000	39,477,562	4,083,316
2 months under 3 months	3,177,272	42,638,043	37,660,760	3,207,499	2,499,690	26,701,091	29,732,507	3,049,039
3 months under 4 months	3,180,219	38,078,584	34,899,133	3,066,234	2,010,140	17,661,156	20,099,100	2,437,883
4 months under 5 months	2,694,655	33,665,685	30,524,927	2,832,631	1,793,018	15,270,738	17,497,175	2,226,422
5 months under 6 months	2,692,899	25,202,721	22,568,527	2,570,615	1,698,381	13,094,158	15,008,597	1,914,712
6 months under 7 months	2,470,448	24,482,234	21,416,552	3,063,348	1,516,373	14,202,665	16,043,680	1,859,465
7 months under 8 months	2,377,275	19,579,345	16,843,179	2,759,144	1,263,842	11,589,963	13,099,316	1,509,304
8 months under 9 months	2,020,394	16,138,540	13,919,429	2,231,705	1,071,151	10,737,288	12,259,506	1,527,859
9 months under 10 months	2,075,091	16,523,880	14,486,097	1,986,864	993,976	14,424,637	15,960,207	1,535,535
10 months under 11 months	1,965,728	17,635,825	15,436,574	1,790,182	851,928	7,262,264	8,543,401	1,281,654
11 months under 12 months	1,773,905	13,001,081	11,416,130	1,603,683	823,652	25,637,156	26,971,152	1,335,277
1 year or more [2]	689,534	12,168,984	10,893,531	1,320,789	289,451	13,363,730	17,374,754	3,939,770
Period not determinable	6,788,559	447,136,415	429,374,056	36,767,751	4,209,625	1,051,749,045	1,065,100,880	17,908,754
<b>Long-term transactions</b>								
<b>Total</b>	<b>65,209,352</b>	<b>1,185,607,941</b>	<b>738,986,221</b>	<b>576,491,049</b>	<b>28,920,726</b>	<b>253,481,763</b>	<b>342,091,335</b>	<b>104,956,475</b>
Under 18 months [3]	10,745,840	114,505,497	92,481,548	21,046,971	3,001,811	33,927,384	38,099,222	5,607,011
18 months under 2 years	6,714,660	67,020,587	51,262,875	14,164,747	1,894,648	16,113,184	19,103,117	2,980,318
2 years under 3 years	7,640,592	100,706,333	78,216,170	17,997,891	4,136,652	26,820,691	33,952,547	7,183,029
3 years under 4 years	3,523,225	86,904,824	47,947,221	35,644,955	4,055,329	24,128,084	35,364,858	11,259,582
4 years under 5 years	2,483,202	67,861,561	47,925,925	14,540,203	3,534,769	16,723,421	31,627,777	14,980,789
5 years under 10 years	5,679,606	171,767,602	100,206,177	59,598,893	3,743,378	26,780,173	39,863,615	12,770,700
10 years under 15 years	2,000,371	67,566,730	37,643,951	22,683,579	558,802	4,974,168	8,698,103	3,850,953
15 years under 20 years	930,268	66,923,813	22,907,234	34,717,461	154,251	3,770,729	4,703,668	933,380
20 years or more	1,330,895	98,208,025	35,108,430	47,760,752	169,625	1,565,816	2,828,425	1,262,610
Period not determinable	24,160,693	344,142,969	225,286,690	308,335,597	7,671,461	98,678,113	127,850,003	44,128,103

[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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 3B. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2005**

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

Type of transaction, length of time held	Length of time held							
	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)
<b>Short-term transactions</b>								
<b>Total</b>	<b>62,947,442</b>	<b>1,909,699,408</b>	<b>2,695,423,225</b>	<b>95,073,791</b>	<b>42,173,217</b>	<b>1,236,716,620</b>	<b>1,290,146,416</b>	<b>58,339,717</b>
Under 1 month	18,844,701	617,304,350	1,473,830,962	13,390,031	12,834,788	255,831,022	264,598,486	8,806,462
1 month under 2 months	5,892,603	75,740,130	70,049,806	5,709,563	4,342,731	35,159,183	40,207,357	5,065,566
2 months under 3 months	3,803,418	52,575,126	49,081,594	3,546,493	3,343,596	25,184,818	28,611,195	3,388,083
3 months under 4 months	3,893,613	48,850,054	45,488,808	3,383,752	2,993,120	20,540,141	23,366,958	2,888,253
4 months under 5 months	3,281,927	31,483,792	28,474,188	2,995,451	2,354,642	17,090,939	19,452,294	2,364,631
5 months under 6 months	3,160,557	31,928,591	28,438,884	3,395,357	2,107,164	15,495,907	17,459,599	2,037,582
6 months under 7 months	3,020,237	36,042,146	32,688,542	3,116,474	1,804,977	21,215,196	23,252,111	2,039,540
7 months under 8 months	2,594,472	44,909,658	32,733,549	2,721,323	1,678,816	12,542,749	14,021,907	1,485,162
8 months under 9 months	2,569,765	21,225,811	19,288,590	1,950,874	1,553,320	11,666,438	13,224,804	1,558,996
9 months under 10 months	2,700,458	21,200,907	18,487,580	2,554,965	1,426,976	10,995,808	13,062,474	2,067,769
10 months under 11 months	2,534,525	18,886,433	16,485,241	2,401,054	1,461,345	10,562,168	12,355,492	1,795,782
11 months under 12 months	2,299,958	18,818,227	16,677,633	2,166,200	1,286,709	10,571,344	12,182,164	1,614,851
1 year or more [2]	732,466	18,426,921	16,440,734	2,039,876	372,007	4,671,256	5,753,184	1,089,424
Period not determinable	7,618,742	872,307,262	847,257,114	45,702,378	4,613,026	785,189,651	802,598,391	22,137,616
<b>Long-term transactions</b>								
<b>Total</b>	<b>77,033,524</b>	<b>1,481,156,209</b>	<b>865,487,911</b>	<b>801,798,879</b>	<b>31,123,729</b>	<b>7,588,483,974</b>	<b>456,645,365</b>	<b>94,464,946</b>
Under 18 months [3]	13,131,186	162,389,712	133,150,924	28,479,339	5,991,992	54,776,097	62,167,394	7,618,551
18 months under 2 years	7,735,760	85,464,140	67,784,285	16,055,528	3,196,170	29,449,242	33,939,435	4,512,307
2 years under 3 years	9,433,025	140,862,148	99,714,983	33,511,432	2,954,818	26,704,904	30,931,757	4,210,096
3 years under 4 years	5,411,186	84,460,894	59,566,436	19,349,385	2,979,948	19,271,849	24,527,767	5,256,669
4 years under 5 years	2,805,886	162,500,008	47,864,843	109,900,447	3,042,417	15,473,244	24,906,620	9,591,903
5 years under 10 years	6,482,282	208,651,451	127,208,116	58,835,035	5,122,503	7,244,324,782	48,573,955	18,156,809
10 years under 15 years	2,048,729	108,211,322	48,001,149	51,001,180	432,574	4,861,457	6,735,974	1,879,404
15 years under 20 years	828,018	64,392,242	25,468,355	32,345,669	172,497	1,627,685	2,644,580	1,016,796
20 years or more	1,315,979	131,778,049	35,094,205	75,845,490	179,182	2,688,465	3,501,743	872,134
Period not determinable	27,841,473	332,446,243	221,634,615	376,475,374	7,051,628	189,306,249	218,716,140	41,350,277

[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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 3C. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2006**

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

Type of transaction, length of time held	Length of time held							
	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)
<b>Short-term transactions</b>								
<b>Total</b>	<b>74,983,697</b>	<b>1,391,606,111</b>	<b>1,311,768,334</b>	<b>103,085,513</b>	<b>47,461,166</b>	<b>1,248,322,607</b>	<b>1,308,667,759</b>	<b>66,656,153</b>
Under 1 month	20,343,544	392,010,819	378,515,309	14,137,242	12,454,515	277,059,442	290,006,853	12,873,862
1 month under 2 months	6,751,452	79,796,792	73,935,050	5,656,469	4,876,492	37,306,502	42,623,126	5,516,652
2 months under 3 months	5,136,141	65,767,630	60,755,035	5,060,894	3,880,146	33,119,536	37,620,546	4,548,244
3 months under 4 months	4,873,264	49,040,159	45,710,378	3,329,278	3,181,653	18,158,296	20,512,443	2,450,374
4 months under 5 months	4,367,547	33,478,120	30,538,148	2,949,701	3,020,122	19,341,067	21,835,045	2,512,114
5 months under 6 months	3,956,299	45,243,973	40,528,912	4,744,364	2,754,551	27,239,115	29,767,024	2,553,653
6 months under 7 months	3,702,458	42,443,963	39,274,107	2,896,955	2,414,459	15,920,231	18,255,692	2,337,787
7 months under 8 months	3,558,809	29,653,367	25,636,133	2,889,973	2,165,997	13,405,414	14,927,233	1,526,176
8 months under 9 months	3,099,229	21,973,381	19,403,750	2,436,924	1,953,440	15,872,567	18,278,340	2,410,816
9 months under 10 months	3,250,048	21,331,162	20,229,942	2,234,627	1,730,846	9,960,882	11,309,484	1,348,542
10 months under 11 months	2,984,347	18,376,324	16,211,962	2,159,205	1,564,063	10,847,413	12,098,144	1,219,117
11 months under 12 months	2,643,637	16,956,487	15,101,152	1,891,762	1,362,915	10,101,677	11,196,062	1,175,991
1 year or more [2]	878,172	34,135,113	32,351,571	1,826,006	440,914	5,055,422	5,858,378	803,246
Period not determinable	9,438,750	541,398,821	513,576,885	50,872,113	5,661,053	754,935,043	774,379,389	25,379,578
<b>Long-term transactions</b>								
<b>Total</b>	<b>86,852,293</b>	<b>1,385,404,735</b>	<b>867,757,917</b>	<b>788,510,577</b>	<b>31,694,682</b>	<b>302,212,229</b>	<b>373,061,835</b>	<b>80,579,874</b>
Under 18 months [3]	15,751,431	156,543,944	126,614,590	28,998,790	6,816,679	55,551,376	62,321,894	7,132,820
18 months under 2 years	9,473,310	83,854,704	66,149,666	17,071,388	3,919,551	28,687,484	33,262,492	4,582,904
2 years under 3 years	11,056,857	138,660,366	99,810,900	32,827,008	4,124,807	38,829,516	45,525,220	6,767,556
3 years under 4 years	5,964,886	75,257,535	51,437,964	21,167,974	1,865,438	20,504,791	23,555,028	3,058,506
4 years under 5 years	3,251,245	56,832,557	38,194,506	16,234,549	1,655,327	17,436,837	20,934,689	3,496,891
5 years under 10 years	6,934,444	203,902,039	108,611,931	76,642,752	5,734,163	30,961,898	48,921,712	17,995,641
10 years under 15 years	2,239,406	76,978,988	35,638,279	32,147,533	543,225	5,198,443	7,602,247	2,405,262
15 years under 20 years	859,516	46,335,313	17,943,324	24,113,251	169,019	4,941,548	6,087,498	1,145,950
20 years or more	1,287,171	89,065,797	29,241,751	50,162,878	135,532	2,570,605	3,768,352	1,197,794
Period not determinable	30,034,027	457,973,492	294,115,006	489,144,454	6,730,941	97,529,731	121,082,703	32,796,550

[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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004-2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 3D. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2007**

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

Type of transaction, length of time held	Length of time held							
	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)
<b>Short-term transactions</b>								
<b>Total</b>	<b>71,223,053</b>	<b>1,728,666,526</b>	<b>1,599,616,766</b>	<b>117,600,001</b>	<b>47,166,208</b>	<b>1,468,542,982</b>	<b>1,546,123,232</b>	<b>89,048,160</b>
Under 1 month	18,512,554	352,618,525	337,267,345	16,703,154	13,071,263	237,053,918	245,804,019	11,478,674
1 month under 2 months	6,342,609	80,373,531	75,147,188	5,371,734	5,022,170	40,094,080	48,702,180	8,563,089
2 months under 3 months	4,819,942	56,249,609	48,994,409	7,383,695	3,744,426	27,417,949	32,028,773	4,602,453
3 months under 4 months	4,534,429	45,770,206	42,731,528	3,100,072	3,329,832	20,947,886	24,306,793	3,346,862
4 months under 5 months	3,835,966	35,202,679	32,311,000	2,951,742	2,799,530	18,278,952	21,829,157	3,553,853
5 months under 6 months	3,541,320	31,125,299	28,925,484	2,608,244	2,342,770	14,343,633	16,809,518	2,460,804
6 months under 7 months	4,461,803	51,421,758	48,584,106	3,121,110	2,443,476	18,852,300	23,310,518	4,504,850
7 months under 8 months	3,575,623	25,838,555	23,100,618	2,747,012	1,844,542	15,178,565	17,443,361	2,250,290
8 months under 9 months	3,020,052	19,753,238	17,560,896	2,263,391	1,740,013	13,959,197	16,142,162	2,170,028
9 months under 10 months	3,120,390	23,182,662	20,924,759	2,291,225	1,707,541	13,579,415	15,671,075	2,090,776
10 months under 11 months	2,633,641	17,791,561	15,755,430	2,114,476	1,732,414	13,752,901	15,690,430	1,949,061
11 months under 12 months	2,785,092	21,044,144	18,947,850	2,587,645	1,371,356	9,916,680	11,580,076	1,652,616
1 year or more [2]	904,610	77,694,275	33,063,207	1,987,836	454,595	23,677,112	25,487,998	1,504,858
Period not determinable	9,135,023	890,600,483	856,302,944	62,368,665	5,562,279	1,001,490,396	1,031,317,173	38,919,946
<b>Long-term transactions</b>								
<b>Total</b>	<b>102,183,789</b>	<b>1,585,033,421</b>	<b>961,589,336</b>	<b>989,370,484</b>	<b>31,133,845</b>	<b>366,239,783</b>	<b>457,030,504</b>	<b>101,402,616</b>
Under 18 months [3]	18,793,535	175,117,604	148,729,970	26,871,954	7,134,265	54,792,081	62,377,038	8,072,609
18 months under 2 years	11,672,733	97,985,241	79,773,075	19,617,355	4,269,304	33,120,913	38,498,483	5,387,118
2 years under 3 years	13,488,449	240,516,441	103,403,465	134,442,834	4,466,596	52,456,677	74,127,143	21,552,781
3 years under 4 years	7,717,193	101,087,581	73,027,103	22,361,029	2,414,748	25,193,266	29,739,973	4,542,234
4 years under 5 years	4,440,945	60,240,718	40,942,102	17,527,480	1,132,069	13,910,835	16,408,910	2,485,492
5 years under 10 years	8,424,950	190,838,901	113,107,445	65,780,864	4,745,492	37,015,808	51,895,878	14,861,016
10 years under 15 years	2,546,196	78,197,927	34,894,922	34,584,420	641,178	24,949,231	32,352,963	7,369,344
15 years under 20 years	849,547	48,486,673	23,045,004	18,342,337	138,324	2,561,667	4,578,001	2,016,136
20 years or more	1,334,672	85,409,936	24,194,689	49,939,954	138,385	12,306,207	14,169,462	1,863,234
Period not determinable	32,915,567	507,152,399	320,471,560	599,902,257	6,053,485	109,933,099	132,882,654	33,252,652

[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 transactions, (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.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 4A. Distribution of Number of Returns and Amount for Returns with Net Gains or Losses Realized, Tax Years 2004–2007**

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

Adjusted gross income	Number of returns with no net gains or losses realized all years	Returns with net gains or losses realized for one year		Returns with net gains or losses realized for two years		Returns with net gains or losses realized for three years		Returns with net gains or losses realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All returns:</b>	<b>281,825,604</b>	<b>38,355,505</b>	<b>113,104,696</b>	<b>22,594,465</b>	<b>134,117,562</b>	<b>22,266,964</b>	<b>225,151,555</b>	<b>57,991,962</b>	<b>2,197,181,418</b>
Under \$5,000 [1]	12,111,510	1,103,903	2,149,953	773,733	2,069,560	939,935	7,842,658	2,162,540	28,142,583
\$5,000 under \$10,000	18,941,696	1,390,788	997,117	644,380	537,591	812,251	541,848	1,551,453	2,496,697
\$10,000 under \$15,000	25,439,374	1,810,153	1,589,385	944,848	501,121	839,223	855,369	1,530,139	2,124,290
\$15,000 under \$20,000	28,078,509	1,895,583	2,018,413	1,093,142	873,850	1,008,622	1,506,190	2,019,060	2,097,155
\$20,000 under \$25,000	25,699,349	2,009,862	2,585,452	979,829	1,832,686	942,073	1,196,085	1,789,421	3,327,225
\$25,000 under \$30,000	23,919,184	2,228,654	3,222,553	1,146,969	2,340,152	982,246	1,977,306	1,954,523	5,111,825
\$30,000 under \$40,000	39,872,136	4,313,127	7,951,040	2,100,226	4,395,281	1,627,369	4,273,604	3,635,456	10,790,714
\$40,000 under \$50,000	28,427,280	4,023,904	8,849,929	2,083,876	4,669,195	1,802,130	5,160,820	4,134,942	14,163,786
\$50,000 under \$75,000	44,679,485	7,919,864	18,646,752	4,679,855	12,702,990	4,308,897	13,804,698	9,783,932	38,439,749
\$75,000 under \$100,000	20,243,020	5,502,156	16,749,494	3,118,176	12,785,249	3,251,383	13,458,177	7,744,619	51,012,404
\$100,000 under \$200,000	13,329,324	5,240,551	23,006,061	3,964,206	27,324,481	4,361,986	35,302,283	13,187,206	177,659,904
\$200,000 under \$500,000	993,813	823,866	21,660,787	925,406	25,102,004	1,133,680	50,489,871	6,004,978	266,666,223
\$500,000 under \$1,000,000	70,199	76,643	1,541,909	84,117	10,493,677	184,796	19,061,537	1,556,201	208,507,492
\$1,000,000 under \$1,500,000	10,251	7,224	732,141	35,546	13,286,508	33,697	5,246,088	380,017	110,702,575
\$1,500,000 under \$2,000,000	8,117	4,946	82,413	15,209	3,581,058	9,141	4,432,820	162,680	99,438,264
\$2,000,000 under \$5,000,000	2,196	3,998	723,950	2,865	2,589,150	23,859	19,001,308	269,232	250,925,894
\$5,000,000 under \$10,000,000	123	198	13,485	1,109	891,636	3,415	20,949,478	64,112	161,515,235
\$10,000,000 or more	37	82	583,863	975	8,141,374	2,262	20,051,414	61,451	764,059,403

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 4B. Distribution of Number of Returns and Amount for Returns with Net Gains Realized, Tax Years 2004–2007**

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

Adjusted gross income	Number of returns with no net gains realized all years	Returns with net gains realized for one year		Returns with net gains realized for two years		Returns with net gains realized for three years		Returns with net gains realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All returns:</b>	<b>312,137,362</b>	<b>42,464,074</b>	<b>189,057,780</b>	<b>23,919,808</b>	<b>310,902,158</b>	<b>22,220,754</b>	<b>550,479,202</b>	<b>22,325,430</b>	<b>1,665,945,072</b>
Under \$5,000 [1]	14,024,056	1,257,752	4,793,702	677,793	5,006,796	644,104	10,970,501	489,115	23,608,329
\$5,000 under \$10,000	20,104,276	1,479,293	1,208,251	594,965	961,828	635,201	2,470,588	526,835	1,870,628
\$10,000 under \$15,000	26,634,033	1,929,406	1,567,336	823,182	1,196,119	619,370	1,346,490	558,416	2,667,757
\$15,000 under \$20,000	29,590,993	1,938,119	2,375,855	1,008,409	1,834,425	797,011	2,113,714	760,389	2,404,815
\$20,000 under \$25,000	27,106,872	1,978,172	3,103,393	816,946	2,211,524	732,832	1,881,257	785,718	3,732,593
\$25,000 under \$30,000	25,476,561	2,102,040	4,403,617	984,781	2,679,364	962,700	3,696,470	705,499	3,766,224
\$30,000 under \$40,000	42,320,607	4,481,643	9,502,972	1,855,671	5,906,898	1,535,440	6,669,949	1,355,022	8,447,314
\$40,000 under \$50,000	30,984,519	3,964,834	10,025,013	2,002,098	7,568,707	1,867,521	7,300,661	1,653,182	11,271,232
\$50,000 under \$75,000	50,154,967	8,560,452	23,540,844	4,758,007	18,363,727	4,087,083	20,277,441	3,820,273	28,563,593
\$75,000 under \$100,000	24,333,925	5,945,728	20,913,168	3,416,971	19,450,949	3,024,522	22,967,154	3,148,368	36,222,293
\$100,000 under \$200,000	18,469,565	6,868,895	40,746,317	4,709,903	50,051,879	4,784,131	66,941,543	5,255,960	113,634,462
\$200,000 under \$500,000	2,471,940	1,673,487	38,613,827	1,804,873	66,206,644	1,831,484	98,818,111	2,104,434	163,529,483
\$500,000 under \$1,000,000	351,912	194,776	6,781,845	286,247	28,521,871	476,234	51,153,883	663,425	153,869,591
\$1,000,000 under \$1,500,000	56,956	43,409	3,796,405	91,872	24,001,914	93,670	22,321,698	180,904	79,983,353
\$1,500,000 under \$2,000,000	28,665	12,771	1,790,282	29,816	7,518,532	39,848	29,038,743	89,648	69,299,013
\$2,000,000 under \$5,000,000	21,542	25,151	4,662,467	45,976	21,964,175	61,904	59,870,180	148,173	186,935,927
\$5,000,000 under \$10,000,000	4,644	5,548	8,531,506	8,539	21,430,332	9,818	26,320,419	40,720	128,073,727
\$10,000,000 or more	1,329	2,598	2,700,979	3,760	26,026,474	17,881	116,320,399	39,349	648,064,738

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 4C. Distribution of Number of Returns and Amount for Returns with Net Losses Realized, Tax Years 2004–2007**

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

Adjusted gross income	Number of returns with net losses realized all years	Returns with net losses realized for one year		Returns with net losses realized for two years		Returns with net losses realized for three years		Returns with net losses realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All returns:</b>	<b>355,500,190</b>	<b>31,481,157</b>	<b>457,356,892</b>	<b>15,552,990</b>	<b>142,766,807</b>	<b>8,595,501</b>	<b>38,411,357</b>	<b>11,954,712</b>	<b>-32,159,569</b>
Under \$5,000 [1]	14,206,465	775,841	6,064,961	577,545	2,432,980	438,006	527,821	1,094,340	-2,899,895
\$5,000 under \$10,000	21,236,207	872,032	1,602,816	413,109	52,826	335,182	-348,344	484,040	-1,251,246
\$10,000 under \$15,000	28,294,225	992,964	504,953	594,936	-150,099	245,620	-261,209	438,473	-1,108,186
\$15,000 under \$20,000	31,308,515	1,248,411	1,081,948	634,064	263,576	343,676	-284,970	562,219	-1,521,498
\$20,000 under \$25,000	28,947,313	1,231,071	1,027,161	444,665	228,722	310,347	-418,180	487,138	-1,295,668
\$25,000 under \$30,000	27,348,542	1,526,289	1,877,105	562,620	322,142	322,305	288,857	471,819	-1,255,633
\$30,000 under \$40,000	46,454,095	2,573,260	4,155,856	1,153,916	708,251	631,039	-41,415	736,054	-1,959,736
\$40,000 under \$50,000	35,253,434	2,688,159	4,950,019	1,176,992	1,454,943	508,832	-135,570	846,739	-2,318,886
\$50,000 under \$75,000	59,062,823	6,055,101	13,068,528	2,973,190	5,678,601	1,411,401	-25,463	1,884,089	-5,133,018
\$75,000 under \$100,000	30,567,666	4,597,563	15,985,727	2,027,028	5,402,525	1,285,594	578,417	1,391,497	-3,799,746
\$100,000 under \$200,000	26,505,910	6,161,696	56,754,108	3,337,596	23,900,461	1,810,557	6,120,114	2,269,359	-6,178,436
\$200,000 under \$500,000	4,764,244	2,059,917	84,277,197	1,341,183	33,211,092	741,710	9,695,595	988,357	-2,622,909
\$500,000 under \$1,000,000	933,404	476,522	39,969,846	205,221	15,195,221	140,884	4,449,390	217,017	-601,002
\$1,000,000 under \$1,500,000	245,080	94,676	22,274,953	52,944	9,376,282	29,548	2,225,376	44,724	-125,724
\$1,500,000 under \$2,000,000	119,456	39,080	25,190,962	14,266	3,728,536	12,150	1,694,872	15,800	-44,676
\$2,000,000 under \$5,000,000	168,207	60,780	42,505,156	34,230	19,023,803	21,935	3,698,252	17,331	-33,065
\$5,000,000 under \$10,000,000	42,908	10,855	37,098,984	6,261	5,237,936	4,869	8,555,538	4,441	-12,561
\$10,000,000 or more	41,697	16,941	98,966,611	3,224	16,699,010	1,845	2,092,275	1,273	2,318

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.



# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 5A. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2004**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>181,924,460</b>	<b>4,231,737,802</b>	<b>3,858,310,967</b>	<b>498,940,990</b>
Corporate stock	115,419,131	1,662,180,854	1,524,941,674	136,491,641
U.S. Government obligations	1,831,425	123,179,684	123,001,052	166,933
State and local government obligations	3,287,553	165,339,124	163,980,743	1,304,941
Other bonds, notes, and debentures	1,797,058	161,104,765	160,981,494	118,620
Put and call options	3,691,392	32,427,985	29,910,551	2,571,324
Futures contracts	340,343	9,530,573	6,996,629	2,550,435
Mutual funds, except tax-exempt bond funds	2,274,576	64,152,804	62,252,198	-342,411
Tax-exempt bond mutual funds	1,847,443	99,702,387	86,324,483	12,888,033
Partnership, S corporation, and estate or trust interests	25,866,069	357,355,398	356,978,967	372,773
Livestock	649,807	4,163,982	1,594,587	2,038,479
Timber	98,942	3,367,500	1,271,843	2,095,655
Involuntary conversions	314,031	413,515	-368,264	-147,933
Residential rental property	1,519,394	215,887,554	152,353,158	50,450,080
Depreciable business personal property	1,920,478	13,656,637	9,748,900	1,214,112
Depreciable business real property	725,331	80,321,876	45,097,294	28,481,054
Farmland	115,334	7,781,320	3,954,028	2,910,225
Other land	931,861	70,903,878	38,990,088	28,001,594
Residences	465,744	138,273,575	86,264,929	15,307,762
Other assets	3,203,470	960,583,444	944,875,550	15,240,652
Unidentifiable	574,984	61,118,708	59,161,065	1,958,200
Passthrough gains or losses	4,743,501	N/A	N/A	179,196,836
Capital gain distributions	10,306,593	N/A	N/A	16,071,987

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 transactions, because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (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. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 5B. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2005**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>219,029,900</b>	<b>12,326,036,562</b>	<b>5,407,741,851</b>	<b>756,933,628</b>
Corporate stock	142,065,713	9,451,768,898	2,002,762,758	233,262,103
U.S. Government obligations	2,187,751	134,103,768	1,003,830,268	-40,372
State and local government obligations	3,143,962	219,261,127	216,736,840	1,509,399
Other bonds, notes, and debentures	1,497,274	53,645,421	53,839,863	-213,927
Put and call options	4,907,660	27,116,350	27,791,045	-726,440
Futures contracts	423,571	9,106,160	9,034,113	442,851
Mutual funds, except tax-exempt bond funds	29,736,181	714,945,453	705,369,059	9,568,831
Tax-exempt bond mutual funds	3,448,807	56,024,439	56,063,213	12,272
Partnership, S corporation, and estate or trust interests	2,566,657	81,141,449	62,378,402	19,322,493
Livestock	688,783	4,554,770	1,459,948	2,234,886
Timber	136,934	3,198,777	1,317,717	1,881,044
Involuntary conversions	920,117	780,985	345,981	-54,169
Residential rental property	1,792,885	297,478,014	200,486,372	71,525,069
Depreciable business personal property	1,543,054	17,670,796	13,247,697	1,624,358
Depreciable business real property	780,193	138,191,559	71,681,419	51,771,355
Farmland	91,997	7,005,783	4,159,506	2,466,414
Other land	880,771	83,583,768	41,442,090	36,197,389
Residences	487,116	177,965,837	111,792,373	21,118,806
Other assets	3,415,935	796,708,774	776,491,560	18,719,401
Unidentifiable	661,694	51,784,434	47,511,627	4,521,096
Passthrough gains or losses	4,979,323	N/A	N/A	247,779,323
Capital gain distributions	12,673,519	N/A	N/A	34,011,446

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 transactions, (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. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 5C. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2006**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>244,463,832</b>	<b>4,424,828,877</b>	<b>3,952,360,582</b>	<b>758,019,188</b>
Corporate stock	161,716,004	2,473,845,919	2,256,415,865	212,540,561
U.S. Government obligations	2,230,886	150,570,893	149,884,128	-326,355
State and local government obligations	2,945,990	212,235,402	210,129,001	1,809,199
Other bonds, notes and debentures	1,706,899	50,805,475	51,798,011	-1,288,501
Put and call options	5,907,744	60,942,728	59,937,754	981,109
Futures contracts	733,391	24,619,596	22,521,883	2,159,818
Mutual funds, except tax-exempt bond funds	32,203,562	363,217,768	345,944,578	16,668,841
Tax-exempt bond mutual funds	2,550,466	45,790,215	45,927,850	-121,791
Partnership, S corporation, and estate or trust interests	3,997,090	108,385,778	77,644,382	31,675,257
Livestock	671,094	4,194,140	1,338,911	2,094,802
Timber	95,094	1,803,756	424,510	1,379,232
Involuntary conversions	307,816	613,363	35,664	287,751
Residential rental property	1,399,335	199,637,815	157,920,497	35,767,178
Depreciable business personal property	1,836,059	17,618,908	11,971,668	2,110,955
Depreciable business real property	634,404	85,842,363	53,482,100	28,583,519
Farmland	79,390	8,946,541	4,109,119	1,827,039
Other land	828,028	102,259,434	56,503,062	34,867,192
Residences	423,552	134,973,477	90,554,594	14,825,646
Other assets	4,089,604	298,386,193	280,596,200	16,568,871
Unidentifiable	1,595,580	80,139,116	75,220,804	4,874,294
Passthrough gains or losses	4,997,578	N/A	N/A	293,224,011
Capital gain distributions	13,514,263	N/A	N/A	57,510,557

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 transactions, (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. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

# Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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**Table 5D. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2007**

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>258,650,885</b>	<b>5,287,308,159</b>	<b>4,687,002,867</b>	<b>937,091,625</b>
Corporate stock	163,774,528	2,040,184,976	1,748,036,849	290,004,923
U.S. Government obligations	2,172,043	135,703,583	137,344,811	-1,371,309
State and local government obligations	2,904,818	236,402,815	235,114,216	1,053,666
Other bonds, notes, and debentures	1,708,624	108,637,933	108,536,925	63,880
Put and call options	5,346,839	63,793,200	60,485,341	2,667,278
Futures contracts	763,888	37,053,484	31,896,200	5,356,088
Mutual funds, except tax-exempt bond funds	41,264,785	532,064,129	502,370,294	30,884,041
Tax-exempt bond mutual funds	4,307,265	65,092,318	65,676,475	-899,014
Partnership, S corporation, and estate or trust interests	4,581,560	138,721,683	103,269,047	36,482,714
Livestock	619,563	5,538,917	2,189,670	2,617,557
Timber	80,091	2,161,255	862,748	824,366
Involuntary conversions	304,819	415,001	15,583	-2,972
Residential rental property	1,284,148	194,461,705	146,495,987	35,251,857
Depreciable business personal property	2,172,494	17,992,228	11,511,456	1,824,531
Depreciable business real property	554,498	84,395,401	53,432,036	23,909,440
Farmland	94,702	8,884,001	5,350,941	3,351,730
Other land	627,409	60,282,373	29,979,635	26,312,521
Residences	364,228	120,150,236	89,716,098	9,667,906
Other assets	5,283,679	739,015,217	666,149,555	25,425,515
Unidentifiable	707,367	696,357,704	688,568,999	5,523,656
Passthrough gains or losses	5,208,549	N/A	N/A	355,740,766
Capital gain distributions	14,524,989	N/A	N/A	82,402,483

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 transactions, (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. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.



# Split-Interest Trusts, Filing Year 2012

by Lisa S. Rosenmerkel

**A**s the name implies, a split-interest trust (SIT) can have both charitable and noncharitable beneficiaries. Preparers file Form 5227, *Split-Interest Trust Information Return*, for each calendar year a split-interest trust exists.<sup>1</sup> Form 5227 is an information return used to disclose the financial activities of the trust, not to calculate tax liability.

A split-interest trust can be created by executing a will or a separate trust instrument. In either case, the instrument specifies the term of the trust, designates the trustee(s) and beneficiaries, and provides parameters for managing assets and distributing income. The instrument

usually specifies the trust's contents when it is created. The individual who owns, and then transfers, the assets that make up the trust corpus is the grantor.<sup>2</sup> Individuals and entities receiving income and assets from the trust are the beneficiaries.

A trustee holds, invests, and distributes the trust's income and assets. This 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 instrument and to any applicable laws. Additionally, the trustee coordinates the preparing, verifying, and submitting of all required Federal and State tax forms.

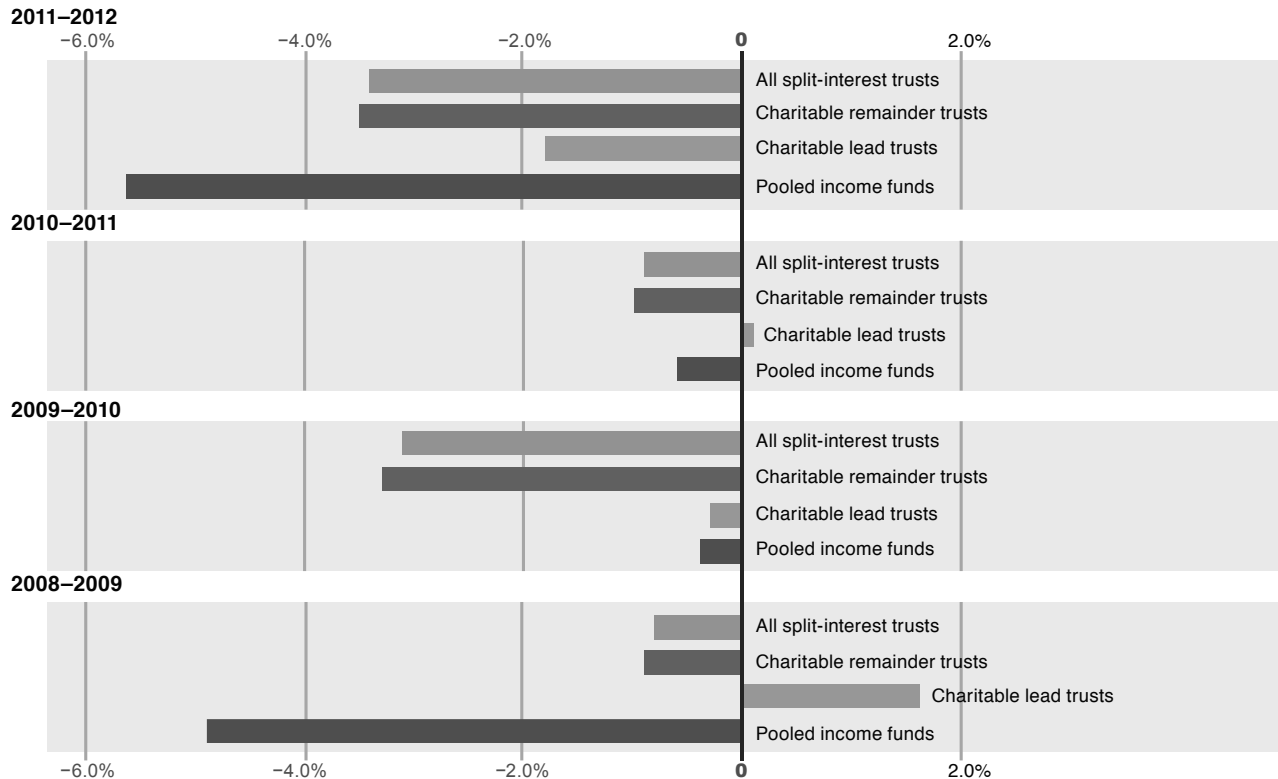
The number of Forms 5227 filed with the IRS has declined consistently in recent years. Preparers filed 113,688 information returns in Filing Year 2012, a 3-percent decline from 2011 (Figure A).<sup>3,4</sup> Split-interest

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**Figure A**

## Percentage Change in Number of Split-Interest Trust Returns, Filing Years 2008–2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

<sup>1</sup> Split-interest trusts created before May 27, 1969, are exempt from filing a Form 5227 as long as no amounts have been transferred to the trust since May 27, 1969.

<sup>2</sup> The corpus (or principal) of a trust consists of the original assets transferred into the trust. Often referred to as the body of the trust, the corpus may generate income streams.

<sup>3</sup> A filing year includes all returns submitted to the IRS and processed between January 1 and December 31.

<sup>4</sup> Figure A includes data for six charitable remainder unitrusts otherwise excluded from this article. Data for these outliers are also included in the aggregate tables presented at the conclusion of this article, as well as the online versions. All other figures and calculations in this article exclude data for these six trusts, which accounted for significant proportions of various asset and income categories and distorted the time-series and composition analysis.

## Split-Interest Trusts, Filing Year 2012

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trusts include three distinct types: charitable remainder trusts, charitable lead trusts, and pooled income funds. For 2012, charitable remainder trusts continued to be the most common type of split-interest trust, accounting for 93 percent of returns filed for the year despite a 4.4-percent decline from the number of returns filed in 2011.

Charitable remainder trusts (CRTs) distribute income in a series of fixed payments to one or more noncharitable beneficiaries for a defined period, after which the trust is dissolved and remaining assets transferred to one or more charitable beneficiaries.<sup>5,6,7</sup> CRTs include two types of trusts: charitable remainder unitrusts (CRUTs) and charitable remainder annuity trusts (CRATs). These differ by how the noncharitable distribution amount is calculated. CRUTs make up the vast majority (80 percent) of charitable remainder trusts. These trusts distribute a fixed percentage of the fair market value of the trust property, valued annually. Called the “unitrust percentage,” this percentage must be between 5 percent and 50 percent of the net fair market value of the trust assets.<sup>8</sup> The number of CRUT returns filed declined by nearly 3 percent (from 93,822 to 91,244) between 2011 and 2012.

In comparison, CRATs account for less than 14 percent of the CRT population. These trusts also distribute a fixed percentage between 5 percent and 50 percent annually. However, the percentage is based on the fair market value of the property on the date the trust was funded. The number of CRAT returns declined from 15,862 to 14,616 between 2011 and 2012.

Unlike CRTs, annual distributions under charitable lead trusts (CLTs) are not constrained by minimum or maximum payout restrictions. CLTs distribute a fixed annual payment to a predetermined charitable beneficiary for a set time, after which the remaining trust assets are transferred to a noncharitable beneficiary. These trusts made up about 6 percent of all split-interest trusts in 2012. Trustees of CLTs filed 6,498 returns for the year, a decline of only 1.8 percent from the number filed for Filing Year 2011.

Pooled income funds (PIFs) are the least common split-interest trust, accounting for less than 2 percent of all Forms 5227 filed in 2012. The number of PIF returns declined to 1,324 returns in 2012, down nearly 6 percent from the previous year. Under a pooled income fund arrangement, private donors pool their assets to

contribute to a charitable organization and, in return, receive income payments for the remainder of the grantors' lifetimes.<sup>9</sup> Assets transferred to the fund are irrevocable, meaning they cannot be removed from the trust or replaced with other assets without the beneficiary's consent, in this case, the donee charity. The donee charity, commonly a large educational institution, is responsible for managing 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 return on fund assets for that year. At the time of the donor's death, the charity receives the grantor's prorated share of the PIF's value.

### Filer Characteristics

Consistent with previous years, in 2012, ongoing trusts—those in neither the first nor last year of existence—filed the majority of Forms 5227 (93.8 percent). The Forms 5227 population for the year included slightly more initial returns than in 2011; however, only 2 percent of the current-year population included returns filed for newly created trusts. Final returns were more common, and in 2012, preparers for terminating trusts filed 4,768 returns, accounting for over 4 percent of the total population. Charitable lead trusts were the most dynamic in 2012, with larger percentages of initial filings (7 percent) and terminations (6 percent), compared to any other split-interest trust.

The average lifespan of a SIT terminating in Filing Year 2012 was approximately 15 years. Terminating trusts for each of the SIT types in 2012 had longer lifespans than those terminating in 2011. A potential explanation could be the decline of new trust formation. Each year, fewer trusts are created, and as a result, the average age of existing trusts, including those terminating during the year, increases. Terminating PIFs had the longest average lifespan of all SIT types, followed by CRATs, CRUTs, and CLTs. Pooled income funds tend to have extended lifespans due to their institutional structure, in which a single charity oversees the assets of multiple donors. However, the 2012 average lifespan of 36 years was far higher than in previous filing years. In comparison, CRATs (15 years) and CRUTs (14 years) terminating in Filing Year 2012 had similar average lifespans perhaps

<sup>5</sup> 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 sections 664(d)(1)(A) and 664(d)(2)(A).

<sup>6</sup> In order to qualify as a noncharitable beneficiary, the individual or individuals must be one or more of the following: 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).

<sup>7</sup> The qualifications for a “charitable beneficiary” are detailed in Internal Revenue Code section 170(c).

<sup>8</sup> The date of valuation for charitable remainder unitrusts is determined at the time of creation and is noted in the trust document. It can be any day of the year but must remain consistent throughout the life of the trust.

<sup>9</sup> Pooled income funds are further discussed under Internal Revenue Code section 642(c)(5).

## Split-Interest Trusts, Filing Year 2012

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because both types of charitable remainder trusts are likely to terminate at the death of a noncharitable beneficiary. CLTs terminating in 2012 had an average lifespan of more than 13 years.

As in previous years, paid preparers completed the majority (78 percent) of returns filed in 2012 (Figure B). For returns that did not indicate a paid preparer, nearly 87 percent reported institutions, such as banks or charities, as the trustee. When entities such as these act as trustee, it is likely that the return was professionally prepared, even if a paid preparer did not sign the form. For example, while paid preparers completed about 53 percent of the returns filed for PIFs, 95 percent of these returns without a paid preparer's signature indicated the presence of institutional trustees. Returns for CLTs were most likely to be completed by a paid preparer in 2012; only 18 percent of returns filed for this trust type did not utilize a paid preparer.

### Income and Deductions

In total, Form 5227 filers reported \$11.7 billion in gross income for 2012, a sharp increase (up 20.6 percent) from \$9.7 billion reported in 2011 (Figure C).<sup>10</sup> The gross income for a trust fund equals the sum of all income received from any source before deductions. The average gross income for split-interest trusts was approximately \$108,000 per return, an increase of 26 percent over the prior year. The median value was approximately \$12,000 per return, indicating a wide range of reported values.

CRUTs represented the majority of returns filed, accounting for the highest amount of gross income (nearly \$8.2 billion). However, trustees for CRUTs reported the lowest average gross income (approximately \$37,000) and median value (\$6,000) per return. In contrast, 6,178 charitable lead trust filers reported a combined gross income of \$2.9 billion and the highest average gross income (approximately \$474,000) and median value

### Figure B

#### Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Split-Interest Trust, Filing Year 2012

[All figures are estimates based on samples]

Preparer status, type of trustee	All split-interest trusts	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>113,682</b>	<b>14,616</b>	<b>91,244</b>	<b>6,498</b>	<b>1,324</b>
Paid preparer [1]	88,971	9,793	73,121	5,357	701
Unpaid preparer	24,711	4,823	18,123	1,141	624
Noninstitutional trustee	3,271	388	2,583	269	* 31
Institutional trustee	21,440	4,436	15,540	872	592

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

[1] The presence of a paid preparer is indicated on page 6 of Form 5227, Split-Interest Trust Information Return.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

### Figure C

#### Gross Income, by Type of Split-Interest Trust, Filing Year 2012

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

Item	All split-interest trusts	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
Number of returns	113,682	14,616	91,244	6,498	1,324
Number of returns with gross income	108,317	14,240	86,609	6,178	1,290
Amount of gross income reported [1]	11,729,501	526,173	8,181,136	2,926,201	95,990

[1] Gross income is defined as the sum of all income from any source prior to deductions.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

<sup>10</sup> All dollar amounts presented in this article, as well as the related figures and tables, are in nominal dollars, and have not been adjusted for inflation.



## Split-Interest Trusts, Filing Year 2012

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(\$57,000) per return. Trustees for pooled income funds reported an average gross income of \$74,000 per return, with a median value of \$8,000 per return.

A trust may incur unrelated business taxable income (UBTI) when it receives income from a trade or business that it conducts regularly, but is not substantially related to the trust's tax-exempt purpose.<sup>11</sup> Charitable remainder trusts with UBTI also file Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. In Filing Year 2012, nearly 400 filers of CRT returns reported UBTI on Form 5227, which was more than double the number in 2011.<sup>12</sup> CRUTs made up more than 91 percent of charitable remainder trusts reporting UBTI for the year.

For reporting purposes, three categories make up a split-interest trust's income: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types (Figure D). Ordinary income includes income that does not result from the sale or exchange of capital asset interest, such as ordinary dividends. Total ordinary income rose by more than 1 percent in 2012, from \$4.7 billion to \$4.8 billion. Dividends and business income continued to be the largest component of ordinary income, increasing by 13 percent between the two years. Likewise, total capital gains increased between 2011 and 2012, more than doubling to \$4.0 billion in 2012. While trusts reported short-term losses of \$274 million, these did not offset the reported long-term

gains of more than \$4 billion. The smallest component of income, total nontaxable income, declined 12 percent between 2011 and 2012. Total nontaxable income includes interest earned on investments in State or local government bonds. In comparison, total deductions increased 13 percent, or \$113.0 million, in 2012. Interest and taxes remained the smallest deductions reported for SITs, although both categories reported marked increases over the prior-year values.

### Balance Sheet

Overall, total end-of-year assets reported for SITs increased by less than 1 percent between 2011 and 2012. A trust's total end-of-year assets include cash, receivables, and investments. Total investments continued to make up the majority of assets, increasing more than 1 percent, from \$97.6 billion in 2011 to \$98.7 billion in 2012. This growth was attributed entirely to a nearly \$2.7-billion increase in other investments (Figure E). Other investments was the only category that increased in 2012 and prior years. These include annuities, bonds issued by foreign governments, hedge funds, and venture capital investments. The value of all remaining investment categories declined during the year. While corporate stock remained the largest investment category, it posted a decline, falling more than 1 percent from 2011 to 2012. Investments in land, buildings, and equipment showed the largest decrease, falling 11 percent between the two years. Federal and State Government obligations also decreased nearly 11 percent.

The change in total end-of-year assets varied by type of split-interest trust. Trustees of charitable lead trusts reported the only increase in total assets and total investments. However, land, buildings, and equipment and government obligations declined. Charitable remainder annuity trusts reported the largest decline of all SIT types for both total assets (down 9.6 percent) and investments (down 6.3 percent). Total investments held by pooled income funds declined 1 percent. In contrast, liabilities for all SITs increased 24 percent, from \$1.8 billion in 2011 to \$2.2 billion in 2012.

### Charitable Distributions

Trustees for all split-interest trusts must report any distributions of trust principal or income for charitable purposes on Form 5227. The details of these charitable distributions, as well as of the trusts' income and asset

### Figure D

#### Income and Deductions of Split-Interest Trusts, Filing Years 2011 and 2012

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

Item	2011	2012	Percentage change
	(1)	(2)	(3)
<b>Number of returns</b>	<b>117,704</b>	<b>113,682</b>	<b>-3.4</b>
<b>Total income [1]</b>	<b>6,601,833</b>	<b>8,978,139</b>	<b>36.0</b>
Total ordinary income	4,708,552	4,776,257	1.4
Total capital gains (losses)	1,705,599	4,036,028	136.6
Total nontaxable income	187,682	165,854	-11.6
<b>Total deductions [2]</b>	<b>862,849</b>	<b>975,827</b>	<b>13.1</b>

[1] Total income is the sum of ordinary income, capital gains (losses), and nontaxable income, prior to any deductions.

[2] Total deductions includes deductions allocable to income and corpus (i.e., the principal of the trust).

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

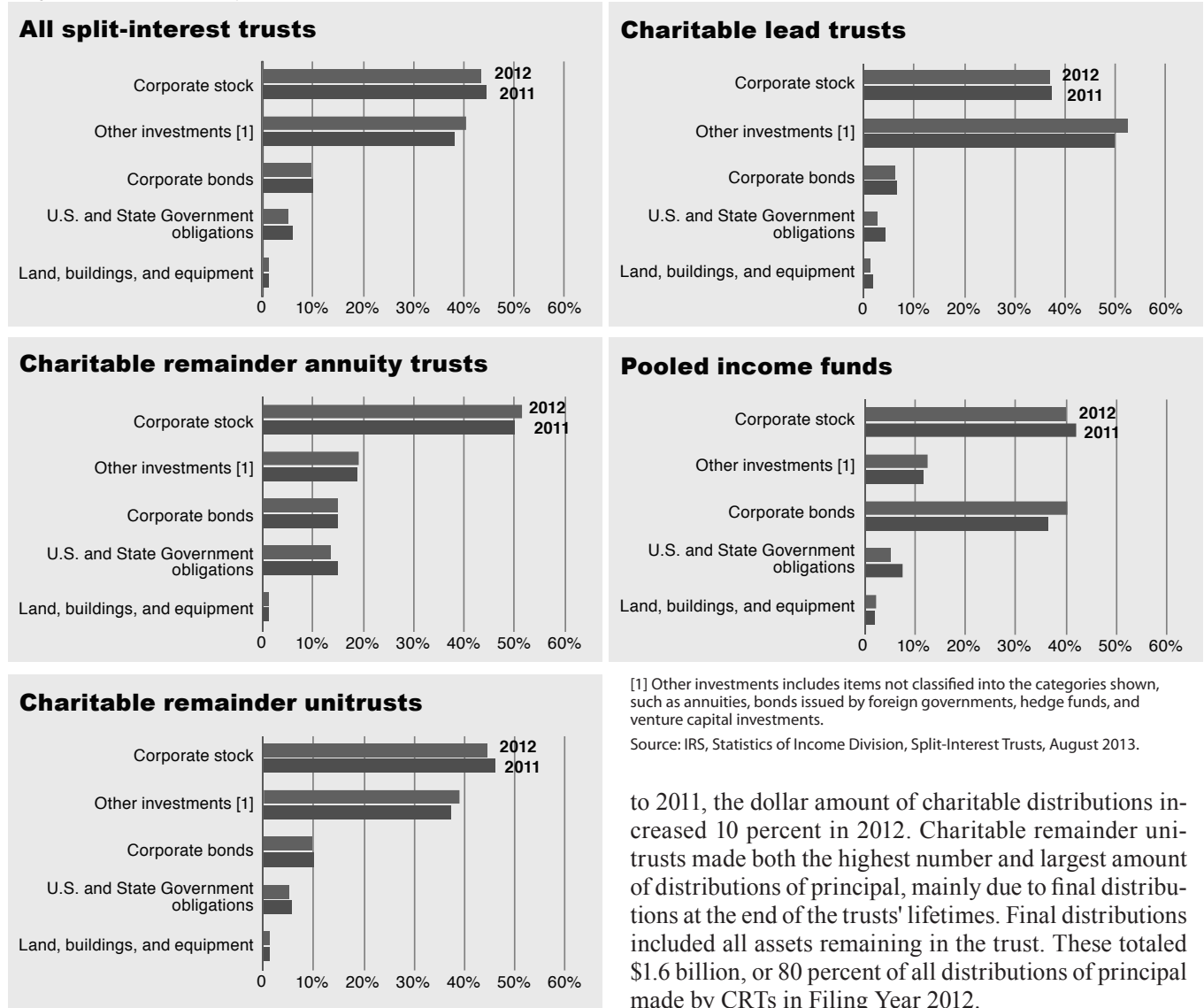
<sup>11</sup> Any income that a charitable remainder trust receives from a trade or business that is not substantially related to its exempt purpose is subject to tax. One example of unrelated business income is debt-financed income, which includes dividends from stock purchased through a margin account. For more information, see IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

<sup>12</sup> For more information on the amounts reported on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*, visit the Tax Stats Website: <http://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Form-4720>.

**Figure E**

**Investment Allocations, by Type of Split-Interest Trust, Filing Years 2011 and 2012**

[All figures are estimates based on samples]



[1] Other investments includes items not classified into the categories shown, such as annuities, bonds issued by foreign governments, hedge funds, and venture capital investments.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

holdings, are available to the public.<sup>13</sup> SITs made distributions of principal more frequently and in larger dollar amounts than distributions of income, as in prior years. In total, 6,175 SITs, more than 5 percent of the filing population, reported distributions of principal to charities. SITs made 16,500 distributions of principal totaling \$2.5 billion to charities in Filing Year 2012.<sup>14</sup> Compared

to 2011, the dollar amount of charitable distributions increased 10 percent in 2012. Charitable remainder unitrusts made both the highest number and largest amount of distributions of principal, mainly due to final distributions at the end of the trusts' lifetimes. Final distributions included all assets remaining in the trust. These totaled \$1.6 billion, or 80 percent of all distributions of principal made by CRTs in Filing Year 2012.

As in previous years, distributions of income to charities were less frequent and of smaller amounts than those derived from principal. Only 3,956 split-interest trusts reported distributing income to charitable organizations. Trustees made 15,580 distributions of income in 2012. The amount of distributions more than doubled between 2011 and 2012 to \$1.8 billion. As would be expected given their structures, charitable lead trusts dominated both the number and amount of charitable distributions of income.

<sup>13</sup> This change was effective for Filing Year 2007 forward. The only portion of the Form 5227 not available for public inspection is Schedule A, which includes details of distributions to and donations from individuals and noncharitable entities.

<sup>14</sup> The number of distributions made refers to the number made to unique charities on a given return. If a trust made multiple distributions to a single charity during the tax year, the distributions were counted as a single distribution.

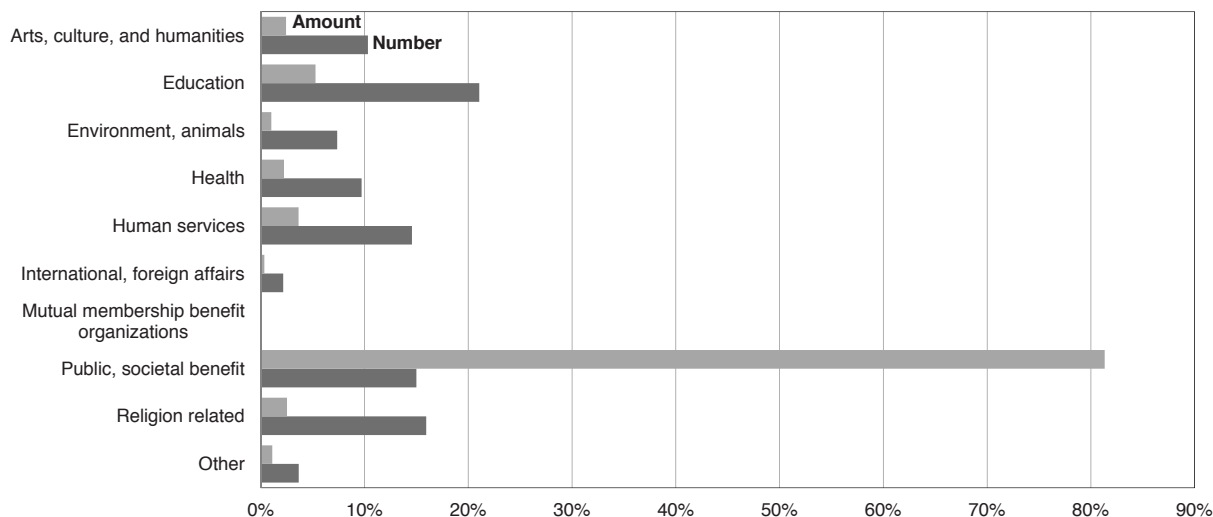
# Split-Interest Trusts, Filing Year 2012

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## Figure F

### Split-Interest Trust Charitable Distributions of Income, by Purpose, Filing Year 2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Pooled income funds were the least likely to make distributions of income.

SOI categorizes charitable beneficiaries into 10 major groups based on their institutional purpose and major programs and activities as defined by the National Taxonomy of Exempt Entities (NTEE).<sup>15</sup> Charities whose missions benefit the public or society received the largest amount (\$2.5 billion or 59 percent) and the greatest number (5,126) of distributions of income and principal from split-interest trusts in 2012 (Figures F, G). As in 2011, the Walton Family Foundation received the highest dollar amount of any charity in the public or societal benefit category. This Foundation received \$816.5 million from split-interest trusts in 2012, the highest amount of any charity in any category.

Education-oriented charities were second in both the number and amount of distributions of income and principal from SITs overall (Figure G). In total, trustees reported 7,463 distinct donations of income and principal to charities whose charitable purpose was related to education, 20 percent of the total. The North Carolina State University Foundation received the highest dollar amount of any education-related charity, or approximately \$225.6

million in 2012. As with 2011, Yale University received the largest number of distributions (108) from SITs of any education-related charity in Filing Year 2012, for a total of \$15.5 million.

### Noncharitable Distributions

Unlike charitable remainder annuity trusts, noncharitable distribution amounts of charitable remainder unitrusts are based on a fixed percentage of the fair market value of the trust property, valued annually. Called the “unitrust percentage,” this percentage must be between 5 percent and 50 percent. As in past years, the majority of CRUTs filing in 2012 reported unitrust percentages between 5 and 10 percent (Figure H). Less than 1 percent of filings reported unitrust percentages greater than 20 percent although an additional 1.6 percent of filings reported an interest percentage of less than 5 percent or greater than 50 percent.

Trustees of CRUTs can select one of three structures for calculating noncharitable distributions. In Filing Year 2012, the majority of all CRUT trustees reported using the standard structure (Figure I). The standard structure requires trustees to distribute the unitrust amount to

<sup>15</sup> The National Taxonomy of Exempt Entities (NTEE) was developed by the National Center for Charitable Statistics. For information, see the National Center for Charitable Statistics Website: [www.nccs.urban.org](http://www.nccs.urban.org).

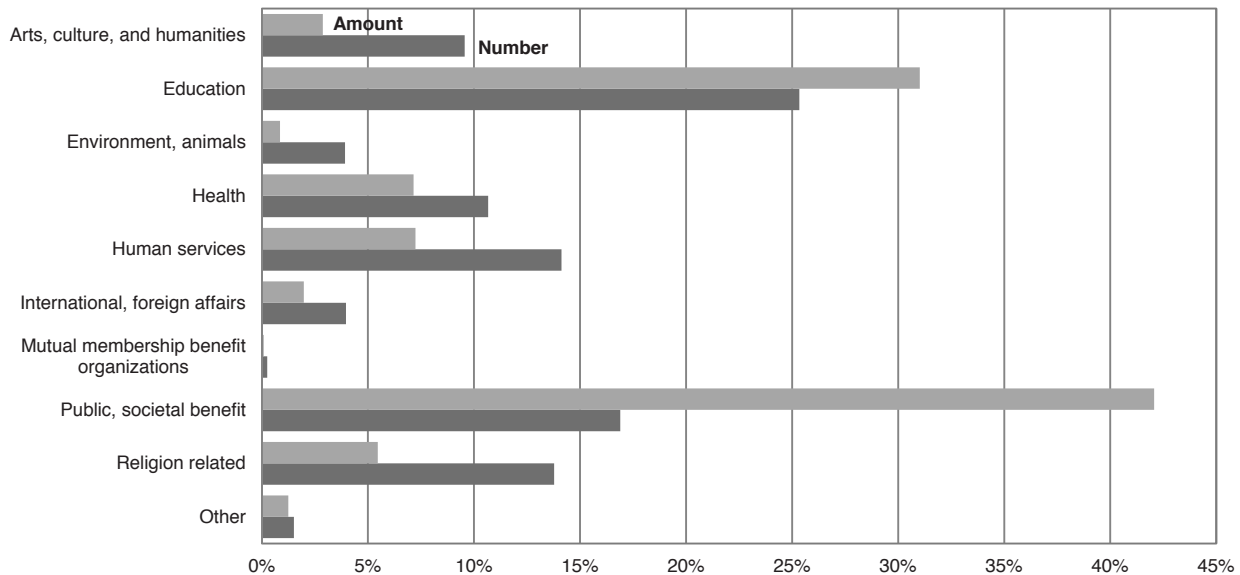
# Split-Interest Trusts, Filing Year 2012

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## Figure G

### Split-Interest Trust Distributions of Principal, by Purpose, Filing Year 2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

## Figure H

### Charitable Remainder Unitrusts: Reported Unitrust Percentage, Filing Year 2012

[All figures are estimates based on samples]

Unitrust percentage	Number of returns	Percent of total
<b>All returns</b>	<b>91,250</b>	<b>100.0</b>
5 percent, under 10 percent	77,980	85.5
5 percent, under 6 percent	20,033	22.0
6 percent, under 7 percent	18,169	19.9
7 percent, under 8 percent	18,094	19.8
8 percent, under 9 percent	16,875	18.5
9 percent, under 10 percent	4,809	5.3
10 percent, under 20 percent	11,274	12.4
20 percent, under 35 percent	367	0.4
35 percent, under 50 percent	129	0.1
Other unitrust percentage [1]	1,500	1.6

[1] Includes returns for which the unitrust percentage was reported as less than 5 percent or greater than 50 percent.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

beneficiaries. This amount is calculated as the unitrust percentage multiplied by the net fair market value of assets and ensures the most stable payment for beneficiaries. However, in years of poor investment performance, the trustee may have to liquidate trust assets to make the

payment. In addition to the standard charitable remainder unitrust structure, two common variants allow for added flexibility in meeting the noncharitable distribution requirement. The net income charitable remainder unitrust (NI-CRUT) variant permits the trustee to distribute only

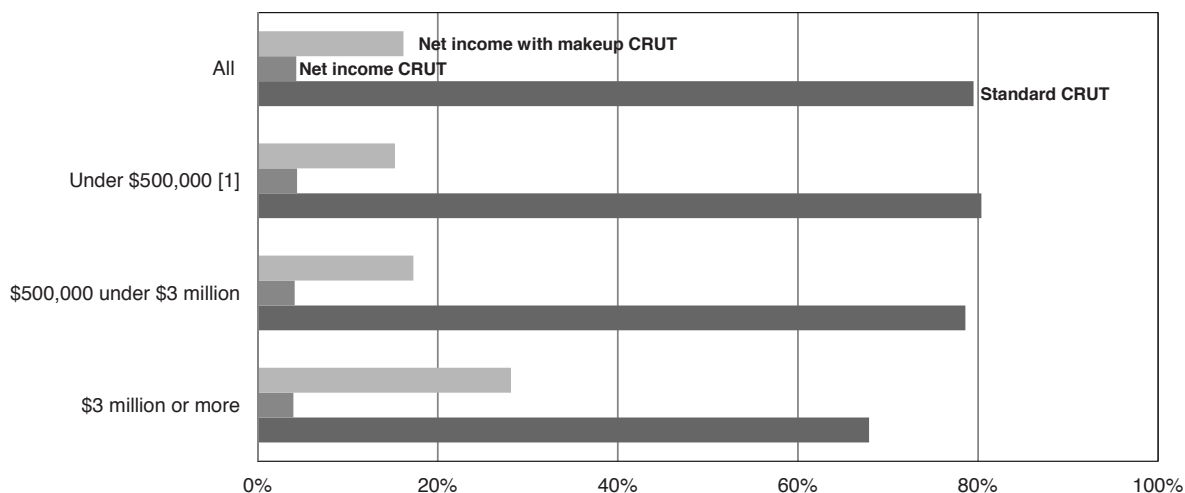
## Split-Interest Trusts, Filing Year 2012

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### Figure I

#### Percentage Distribution of Charitable Remainder Unitrust (CRUT) Structures, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

[All figures are estimates based on samples]



[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, *Split-Interest Trust Information Return*, 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.  
Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

the amount of trust income earned in that year, when that amount is less than the distribution that would otherwise be required.<sup>16</sup> 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 percent of CRUTs identified as NI-CRUTs. The net income with makeup charitable remainder unitrust (NIM-CRUT) variant works somewhat 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.<sup>17</sup> However, for NIM-CRUTs, any deficits in required distributions accumulate, and the trustee must make up for these deficiencies when trust income permits. Approximately 16 percent of CRUTs identified as NIM-CRUTs. CRUTs with \$3 million or more in end-of-year book value assets were more likely to be NIM-CRUTs than those holding lower value portfolios.

The Current Distributions Schedule on Schedule A of Form 5227 details current-year noncharitable distributions made by trustees of both CRATs and CRUTs. Overall, the amount of noncharitable distributions remained relatively stable, increasing by just over 3 percent in 2012. Long-term capital gains continued to dominate

the distributions in 2012 (Figure J). Ordinary income, primarily composed of interest and dividends, was the second most common distribution overall. As in 2011, short-term capital gains were the least common distribution made for CRATs. Charitable remainder unitrusts were less likely than annuity trusts to distribute non-taxable income. Distributions from the trust corpus (or principal) represented a higher percentage of total distributions for CRATs than for CRUTs. This may be because of the strict distribution requirements that typify CRAT agreements. Since the noncharitable distribution amount is fixed throughout the trust's life, trustees may find it necessary to liquidate assets in the corpus to meet the yearly requirement.

### Asset Contributions

The Assets and Donor Information section of Schedule A, Form 5227, details both initial and additional asset contributions to the trust, as well as the date and source of the contribution. In Filing Year 2012, some 2,183 split-interest trusts reported receiving a total of 8,025 asset contributions (Figure K). Contributions totaled more than \$5.2 billion in 2012, an increase of 74 percent over

<sup>16</sup> For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).

<sup>17</sup> For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).

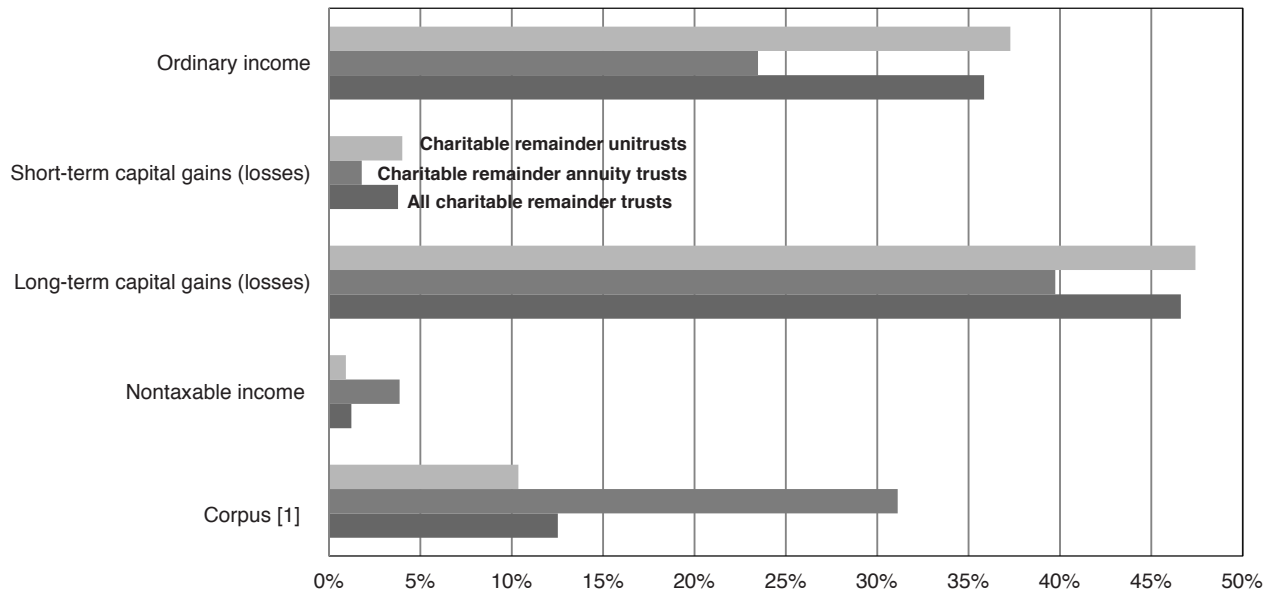
# Split-Interest Trusts, Filing Year 2012

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**Figure J**

## Allocation of Noncharitable Distributions, by Charitable Remainder Trust Type, Filing Year 2012

[All figures are estimates based on samples]



[1] The Corpus (or principal) of a trust consists of the original assets transferred into the trust. Often referred to as the body of the trust, the corpus may generate income streams.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

**Figure K**

## Asset Contributions, by Filing Status and Asset Type, Filing Year 2012

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

Item	All	Initial trusts	Ongoing and final trusts
	(1)	(2)	(3)
<b>Number of returns</b>	<b>113,682</b>	<b>2,241</b>	<b>111,441</b>
<b>Number of returns with asset contributions</b>	<b>2,183</b>	<b>414</b>	<b>1,769</b>
<b>Number of asset contributions [1]</b>	<b>8,025</b>	<b>4,023</b>	<b>4,002</b>
<b>Total asset contributions</b>	<b>5,240,621</b>	<b>2,996,250</b>	<b>2,244,371</b>
Cash and money market accounts	2,673,699	893,240	1,780,458
Stocks [2]	1,353,381	990,883	362,497
Bonds	82,676	73,684	* 8,991
Real estate [3]	262,361	248,038	* 14,323
Other assets [4]	868,504	790,403	78,101

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

[1] Asset contributions are reported on Form 5227, *Split-Interest Trust Information Return*, 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.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

## Split-Interest Trusts, Filing Year 2012

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2011. Initial returns often report asset contributions, which will form the beginning corpus of the trust as outlined in the trust document. Of the returns that reported asset contributions, 19 percent were filed for initial trusts. These initial returns accounted for 57 percent of the total value of all contributions. However, asset contributions may extend well into the life of the trust. Ongoing and final trusts comprised 81 percent of the returns reporting asset contributions, but only 43 percent of the total value of all contributions. Cash and money market accounts contributions increased sharply in 2012, and as a result, they made up the highest percentage (51 percent) of the value of all asset contributions, followed by stocks (26 percent), and other assets (11 percent). Other assets include retirement assets, annuities, partnerships, insurance assets, and art. Bonds were the least likely type of asset contributed to a split-interest trust in 2012, making up well less than 1 percent of all contributions.

### Summary

The number of Forms 5227 filed with the IRS has consistently declined in recent years. Preparers filed 113,688 Forms 5227 with the IRS in Filing Year 2012, a 3.4-percent decline from Filing Year 2011. While the number of filings declined for all types, charitable remainder trusts continued to be the most common split-interest trust, accounting for 93 percent of returns filed for the year.

Income received by trusts is divided into three income categories for reporting purposes: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types. Overall, total end-of-year assets, which include cash, receivables, and investments, reported for split-interest trusts increased only slightly, by 1 percent, between 2011 and 2012. In contrast, liabilities increased by 24 percent, to \$2.2 billion.

Trustees for all split-interest trusts must report any trust distributions of principal or income for charitable purposes on Form 5227. As in prior years, split-interest trusts made distributions of principal more frequently and in larger dollar amounts than distributions of income. Some 16,500 distributions of principal totaling \$2.5 billion were made to charities in Filing Year 2012. Trustees made 15,580 distributions of income in 2012. The amount of distributions increased by more than \$1 billion or 126.2 percent, to \$1,793.7 billion between 2011 and 2012. Charities related to public or societal benefit received the largest amount and the greatest number of distributions of income and principal from split-interest trusts in 2012.

In 2012, split-interest trusts reported asset contributions of more than \$5.2 billion, an increase of 74 percent over 2011. Cash and money market accounts comprised 51 percent of the value of all asset contributions.

### Data Sources and Limitations

The IRS Statistics of Income Division (SOI) collects the data presented in this article from a sample of Forms 5227, *Split-Interest Trust Information Returns*, selected during Filing Year 2012. A filing year includes returns received by the IRS for processing between January 1 and December 31 of a given year. These returns include primarily those submitted for the previous tax year; however, a filing year may also include late-filed returns for numerous other tax years. For Filing Year 2012, returns received for Tax Year 2011 made up approximately 99 percent of returns included in the sample while Tax Year 2010 returns comprised about 1 percent of the sampled returns. The SOI sample also includes partial-year returns, for either initial or final reporting periods. 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 2012, a sample of 11,087 returns was drawn from an estimated population of 113,979. This sample count also includes returns selected for the sample, but later rejected. Returns were rejected if they were not one of the four types of trusts included in the study, or if no money amounts were reported. All split-interest trusts with an end-of-year book value of total assets of \$10 million or more were included in sample. The remaining trusts were randomly selected for the sample at various rates of less than 100 percent depending on the type of the trust (charitable remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported end-of-year book value of total assets. Figure L details the sampling strata and rates. The data entry process revealed some trusts with incorrect type classifications. In these cases, SOI corrected the trust information to reflect the correct type. However, SOI based the weights used for these trusts on the original sample selection classification. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure M. All samples were designed to provide reliable estimates of financial activity.

SOI collected all data from original returns as they were filed, and subjected the returns to comprehensive testing and data verification procedures to ensure the

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## Figure L

**Population Sample, and Sampling Rates, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

Type of trust, item	All	Reported size of 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)
<b>Charitable remainder annuity trusts:</b>				
Population [2]	13,854	12,571	1,229	54
Sample	1,308	786	468	54
Sampling rate (percentage)	9.4	6.3	38.1	100.0
<b>Charitable remainder unitrusts:</b>				
Population [2]	92,285	80,057	11,539	689
Sample	8,494	3,946	3,859	689
Sampling rate (percentage)	9.2	4.9	33.4	100.0
<b>Charitable lead trusts:</b>				
Population [2]	6,496	4,085	2,087	324
Sample	1,059	215	520	324
Sampling rate (percentage)	16.3	5.3	24.9	100.0
<b>Pooled income funds:</b>				
Population [2]	1,344	1,132	185	27
Sample	226	109	90	27
Sampling rate (percentage)	16.8	9.6	48.6	100.0

[1] This is the value the tax preparer reported on Form 5227, *Split-Interest Trust Information Return*, Part IV, line 50, column (b). "Less than \$1 million" includes returns that did not report end-of-year book value of total assets from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] These population totals include returns that were rejected during the editing process. 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. As a result, these totals may not match totals presented elsewhere in the article.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

highest quality of data. The SOI generally did not incorporate any changes made to the return by the taxpayer (on an amended return) or during IRS processing. 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 SOI Sampling Methodology and Data Limitations later in this issue of the SOI Bulletin or at [www.irs.gov/pub/irs-soi/sampling.pdf](http://www.irs.gov/pub/irs-soi/sampling.pdf).



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## Figure M

**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 2012**

Type of trust, Item	All	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)
<b>Charitable remainder annuity trusts:</b>				
Number of returns	0.01	0.02	0.06	0.06
Total ordinary income	0.04	0.10	0.07	0.05
Total capital gains	0.21	0.46	0.24	0.26
Total capital losses	0.07	0.18	0.13	0.11
Total nontaxable income	0.08	0.19	0.14	0.13
End-of-year total assets (book value)	0.02	0.04	0.04	0.04
End-of-year total liabilities (book value)	0.17	0.25	0.26	0.28
<b>Charitable remainder unitrusts:</b>				
Number of returns	[3]	0.01	0.02	0.02
Total ordinary income	0.01	0.04	0.02	0.01
Total capital gains	0.09	0.23	0.09	0.07
Total capital losses	0.01	0.07	0.05	0.01
Total nontaxable income	0.05	0.22	0.06	0.05
End-of-year total assets (book value)	0.00	0.02	0.01	0.01
End-of-year total assets (fair market value) [2]	0.01	0.02	0.02	0.01
End-of-year total liabilities (book value)	0.04	0.10	0.10	0.04
<b>Charitable lead trusts:</b>				
Number of returns	0.00	0.05	0.05	0.04
Total ordinary income	0.07	0.65	0.06	0.02
Total capital gains	0.14	0.35	0.13	0.16
Total capital losses	0.11	0.27	0.27	0.07
Total nontaxable income	0.07	0.42	0.25	0.06
End-of-year total assets (book value)	0.01	0.09	0.04	0.01
End-of-year total liabilities (book value)	0.08	0.38	0.24	0.07
<b>Pooled income funds:</b>				
Number of returns	0.01	0.03	0.14	0.08
Total ordinary income	0.03	0.11	0.11	0.04
Total capital gains	0.09	0.31	0.14	0.11
Total capital losses	0.07	0.27	0.29	0.05
Total nontaxable income	0.94	0.94	N/A	N/A
End-of-year total assets (book value)	0.03	0.10	0.10	0.04
End-of-year total liabilities (book value)	0.07	0.33	0.33	0.07

N/A—Denotes a coefficient of variation that could not be calculated due to a lack of information.

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, *Split-Interest Trust Information Return*, 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] For charitable remainder unitrusts, taken from an estimated end-of-year fair market value.

[3] Less than 0.005 percent.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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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 2012**

[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)
<b>Number of returns</b>	<b>14,616</b>	<b>11,944</b>	<b>1,429</b>	<b>912</b>	<b>279</b>	<b>52</b>
<b>Total net income (loss)</b>	<b>361,445</b>	<b>80,517</b>	<b>49,430</b>	<b>79,464</b>	<b>69,072</b>	<b>82,962</b>
Net ordinary income	154,771	36,987	21,558	36,807	28,184	31,235
Total ordinary income	203,594	53,336	28,623	46,933	36,973	37,728
Interest income	49,947	11,210	8,290	10,145	10,031	10,271
Ordinary dividends and business income (loss)	124,883	31,091	19,630	25,569	22,609	25,983
Rents, royalties, partnerships, other estates and trusts, etc.	8,981	1,323	* 25	2,687	3,949	996
Farm income (loss)	* 107	0	0	* 107	0	0
Ordinary gain (loss)	1,407	* -1	* 12	* 1,287	* 112	* -4
Other income (loss)	18,269	9,712	665	7,139	272	* 481
Deductions allocable to ordinary income	48,823	16,349	7,065	10,127	8,789	6,493
Net capital gains (losses)	182,254	38,958	23,250	37,752	33,342	48,952
Total capital gains (losses)	188,035	40,908	24,674	39,085	34,148	49,219
Total short-term capital gains (losses)	-17,081	434	-1,982	-2,326	-5,362	-7,847
Total long-term capital gains (losses)	205,116	40,474	26,656	41,410	39,510	57,066
Deductions allocable to capital gains (losses)	5,781	1,951	1,424	1,333	806	* 267
Net nontaxable income	24,420	4,572	4,622	4,906	7,546	2,774
Total nontaxable income	28,537	5,581	5,177	5,774	8,995	3,010
Tax-exempt interest	27,136	4,233	5,132	5,773	8,990	3,009
Other nontaxable income	1,401	1,349	* 45	* 1	* 5	* 1
Deductions allocable to nontaxable income	4,118	1,010	555	868	1,449	236
<b>Total deductions [2]</b>	<b>59,110</b>	<b>19,495</b>	<b>9,044</b>	<b>12,392</b>	<b>11,184</b>	<b>6,995</b>
Interest	1,153	* 40	* 4	378	49	* 683
Taxes	491	50	36	129	223	* 54
Trustee fee	35,261	11,365	5,829	7,622	6,791	3,654
Attorney, accountant, and return preparer fees	6,616	3,712	875	939	579	512
Other allowable deductions	15,589	4,329	2,300	3,325	3,542	2,093

\* 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, *Split-Interest Trust Information Return*, 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, Section D, line 22. Total deductions may not equal the sum of deductions allocable to ordinary income (Section E, line 24a), capital gains (line 25a), and nontaxable income (line 26a). Deductions may also be allocated to corpus, but are not reported on Section E and are thus not shown separately in this table.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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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 2012**

[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)
<b>Number of returns</b>	<b>14,616</b>	<b>11,944</b>	<b>1,429</b>	<b>912</b>	<b>279</b>	<b>52</b>
<b>Total accumulations of income</b>	<b>3,318,030</b>	<b>725,557</b>	<b>416,171</b>	<b>600,205</b>	<b>781,646</b>	<b>794,451</b>
Net ordinary income	383,467	68,919	28,839	78,710	115,692	91,306
Net capital gains (losses)	2,788,907	635,306	363,855	498,085	602,127	689,535
Net nontaxable income	145,655	21,333	23,477	23,410	63,827	13,609
Prior-year undistributed income	2,956,585	645,041	366,740	520,741	712,574	711,488
Net ordinary income	228,696	31,931	* 7,281	41,904	87,509	60,071
Net capital gains (losses)	2,606,653	596,348	340,604	460,333	568,785	640,583
Net nontaxable income	121,236	16,761	18,855	18,504	56,281	10,835
Current-year net income	361,445	80,517	49,430	79,464	69,072	82,962
Net ordinary income	154,771	36,987	21,558	36,807	28,184	31,235
Net capital gains (losses)	182,254	38,958	23,250	37,752	33,342	48,952
Net nontaxable income	24,420	4,572	4,622	4,906	7,546	2,774
<b>Distributions of income</b>	<b>385,327</b>	<b>130,862</b>	<b>67,233</b>	<b>72,609</b>	<b>65,945</b>	<b>48,679</b>
Net ordinary income	132,964	34,293	22,101	31,399	21,153	24,018
Net capital gains (losses)	230,768	90,692	40,597	36,139	39,529	23,812
Net nontaxable income	21,595	5,877	4,535	5,072	5,262	* 849
<b>Undistributed at end of year</b>	<b>2,932,702</b>	<b>594,695</b>	<b>348,938</b>	<b>527,596</b>	<b>715,701</b>	<b>745,772</b>
Net ordinary income	250,503	34,626	* 6,738	47,312	94,539	67,288
Net capital gains (losses)	2,558,139	544,614	323,258	461,946	562,598	665,723
Net nontaxable income	124,060	15,455	18,941	18,338	58,565	12,760

\* 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, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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**Table 3. Charitable Remainder Annuity Trusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>14,616</b>	<b>11,944</b>	<b>1,429</b>	<b>912</b>	<b>279</b>	<b>52</b>
<b>Total net assets</b>	<b>6,447,093</b>	<b>1,272,029</b>	<b>1,039,877</b>	<b>1,475,705</b>	<b>1,338,531</b>	<b>1,320,951</b>
<b>Total assets</b>	<b>6,520,672</b>	<b>1,312,399</b>	<b>1,046,866</b>	<b>1,481,013</b>	<b>1,352,154</b>	<b>1,328,239</b>
Cash	130,023	32,742	29,376	23,585	31,676	12,643
Savings and temporary cash investments	453,912	86,461	69,776	119,459	75,189	103,027
Accounts receivable	3,174	1,054	* 89	1,295	* 31	* 704
Receivables due from officers, directors, trustees, etc.	* 6,202	* 4,584	* 645	* 93	* 876	* 5
Other notes and loans receivable	119,258	22,017	* 13,251	42,245	* 7,733	* 34,011
Inventories for sale or use	* 164	0	0	* 164	0	0
Prepaid expenses and deferred charges	* 569	* 23	* 64	* 282	* 197	* 3
<b>Total investments</b>	<b>5,633,015</b>	<b>1,112,874</b>	<b>912,797</b>	<b>1,249,732</b>	<b>1,182,304</b>	<b>1,175,308</b>
Securities	4,492,273	875,670	815,951	999,944	1,019,507	781,200
Government obligations	763,747	99,321	118,642	148,902	266,273	130,608
Corporate stock	2,892,104	589,263	545,429	663,534	576,355	517,522
Corporate bonds	836,423	187,086	151,880	187,508	176,878	133,070
Land, buildings, and equipment	64,675	* 9,735	0	* 26,085	* 23,922	* 4,933
Other investments	1,076,067	227,469	96,846	223,702	138,875	389,174
Charitable purpose land, buildings, and equipment	19,435	* 1,016	0	* 2,839	* 13,554	* 2,027
Other assets	154,917	51,625	* 20,867	41,319	40,595	* 510
<b>Total liabilities</b>	<b>73,579</b>	<b>40,370</b>	<b>6,990</b>	<b>5,309</b>	<b>13,623</b>	<b>7,287</b>
Accounts payable and accrued expenses	15,498	13,268	* 981	1,077	* 87	* 85
Deferred revenue	* 1,352	* 1,352	0	0	0	0
Loans from officers, directors, trustees, etc.	* 530	* 117	0	* 413	0	0
Mortgages and other notes payable	* 3,411	* 3,323	0	0	* 89	0
Other liabilities	52,788	22,311	6,008	3,818	13,448	* 7,202

\* 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, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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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 2012**

[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)
<b>Number of returns</b>	<b>91,250</b>	<b>65,444</b>	<b>13,587</b>	<b>9,012</b>	<b>2,532</b>	<b>675</b>
<b>Total net income (loss)</b>	<b>6,636,295</b>	<b>565,554</b>	<b>498,741</b>	<b>815,691</b>	<b>729,685</b>	<b>4,026,624</b>
Net ordinary income	2,847,252	234,370	183,104	335,468	295,830	1,798,480
Total ordinary income	3,782,748	348,977	252,850	438,862	370,356	2,371,703
Interest income	591,007	51,492	47,809	88,213	70,959	332,534
Ordinary dividends and business income (loss)	1,489,880	259,749	186,733	290,994	258,588	493,816
Rents, royalties, partnerships, other estates and trusts, etc.	314,574	11,903	4,293	21,971	17,973	258,435
Farm income (loss)	* 167	0	* 28	0	* 139	0
Ordinary gain (loss)	10,014	9,183	152	331	526	-178
Other income (loss)	1,377,105	16,650	13,835	37,352	22,172	1,287,097
Deductions allocable to ordinary income	935,495	114,607	69,745	103,394	74,526	573,223
Net capital gains (losses)	3,702,473	318,105	304,183	456,154	416,692	2,207,339
Total capital gains (losses)	4,331,806	334,380	316,780	470,206	427,150	2,783,291
Total short-term capital gains (losses)	-530,830	-22,434	-7,697	-9,819	-23,010	-467,871
Total long-term capital gains (losses)	4,862,637	356,814	324,476	480,024	450,160	3,251,162
Deductions allocable to capital gains (losses)	629,333	16,274	12,596	14,052	10,458	575,952
Net nontaxable income	86,569	13,079	11,453	24,070	17,163	20,805
Total nontaxable income	105,270	15,897	14,092	30,345	21,593	23,343
Tax-exempt interest	93,141	10,284	12,827	27,949	21,241	20,840
Other nontaxable income	12,129	5,613	1,266	2,396	351	2,503
Deductions allocable to nontaxable income	18,700	2,818	2,639	6,275	4,429	2,538
<b>Total deductions [2]</b>	<b>1,584,820</b>	<b>134,367</b>	<b>85,015</b>	<b>124,109</b>	<b>89,602</b>	<b>1,151,727</b>
Interest	376,258	564	228	1,407	1,685	372,374
Taxes	9,534	1,696	568	2,316	1,574	3,380
Trustee fee	199,315	58,891	41,826	51,796	28,715	18,088
Attorney, accountant, and return preparer fees	61,706	27,203	9,871	11,048	7,260	6,324
Other allowable deductions	938,008	46,013	32,522	57,543	50,368	751,561

\* 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, *Split-Interest Trust Information Return*, 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, Section D, line 22. Total deductions may not equal the sum of deductions allocable to ordinary income (Section E, line 24a), capital gains (line 25a), and nontaxable income (line 26a). Deductions may also be allocated to corpus, but are not reported on Section E and are thus not shown separately in this table.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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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 2012**

[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)
<b>Number of returns</b>	<b>91,250</b>	<b>65,444</b>	<b>13,587</b>	<b>9,012</b>	<b>2,532</b>	<b>675</b>
<b>Total accumulations of income</b>	<b>66,911,225</b>	<b>6,647,075</b>	<b>5,385,809</b>	<b>9,185,635</b>	<b>9,273,302</b>	<b>36,419,404</b>
Net ordinary income	12,060,296	334,441	250,288	616,974	592,837	10,265,755
Net capital gains (losses)	54,142,905	6,132,068	5,058,565	8,378,479	8,541,744	26,032,050
Net nontaxable income	708,024	180,566	76,956	190,182	138,721	121,599
Prior-year undistributed income	60,274,929	6,081,521	4,887,068	8,369,943	8,543,616	32,392,780
Net ordinary income	9,213,043	100,071	67,184	281,506	297,007	8,467,275
Net capital gains (losses)	50,440,431	5,813,962	4,754,381	7,922,325	8,125,051	23,824,711
Net nontaxable income	621,455	167,488	65,502	166,112	121,558	100,794
Current-year net income	6,636,295	565,554	498,741	815,691	729,685	4,026,624
Net ordinary income	2,847,252	234,370	183,104	335,468	295,830	1,798,480
Net capital gains (losses)	3,702,473	318,105	304,183	456,154	416,692	2,207,339
Net nontaxable income	86,569	13,079	11,453	24,070	17,163	20,805
<b>Distributions of income</b>	<b>5,244,384</b>	<b>742,540</b>	<b>554,438</b>	<b>881,898</b>	<b>787,334</b>	<b>2,278,174</b>
Net ordinary income	1,801,097	244,282	190,668	329,900	271,013	765,234
Net capital gains (losses)	3,388,815	490,020	356,120	536,552	503,943	1,502,181
Net nontaxable income	54,471	8,239	7,650	15,446	12,378	10,758
<b>Undistributed at end of year</b>	<b>61,666,840</b>	<b>5,904,534</b>	<b>4,831,371</b>	<b>8,303,737</b>	<b>8,485,968</b>	<b>34,141,230</b>
Net ordinary income	10,259,198	90,159	59,620	287,074	321,824	9,500,521
Net capital gains (losses)	50,754,089	5,642,047	4,702,445	7,841,926	8,037,801	24,529,869
Net nontaxable income	653,553	172,327	69,305	174,736	126,343	110,841

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

# Split-Interest Trusts, Filing Year 2012

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**Table 6. Charitable Remainder Unitrusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>91,250</b>	<b>65,444</b>	<b>13,587</b>	<b>9,012</b>	<b>2,532</b>	<b>675</b>
<b>Total net assets</b>	<b>85,240,003</b>	<b>11,233,567</b>	<b>9,435,936</b>	<b>14,307,813</b>	<b>12,517,904</b>	<b>37,744,783</b>
<b>Total assets</b>	<b>86,857,297</b>	<b>11,382,774</b>	<b>9,599,220</b>	<b>14,571,850</b>	<b>12,774,783</b>	<b>38,528,669</b>
Cash	1,563,078	248,260	219,882	288,071	237,262	569,602
Savings and temporary cash investments	4,007,335	632,289	558,056	811,585	709,051	1,296,353
Accounts receivable	128,560	21,235	23,148	23,714	23,862	36,601
Receivables due from officers, directors, trustees, etc.	8,814	1,375	* 2,088	4,247	* 497	* 608
Other notes and loans receivable	1,003,072	108,701	160,197	215,529	239,270	279,375
Inventories for sale or use	* 1,021	0	0	* 508	0	* 513
Prepaid expenses and deferred charges	9,369	1,378	* 3,429	1,324	518	2,719
<b>Total investments</b>	<b>78,200,204</b>	<b>10,016,840</b>	<b>8,261,226</b>	<b>12,792,016</b>	<b>11,160,363</b>	<b>35,969,759</b>
Securities	42,651,665	7,876,019	6,523,270	9,926,996	7,953,102	10,372,279
Government obligations	3,747,306	394,390	468,853	839,211	827,487	1,217,364
Corporate stock	31,868,286	6,072,593	4,924,706	7,469,903	5,981,834	7,419,249
Corporate bonds	7,036,074	1,409,036	1,129,710	1,617,882	1,143,780	1,735,666
Land, buildings, and equipment	884,233	100,664	106,128	250,599	201,013	225,829
Other investments	34,664,306	2,040,157	1,631,828	2,614,420	3,006,249	25,371,651
Charitable purpose land, buildings, and equipment	275,173	38,039	* 31,995	102,377	56,046	46,716
Other assets	1,660,658	314,647	339,196	332,477	347,913	326,424
<b>Total liabilities</b>	<b>1,617,294</b>	<b>149,208</b>	<b>163,284</b>	<b>264,037</b>	<b>256,879</b>	<b>783,886</b>
Accounts payable and accrued expenses	141,976	25,844	15,339	28,120	32,356	40,316
Deferred revenue	56,882	* 2,853	* 13,189	8,164	* 31,408	* 1,269
Loans from officers, directors, trustees, etc.	4,085	* 702	* 2,161	971	* 117	* 134
Mortgages and other notes payable	92,856	* 2,357	* 12,462	* 10,291	* 14,883	52,863
Other liabilities	1,321,495	117,452	120,133	216,491	178,116	689,304

\* 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, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

# Split-Interest Trusts, Filing Year 2012

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**Table 7. Charitable Remainder Unitrusts: End-of-Year Fair Market Value Asset Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>91,250</b>	<b>65,444</b>	<b>13,587</b>	<b>9,012</b>	<b>2,532</b>	<b>675</b>
<b>Total assets</b>	<b>92,712,995</b>	<b>12,601,325</b>	<b>10,121,902</b>	<b>15,677,560</b>	<b>13,249,298</b>	<b>41,062,911</b>
Cash	1,561,793	249,915	221,891	281,866	237,142	570,978
Savings and temporary cash investments	3,999,456	646,911	557,702	810,792	685,428	1,298,623
Accounts receivable	127,517	20,927	23,043	23,499	23,129	36,919
Receivables due from officers, directors, trustees, etc.	8,726	* 1,287	* 2,088	4,247	* 497	* 608
Other notes and loans receivable	966,666	109,333	150,612	208,503	219,921	278,296
Inventories for sale or use	* 1,125	0	0	* 582	0	* 542
Prepaid expenses and deferred charges	9,160	1,378	* 3,429	1,123	518	2,712
<b>Total investments</b>	<b>83,804,520</b>	<b>11,024,623</b>	<b>8,770,513</b>	<b>13,874,746</b>	<b>11,661,179</b>	<b>38,473,459</b>
<b>Securities</b>	<b>45,649,941</b>	<b>8,549,809</b>	<b>6,958,627</b>	<b>10,578,083</b>	<b>8,429,557</b>	<b>11,133,865</b>
Government obligations	3,902,884	403,606	488,580	885,571	867,454	1,257,673
Corporate stock	34,518,143	6,683,678	5,299,444	8,010,167	6,373,789	8,151,064
Corporate bonds	7,228,915	1,462,525	1,170,603	1,682,345	1,188,314	1,725,127
Land, buildings, and equipment	1,172,745	256,804	162,888	340,297	216,537	196,219
Other investments	36,981,834	2,218,010	1,648,998	2,956,366	3,015,086	27,143,375
Charitable purpose land, buildings, and equipment	478,181	188,648	* 63,661	111,666	56,080	58,126
Other assets	1,755,847	358,301	328,961	360,535	365,403	342,648

\* 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, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.



# Split-Interest Trusts, Filing Year 2012

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**Table 8. Charitable Lead Trusts: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>6,498</b>	<b>2,658</b>	<b>1,406</b>	<b>1,353</b>	<b>757</b>	<b>324</b>
<b>Total income (loss)</b>	<b>1,963,724</b>	<b>161,272</b>	<b>-45,382</b>	<b>36,776</b>	<b>337,283</b>	<b>1,473,774</b>
Total ordinary income	1,167,723	131,275	30,925	71,271	163,367	770,886
Interest income	182,650	3,528	3,811	12,005	29,851	133,455
Ordinary dividends and business income (loss)	888,223	112,775	23,706	48,367	85,205	618,170
Rents, royalties, partnerships, other estates and trusts, etc.	81,075	14,814	2,055	9,060	45,758	9,387
Farm income (loss)	* 45	0	0	0	* 90	* -45
Ordinary gain (loss)	-3,195	* 28	* -23	418	773	-4,391
Other income (loss)	18,926	128	1,376	1,422	1,690	14,310
Total capital gains (losses)	763,956	28,781	-79,306	-38,608	166,427	686,662
Total short-term capital gains (losses)	-155,938	-17,172	-17,976	-53,600	-63,326	-3,864
Total long-term capital gains (losses)	919,894	45,953	-61,330	14,992	229,753	690,526
Total nontaxable income	32,045	1,216	2,999	4,113	7,490	16,227
Tax-exempt interest	29,847	1,212	2,999	4,103	7,489	14,045
Other nontaxable income	2,198	* 4	0	* 10	* 1	* 2,182

\* 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, *Split-Interest Trust Information Return*, 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.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

# Split-Interest Trusts, Filing Year 2012

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**Table 9. Charitable Lead Trusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>6,498</b>	<b>2,658</b>	<b>1,406</b>	<b>1,353</b>	<b>757</b>	<b>324</b>
<b>Total net assets</b>	<b>23,705,416</b>	<b>413,545</b>	<b>995,305</b>	<b>2,266,958</b>	<b>4,048,280</b>	<b>15,981,328</b>
<b>Total assets</b>	<b>24,080,869</b>	<b>458,669</b>	<b>1,006,185</b>	<b>2,294,287</b>	<b>4,110,324</b>	<b>16,211,405</b>
Cash	519,789	22,856	24,990	65,712	148,486	257,745
Savings and temporary cash investments	2,047,732	30,287	69,831	158,911	214,754	1,573,949
Accounts receivable	22,287	* 518	* 206	1,553	8,789	11,222
Receivables due from officers, directors, trustees, etc.	* 69,222	0	0	* 6,562	* 18,509	* 44,151
Other notes and loans receivable	470,760	* 970	0	44,149	65,578	360,063
Inventories for sale or use	* 584	* 48	0	0	* 536	0
Prepaid expenses and deferred charges	2,860	* 48	* 312	* 1,477	* 5	* 1,018
<b>Total investments</b>	<b>20,265,575</b>	<b>385,613</b>	<b>882,153</b>	<b>1,954,126</b>	<b>3,505,887</b>	<b>13,537,796</b>
<b>Securities</b>	<b>9,377,456</b>	<b>282,500</b>	<b>621,103</b>	<b>1,315,800</b>	<b>1,693,129</b>	<b>5,464,925</b>
Government obligations	582,484	21,525	32,425	92,492	149,140	286,901
Corporate stock	7,510,624	221,138	539,195	1,036,586	1,244,148	4,469,558
Corporate bonds	1,284,348	39,837	49,483	186,721	299,841	708,466
Land, buildings, and equipment	248,458	* 9,090	* 14,450	* 19,480	* 27,425	178,013
Other investments	10,639,660	94,023	246,601	618,847	1,785,333	7,894,857
Charitable purpose land, buildings, and equipment	* 39,868	0	0	* 10,402	* 12,151	* 17,316
Other assets	642,192	18,330	* 28,693	51,395	135,629	408,146
<b>Total liabilities</b>	<b>375,453</b>	<b>45,123</b>	<b>10,880</b>	<b>27,329</b>	<b>62,044</b>	<b>230,077</b>
Accounts payable and accrued expenses	78,248	* 3,069	* 2,262	3,110	39,111	30,696
Deferred revenue	* 10,855	0	0	0	0	* 10,855
Loans from officers, directors, trustees, etc.	* 1,172	* 943	0	* 229	* [2]	0
Mortgages and other notes payable	57,100	* 2,835	* 38	* 4,173	* 2,849	47,205
Other liabilities	228,078	38,277	* 8,580	19,817	20,084	141,320

\* 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, *Split-Interest Trust Information Return*, 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] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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**Table 10. Pooled Income Funds: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>1,324</b>	<b>1,011</b>	<b>104</b>	<b>122</b>	<b>64</b>	<b>23</b>
<b>Total income (loss)</b>	<b>30,756</b>	<b>3,025</b>	<b>* -572</b>	<b>4,151</b>	<b>15,065</b>	<b>9,088</b>
Total ordinary income	53,384	4,213	* 2,997	7,636	12,809	25,729
Interest income	16,448	1,080	* 964	3,090	4,751	6,563
Ordinary dividends and business income (loss)	36,272	3,075	* 2,050	4,528	8,056	18,562
Rents, royalties, partnerships, other estates and trusts, etc.	* 628	0	* -17	0	0	* 645
Farm income (loss)	0	0	0	0	0	0
Ordinary gain (loss)	* [2]	0	* [2]	0	0	0
Other income (loss)	37	* 58	0	* 18	* 2	* -41
Total capital gains (losses)	-22,630	-1,190	* -3,569	-3,486	2,256	-16,641
Total short-term capital gains (losses)	-21,627	-357	* -573	-2,213	-3,339	-15,144
Total long-term capital gains (losses)	-1,003	-833	* -2,995	-1,273	5,595	-1,497
Total nontaxable income	* 2	* 2	0	* [2]	0	0
Tax-exempt interest	* 2	* 2	0	* [2]	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, *Split-Interest Trust Information Return*, 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] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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**Table 11. Pooled Income Funds: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012**

[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)
<b>Number of returns</b>	<b>1,324</b>	<b>1,011</b>	<b>104</b>	<b>122</b>	<b>64</b>	<b>23</b>
<b>Total net assets</b>	<b>1,254,989</b>	<b>114,910</b>	<b>80,459</b>	<b>199,917</b>	<b>335,990</b>	<b>523,713</b>
<b>Total assets</b>	<b>1,403,113</b>	<b>115,033</b>	<b>80,585</b>	<b>200,320</b>	<b>354,338</b>	<b>652,837</b>
Cash	9,699	554	* 92	1,890	3,291	3,872
Savings and temporary cash investments	41,525	8,027	* 2,771	7,584	11,709	11,435
Accounts receivable	2,150	* 27	* 38	* 12	* 47	* 2,026
Receivables due from officers, directors, trustees, etc.	* [2]	0	0	0	* [2]	0
Other notes and loans receivable	* 12,126	0	0	* 449	* 37	* 11,640
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	* 38	0	0	* 38	0	0
Total investments	1,307,802	93,257	77,684	187,971	333,164	615,725
<b>Securities</b>	<b>1,116,334</b>	<b>78,349</b>	<b>* 63,976</b>	<b>162,150</b>	<b>264,143</b>	<b>547,716</b>
Government obligations	69,925	7,282	* 6,507	10,977	* 7,904	* 37,255
Corporate stock	521,295	29,214	* 16,133	54,211	105,056	316,681
Corporate bonds	525,114	41,853	* 41,336	96,962	151,183	193,780
Land, buildings, and equipment	* 28,257	0	0	0	* 23	* 28,234
Other investments	163,211	14,909	* 13,708	25,821	68,998	* 39,775
Charitable purpose land, buildings, and equipment	* 7,962	0	0	0	0	* 7,962
Other assets	21,810	13,167	0	* 2,375	* 6,089	* 179
<b>Total liabilities</b>	<b>148,124</b>	<b>123</b>	<b>* 126</b>	<b>402</b>	<b>* 18,348</b>	<b>129,124</b>
Accounts payable and accrued expenses	20,523	* 64	0	* 98	* 14,069	6,292
Deferred revenue	* 99,464	0	0	0	* 3,821	* 95,643
Loans from officers, directors, trustees, etc.	0	0	0	0	0	0
Mortgages and other notes payable	* 25,962	0	0	0	0	* 25,962
Other liabilities	2,175	* 59	* 126	* 305	* 458	1,227

\* 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, *Split-Interest Trust Information Return*, 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] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

# Nonprofit Charitable Organizations, 2010

by Paul Arnsberger

**N**onprofit charitable organizations exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3) filed 269,474 Forms 990 and 990-EZ and reported \$2.9 trillion in assets for Tax Year 2010, an increase of 9 percent from the previous year. These organizations reported \$1.6 trillion in total revenue, nearly three-quarters (\$1.2 trillion) of which came from program services, and \$1.5 trillion in expenses.<sup>1</sup> These statistics are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, and the short form version of this information return.<sup>2</sup>

## Charitable Organizations Tax-Exempt Under IRC Section 501(c)(3)

To qualify for tax-exempt status, an organization must show that its purpose serves the public good, as opposed to a private interest. The activities of a nonprofit organization are limited in that they must further one or more of the purposes for which the organization was granted tax-exempt status. Organizations exempt under IRC section 501(c)(3) include those with religious, charitable, scientific, literary, or educational purposes. In practice, these categories cover a broad range of charitable organizations and activities, including nonprofit hospitals, youth organizations, community foundations, schools, service organizations, museums, low-income housing, and environmental preservation groups. These organizations may not allow net earnings to inure to the benefit of a shareholder or individual. Activities aimed at influencing legislation cannot be a substantial part of an organization's activities. Additionally, the organization may not intervene in a political campaign on behalf of, or in opposition to, any candidate.<sup>3</sup> Generally, a donor's contribution to one of these organizations is deductible for income tax purposes.

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## Filing Population and Threshold Changes

Of the 1,280,739 active organizations recognized by the Internal Revenue Service (IRS) under IRC section 501(c)(3), about 21 percent filed Form 990 or Form 990-EZ returns for Tax Year 2010.<sup>4</sup> Certain nonprofit charitable organizations were not required to file either of those forms; these included churches and certain other religious organizations, as well as organizations with annual gross receipts totaling less than \$50,000. Nonprofit private foundations, which are also tax exempt under section 501(c)(3) (and included in the number of active organizations mentioned above), file Form 990-PF, *Return of Private Foundation*, and are not included in these statistics.<sup>5</sup>

For Tax Year 2010, changes to both the filing and Form 990-EZ thresholds affected the population of nonprofit charitable filers. For the first time since Tax Year 1982, the threshold at which organizations were required to file an information return (either Form 990 or Form 990-EZ) increased to \$50,000; prior to Tax Year 2010, organizations with annual gross receipts less than \$25,000 were exempt from filing an information return.<sup>6</sup> Additionally, 2010 marked the third year in a row that the Form 990-EZ filing threshold was revised. For Tax Year 2007, only organizations with assets less than \$250,000 and gross receipts less than \$100,000 were eligible to file the short form. For Tax Year 2008, the redesigned Form 990 permitted a much larger pool of organizations, those with assets less than \$2.5 million and gross receipts less than \$1 million, to file Form 990-EZ. For 2009, the asset (\$1.25 million) and receipt (\$500,000) thresholds were reduced further; and for Tax Year 2010, they were revised downward again to \$500,000 and \$200,000. For all tax years since 2008, certain organizations that fell below the Form 990-EZ threshold were still required to file the long form due to activities in which they engaged during the year, such as operating a hospital, maintaining donor-advised funds, or compensating employees above a certain threshold.

<sup>1</sup> The statistics in this article exclude private foundations, most organizations with receipts totaling less than \$50,000, as well as most churches and certain other types of religious organizations. While the article focuses on organizations exempt under Internal Revenue Code section 501(c)(3), SOI also collects data on organizations exempt under sections 501(c)(4) through (c)(9). Tables 2, 3, and 4 at the end of this article include data from these organizations. IRC sections 501(c)(1), (c)(2), and (c)(10) through (c)(27) describe additional tax-exempt organizations. Because they constitute a small proportion of financial activity for the nonprofit sector, SOI does not collect data for these organizations.

<sup>2</sup> Unless otherwise indicated, data presented in this article are from both Form 990 and Form 990-EZ filers. The tables at the end of the article present data by type of form. Tables 1, 2, and 3 provide detailed data for Form 990 filers. Table 4 presents Form 990-EZ data.

<sup>3</sup> See Internal Revenue Service Publication 557, *Tax-Exempt Status for Your Organization*, for more information on the requirements for tax exemption under IRC section 501(c)(3) and other IRC sections.

<sup>4</sup> Data presented in this article are from Tax Year 2010 Forms 990 and 990-EZ filed in Calendar Years 2011 and 2012. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, is based on data obtained from the 2011 *IRS Data Book* Table 25 for Fiscal Year 2010.

<sup>5</sup> For information on private foundations, see Belmonte, Cynthia, "Domestic Private Foundations and Related Excise Taxes, Tax Year 2009," *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3.

<sup>6</sup> Since 2008, organizations that have gross receipts below the filing threshold have been required annually to submit a short electronic document called Form 990-N.

These threshold changes have affected the filing patterns of nonprofit charitable organizations. After a significant increase for 2008 (the year the redesigned form was introduced), the number of Form 990-EZ filers dropped in both 2009 and 2010 because of the new thresholds (Figure A). Further, with the overall filing threshold raised (to \$50,000 for receipts) for Tax Year 2010, the total population of nonprofit charitable organization filers decreased 16 percent, driven by a 48-percent decrease in the number of Forms 990-EZ returns. This represents the first time since Tax Year 1985—the first year the IRS began regularly collecting these statistics—that the number of Forms 990 and 990-EZ filers was lower than the previous year. For the sake of comparison, excluding organizations with receipts between \$25,000 and \$50,000 from the population for Tax Year 2009 showed that the total number of filers (267,895) was slightly fewer than for Tax Year 2010.

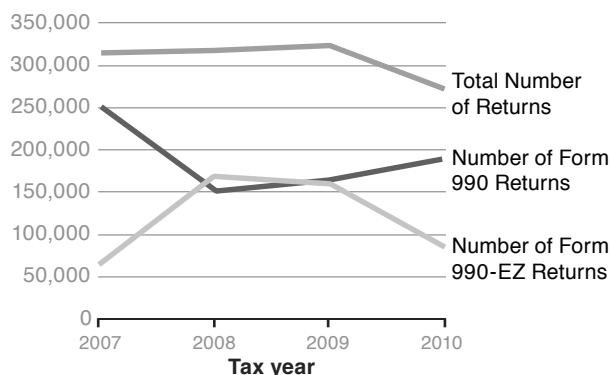
2009. Nonprofit charitable organizations hold about half of all assets as investments, primarily in securities, which for 2010 totaled over \$1.2 trillion.

Total revenue reported by charities increased to \$1.6 trillion for Tax Year 2010. Income from program services comprised 72 percent (\$1.1 trillion) of the revenue reported by organizations exempt under IRC section 501(c)(3). Program service revenue includes fees collected by organizations in support of their tax-exempt purposes, such as tuition; hospital patient charges (including Medicare and Medicaid payments); and admission fees collected by museums, performing arts groups, and community organizations. The other major source of revenue comes from contributions, gifts, and grants made to charitable organizations. For Tax Year 2010, charities reported \$344.9 billion from donors and grant-makers. While not a major source of charitable revenue, income from sales of securities and other assets continued to show dramatic gains, increasing from reported losses of \$41.1 billion in 2008, to gains of \$3.9 billion in 2009 and \$33.9 billion in 2010.

Charities holding \$50 million or more in assets filed only 2 percent of returns for Tax Year 2010 (Figure B). However, nonprofit charitable organizations in this size category accounted for the majority of the sector's assets (81 percent) and revenue (72 percent). Conversely, organizations reporting less than \$500,000 in assets made up more than half (59 percent) of the filing population and represented the smallest shares of the sector's total assets (less than 1 percent) and total revenue (3 percent).

**Figure A**

### Forms 990 and 990-EZ Filed by Nonprofit Charitable Organizations, Tax Years 2007–2010



SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

### Financial Highlights and Characteristics

Despite the significant drop in the filing population, nonprofit charitable organizations that filed Forms 990 and 990-EZ for Tax Year 2010 reported aggregate increases in nearly all financial categories. This was due, in part, to the fact that the organizations no longer required to file for 2010 contributed little to the sector's overall financial activity in previous years. Charitable organizations exempt under IRC section 501(c)(3) reported over \$2.9 trillion in assets for 2010, an increase of 9 percent from

### Revenue Analysis: A Panel Approach

The Statistics of Income (SOI) Division bases the estimates for this study on a stratified sample of returns selected based on the organization's assets. Because of this, the samples include many of the same nonprofit charitable organizations year after year. SOI identified over 7,000 organizations that filed Form 990 and were selected for each sample for Tax Years 2000 through 2010. These organizations comprise a retroactive panel of charitable organizations for statistical research. The benefit of studying the nonprofit sector through a retroactive panel is that such analysis excludes certain variations caused by either the introduction or attrition of organizations in the population, which affect the aggregate statistics.<sup>7</sup>

SOI classified the 7,105 organizations in the panel by the size of assets reported in Tax Year 2000 and tracked the financial activity of each asset group for the next 11 study years. Within this panel, SOI classified

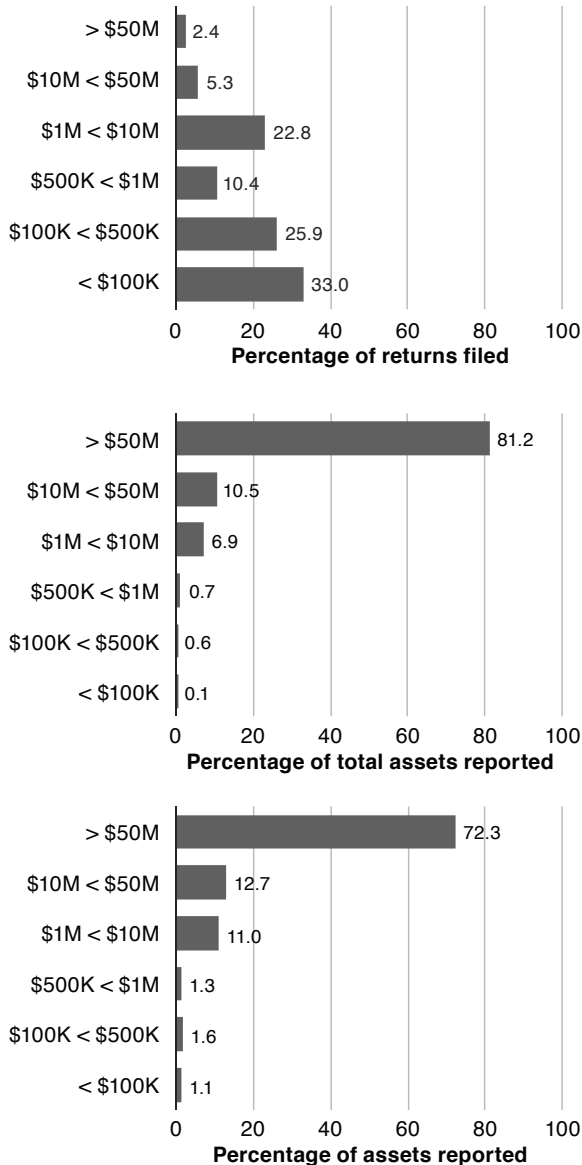
<sup>7</sup> The downside of a retroactive panel is the introduction of survivorship bias into the analysis. That is, because the panel excludes short-lived organizations, it may not be representative of the population.

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**Figure B**

## Nonprofit Charitable Organizations, by Asset Size, Tax Year 2010



SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

organizations reporting over \$100 million in assets for Tax Year 2000 as large; those with assets between \$10 million and \$100 million as medium; and organizations with assets less than \$10 million as small. Since the largest organizations tend to dominate the financial activity

of the nonprofit sector, SOI based the panel analysis on cumulative change, as a percentage, for each size class.

Investment income, contributions, and program service revenue make up the three major sources of revenue for the three size classes (Figure C).<sup>8</sup> Between Tax Years 2000 and 2010, of the major sources of revenue reported by organizations in the panel, program service revenue proved the most consistent over time, increasing between 2 percent and 9 percent each year for each of the three size classes. On the other hand, investment income reported by the designated charities was a more volatile source of revenue. After declining for 2 years at the beginning of the decade, investment income reported by organizations grew 75 percent from 2003 until 2006, before dropping again. Contributions, gifts, and grants fell somewhere in between program service revenue and investment income in terms of volatility, but this category also showed the greatest variation among the three size classes.

Because of the recession lasting from December 2007 until June 2009, each of the size classes reported a drop in revenue for Tax Year 2008. Small filers experienced only a slight dip of less than 1 percent, while organizations in the panel with assets over \$100 million reported an 11 percent decline in revenue for the year. This decrease is notable, in part, because program service revenue, which accounts for 80 percent of the large organizations' revenue, on average, actually rose 4 percent in 2008. Significant decreases in other sources of revenue, namely contributions (down 20 percent), investment income (down 45 percent), and especially sales of assets, which fell 180 percent from 2007 to 2008, drove the decline.

Since Tax Year 2000, the small charitable organizations in the panel have shown steady increases in total revenue in 10 of the 11 years studied. (The exception is the small decline in 2008 noted above.) These organizations rely more heavily on contributions (an average of 41 percent of total revenue) than their medium and large counterparts. Unlike medium and large organizations, those in the small category did not report a significant decline in contributions in the peak recession year of 2008. In fact, contributions for this group rose nearly 4 percent, which is consistent with the trend beginning in Tax Year 2002.

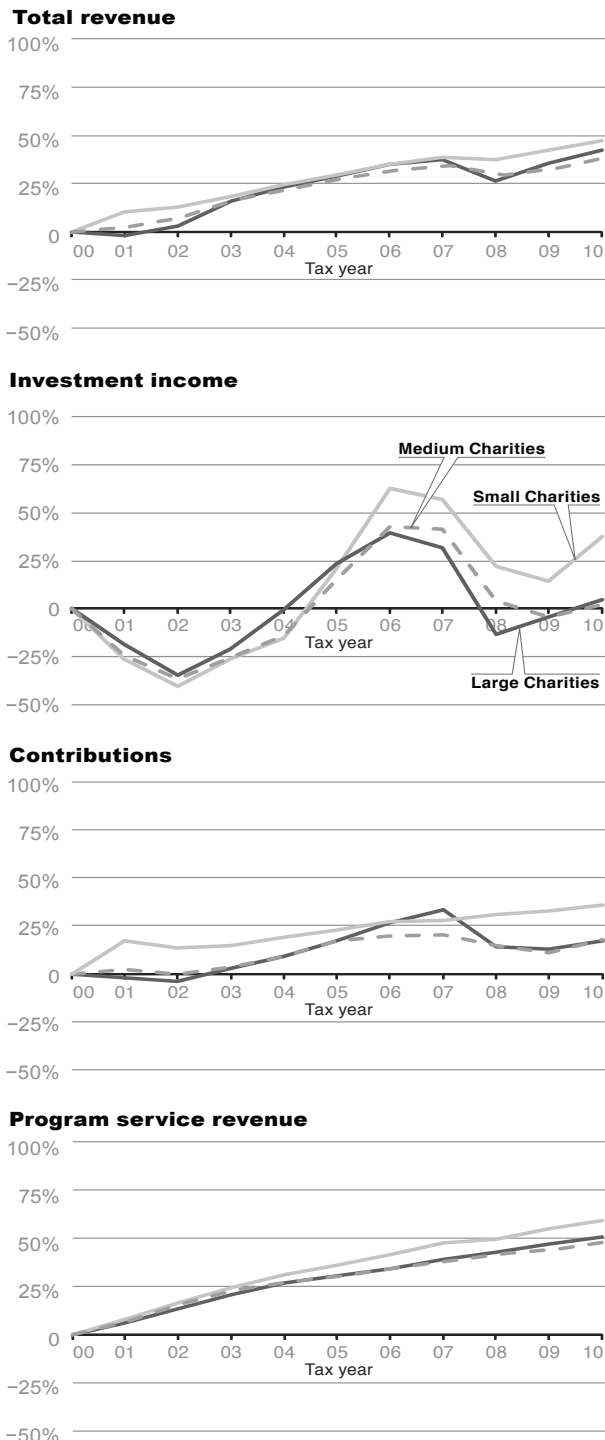
## Nonprofit Charitable Organizations Classified by NTEE Codes

The National Center for Charitable Statistics developed the National Taxonomy of Exempt Entities (NTEE)

<sup>8</sup> SOI adjusted dollar values for inflation using the 2005 chain-type price index for Gross Domestic Product (GDP) as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

**Figure C**

**Cumulative Change in Revenue and Sources of Revenue for a Panel of Nonprofit Charitable Organizations, Tax Years 2000–2010**



NOTE: All data are adjusted for inflation using the 2005 chain-type price index as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.  
SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

system for classifying organizations by institutional purpose and major programs and activities (Figure D).<sup>9</sup> For statistical purposes, SOI classifies organizations based on information provided in the “Statement of Program Service Accomplishments” section of Forms 990 and 990-EZ.

For Tax Year 2010, nonprofit charitable organizations in the NTEE category, “Health,” reported the highest shares of assets and revenue, followed by “Education” and “Human Services.” Organizations in the “Health” category reported \$1.2 trillion in assets and \$909.9 billion in revenue, by far the highest portion of financial activity among the nine categories. Although hospitals and organizations operating hospitals made up just 8 percent of the organizations in this category, they accounted for the large majority of assets (65 percent) and revenue (71 percent) reported.<sup>10</sup> Like many large charities, hospital organizations relied on program service revenue as their predominant source of revenue. Organizations operating hospitals reported \$606.1 billion in program service revenue for the year, accounting for 54 percent of the total program service revenue reported by all nonprofit charitable organizations. In addition to hospital organizations, the “Health” category includes medical research and advocacy organizations, substance abuse treatment centers, and hospital support foundations.

While organizations in the “Health” category reported the highest shares of assets and revenue, they accounted for 12.8 percent (or 34,463) of all organizations filing Forms 990 and 990-EZ for Tax Year 2010. In comparison, the NTEE “Education” category ranked second both in terms of returns filed (47,916) and assets (\$993.3 billion) for 2010. Educational institutions held over one-third of all assets reported on Forms 990 and 990-EZ by organizations exempt under IRC section 501(c)(3). These organizations reported \$309.5 billion in revenue, comprised primarily of program service revenue (59 percent) and contributions, gifts, and grants (29 percent). While colleges and universities accounted for the majority of financial activity in the “Education” category, including total assets (62 percent) and total revenue (64 percent) reported, organizations such as educational foundations and booster clubs; preschools; elementary and secondary schools; scholarship funds; and PTAs filed some 97 percent of the returns in this category.

<sup>9</sup> For information on the National Taxonomy of Exempt Entities classification system, see the National Center for Charitable Statistics Website: [www.nccs.urban.org](http://www.nccs.urban.org).  
<sup>10</sup> Hospital organizations were identified by the presence of Schedule H included with the Form 990. Most, but not all, organizations that operated a hospital were included in the NTEE “Health” category. Some 3 percent of the total revenue reported by organizations filing a Schedule H came from universities operating a hospital as part of a medical school program and classified in the “Education” category.



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**Figure D**

## Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Tax Year 2010

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

NTEE major category [1]	Number of returns	Total assets	Net assets	Revenue			Total expenses
				Total revenue	Contributions, gifts, and grants	Program service revenue	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total</b>	<b>269,474</b>	<b>2,946,521</b>	<b>1,772,449</b>	<b>1,593,012</b>	<b>344,942</b>	<b>1,147,324</b>	<b>1,497,202</b>
Arts, culture, and humanities	26,053	106,018	85,378	30,018	16,910	9,362	27,233
Education	47,916	993,332	675,175	309,485	88,536	183,583	280,820
Environment, animals	12,312	41,563	35,029	14,683	9,833	3,688	13,718
Health	34,463	1,170,245	589,253	909,890	64,809	809,071	865,142
Human services	103,577	320,676	150,014	219,030	91,815	116,033	208,756
International, foreign affairs	5,390	28,714	21,190	23,689	20,370	2,139	22,372
Mutual, membership benefit	747	18,224	8,459	2,906	123	1,930	2,542
Public, societal benefit	23,720	241,641	187,735	73,045	44,977	19,911	67,052
Religion related	15,296	26,108	20,216	10,266	7,569	1,607	9,569

[1] The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into the categories shown above. It was developed by the National Center for Charitable Statistics.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$50,000, as well as most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

Human service organizations, the largest category in terms of the number of returns filed, made up 38 percent of all organizations filing Forms 990 and 990-EZ filed for Tax Year 2010. Revenue reported by these organizations (\$219.0 billion) came predominantly from a balance of program services (\$116.0 billion) and contributions (\$91.8 billion). This category comprises a wide range of organizations, such as low-income housing providers, recreational clubs, disaster relief organizations, and daycare and senior centers.

### Summary

For 2010, nonprofit charitable organizations (excluding private foundations) tax exempt under IRC section 501(c)(3) reported \$2.9 trillion in total assets and \$1.6 trillion in revenue, both increases from 2009. The number of Forms 990 and 990-EZ filed by these organizations dropped to 269,474 due to an increase in the filing threshold for Tax Year 2010.

Observing nonprofit financial activity through a retroactive panel of organizations offers the benefit of excluding variation due to addition and attrition of certain organizations. SOI tracked the financial activity of a panel of over 7,000 nonprofit charitable organizations over an 11-year period, Tax Years 2000 through 2010.

Using National Taxonomy of Exempt Entities codes to look at institutional purpose and programs and

activities, “Health” was the predominant category, accounting for 40 percent of total assets and 57 percent of total revenue reported by nonprofit charitable organizations. Within this category, organizations that operated hospitals accounted for more than half of the program service revenue reported by all nonprofit charitable organizations for Tax Year 2010.

### Data Sources and Limitations

SOI based the statistics in this article on a sample of Tax Year 2010 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations were required to file the 2010 form when their accounting periods ended any time between December 31, 2010, and November 30, 2011. The sample did not include private foundations, which were required to file Form 990-PF. SOI excluded most churches and certain other types of religious organizations from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with average receipts of more than the filing threshold of \$50,000.

The sample design was divided into two parts: the first sampling frame included all returns filed by organizations exempt under IRC section 501(c)(3); the second sampling frame included all returns filed by organizations exempt under sections 501(c)(4) through (9).<sup>11</sup> SOI

<sup>11</sup> Includes: 501(c)(4)—civic leagues, social welfare organizations, and local associations of employees; 501(c)(5)—labor, agricultural, and horticultural organizations; 501(c)(6)—business leagues, chambers of commerce, real estate boards, and like organizations; 501(c)(7)—social and recreational clubs; 501(c)(8)—fraternal beneficiary societies and associations; and 501(c)(9)—voluntary employees’ beneficiary associations.

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collected the data presented here from returns originally filed with the IRS and excluded organizations tax exempt under other IRC sections from the sample. Data were subjected to comprehensive testing and correction procedures to improve statistical reliability and validity. However, in most cases, SOI did not incorporate changes made to the original return because of either administrative processing or taxpayer amendment into its database.

SOI classified the two samples into strata based on the type of return and size of end-of-year total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 14,415 returns was selected from a population of 272,306. Sampling rates ranged from 100 percent for organizations with total assets of \$50,000,000 or more to 0.90 percent for organizations reporting total assets of less than \$1,000,000. Additionally, SOI selected returns filed electronically that included Schedule H at the time of sampling at a rate of 100 percent. The second sample contained 6,411

records selected from the population of 94,945 returns filed by organizations exempt under sections 501(c)(4) through (c)(9). Sampling rates ranged from 100 percent for organizations with assets of \$10,000,000 or more to 1.11 percent for organizations with assets of less than \$300,000. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 2010. However, SOI excluded these returns from the final sample and the estimated population counts.

Because the data are based on samples, they are subject to sampling error. To use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure E shows CVs for selected financial data. A discussion of methods for evaluating the nonsampling error can be found later in this issue in SOI Sampling Methodology and Data Limitations.<sup>12</sup>

<sup>12</sup> This information can also be found on SOI's Tax Stats Webpage at: <http://www.irs.gov/pub/irs-soi/sampling.pdf>.

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**Figure E**

## Coefficients of Variation for Selected Items, by Internal Revenue Code Section, Tax Year 2010

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b>	<b>0.08</b>	<b>5.91</b>	<b>5.77</b>	<b>4.51</b>	<b>6.19</b>	<b>9.33</b>	<b>6.25</b>
<b>Total assets</b>	<b>0.08</b>	<b>0.52</b>	<b>1.69</b>	<b>0.96</b>	<b>2.35</b>	<b>0.22</b>	<b>0.25</b>
Cash—non-interest bearing	1.17	3.15	6.09	4.33	6.05	7.37	4.22
Savings and temporary cash investments	0.66	1.70	3.91	2.76	5.89	2.51	1.30
Pledges and grants receivable	1.14	12.55	41.02	12.69	77.75	81.75	16.73
Accounts receivable	0.57	1.26	4.81	3.19	4.25	1.69	1.16
Receivables from officers, etc.	11.36	2.33	67.59	15.26	6.39	84.75	* 0.00
Receivables from disqualified persons	34.99	0.00	0.00	86.74	* 0.00	* 0.00	0.24
Notes and loans receivables	0.87	0.26	4.12	2.67	12.72	0.83	17.68
Inventories for sale or use	1.67	9.02	12.93	10.28	9.51	12.33	0.09
Prepaid expenses or deferred charges	1.08	3.70	5.50	3.21	5.80	35.61	5.57
Land, buildings, and equipment (net)	0.31	2.31	4.16	3.24	2.42	8.19	0.43
Investments in public securities	0.31	0.66	1.82	0.77	10.42	0.11	0.35
Investments in other securities	0.27	1.34	2.53	2.38	17.40	0.25	0.21
Program-related investments	1.05	6.28	42.39	3.15	11.98	0.06	8.44
Intangible assets	4.96	8.13	1.66	3.40	2.86	0.87	* 0.00
Other assets	0.50	0.94	5.61	3.00	8.41	0.21	0.33
<b>Total liabilities</b>	<b>0.31</b>	<b>0.59</b>	<b>2.98</b>	<b>1.16</b>	<b>3.69</b>	<b>0.10</b>	<b>1.41</b>
Accounts payable and accrued expenses	0.51	1.17	5.02	5.58	4.80	1.92	2.51
Grants payable	2.32	0.39	37.89	6.97	66.78	1.68	0.00
Deferred revenue	1.01	1.91	8.93	2.56	6.65	20.35	4.43
Tax-exempt bond liabilities	0.30	1.19	* 0.00	1.16	65.41	91.54	* 0.00
Escrow account liability	2.80	0.33	11.99	3.42	53.09	0.00	8.05
Payables to officers, directors, etc.	15.00	24.67	99.43	35.35	20.26	86.54	* 0.00
Secured mortgages and notes payable	1.23	1.88	7.82	3.59	4.71	23.79	0.00
Unsecured notes and loans payable	1.45	0.61	23.73	9.26	17.41	61.24	7.37
Other liabilities	0.83	1.15	2.98	0.40	4.56	0.06	1.65
<b>Total revenue</b>	<b>0.56</b>	<b>0.74</b>	<b>3.67</b>	<b>2.57</b>	<b>3.54</b>	<b>0.67</b>	<b>1.74</b>
Total contributions	1.77	10.93	10.01	9.33	9.33	12.01	3.47
Federated campaigns	10.13	77.60	* 0.00	33.17	75.46	64.85	* 0.00
Membership dues	7.87	11.11	11.43	9.02	9.82	11.98	0.01
Fundraising events	4.58	27.82	74.50	38.42	49.36	32.09	* 0.00
Related organizations	4.80	12.77	52.55	47.37	38.82	92.14	* 0.00
Government grants (contributions)	3.35	5.76	16.92	23.01	67.07	0.32	0.00
All other contributions, gifts, etc.	1.85	22.27	22.62	10.82	26.74	29.00	30.15
Program service revenue	0.57	0.41	4.11	2.47	3.92	0.57	1.85
Investment income	0.38	1.25	2.06	1.24	7.23	0.10	0.35
Tax-exempt bond proceeds	1.71	43.04	92.79	92.08	87.97	0.75	19.78
Royalties	2.56	0.96	13.11	4.78	34.50	0.00	0.00

Footnotes at end of figure.

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**Figure E—Continued**

## Coefficients of Variation for Selected Items, by Internal Revenue Code Section, Tax Year 2010—Continued

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net rental income	3.61	6.95	11.94	12.89	25.35	25.65	36.18
Net rent—Real estate	3.58	6.96	11.94	11.95	28.69	26.80	34.95
Gross rents—Real estate	2.29	7.00	8.11	6.87	19.60	14.72	0.44
Rental expense—Real estate	2.99	11.98	12.77	9.00	24.22	30.80	0.00
Net rent—Personal property	36.71	74.88	444.87	103.53	26.45	69.17	0.00
Gross rents—Personal property	38.22	25.38	58.56	43.28	24.33	67.88	0.00
Rental expense—Personal property	42.26	17.65	89.59	84.35	45.69	0.00	* 0.00
Total net gain from sales of assets	1.08	3.42	3.76	3.22	123.80	147.40	0.21
Net gain from sales—Securities	0.45	1.42	2.98	2.49	18.63	53.70	0.21
Gross sales—Securities	0.21	0.51	1.51	1.45	13.37	0.16	0.52
Sales expense—Securities	0.22	0.50	1.51	1.46	13.54	0.12	0.53
Net gain from sales—Other assets	8.83	10.50	19.51	28.45	54.34	129.41	0.74
Gross sales—Other assets	6.19	11.17	8.27	14.36	35.04	31.90	0.02
Sales expense—Other assets	5.80	12.02	7.75	15.94	32.81	9.53	0.00
Net fundraising income	10.20	20.46	46.97	24.81	47.56	26.54	76.93
Gross fundraising	5.58	21.94	41.13	20.55	25.80	22.58	76.84
Fundraising expenses	6.74	26.25	40.91	21.13	23.86	28.91	76.78
Net gaming income	20.26	16.46	65.27	73.77	40.79	19.43	98.70
Gross income from gaming	25.77	22.25	36.21	97.70	50.59	22.59	98.70
Gaming expenses	27.51	24.63	26.66	99.00	59.36	24.66	98.70
Net income from sales of inventory	6.08	13.62	32.93	4.84	5.41	17.19	0.00
Gross sales of inventory	5.73	8.73	26.76	7.32	4.60	14.51	0.00
Cost of goods sold (inventory)	6.83	7.54	24.26	13.21	5.46	16.77	0.00
Other revenue	1.86	10.23	11.24	6.00	10.04	2.52	0.79
<b>Total expenses</b>	<b>0.58</b>	<b>0.76</b>	<b>3.70</b>	<b>2.64</b>	<b>3.72</b>	<b>0.68</b>	<b>2.46</b>
Program services	0.62	0.67	[2]	[2]	[2]	[2]	[2]
Management and general	0.77	1.41	[2]	[2]	[2]	[2]	[2]
Fundraising	1.99	24.05	[2]	[2]	[2]	[2]	[2]

\* No money amount reported.

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] Not required to be reported.

NOTE: Includes data from Forms 990 only. For more information on the requirements for tax exemption under section 501(c)(3) and other IRC sections, see Internal Revenue Service Publication 557, *Tax Exempt Status for Your Organization*.

SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

# Nonprofit Charitable Organizations, 2010

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**Table 1. Form 990 Returns of 501(c)(3) Organizations: Balance Sheet and Income Statement Items, by Asset Size, Tax Year 2010**

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

Item	Total	Asset size					
		Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b>	<b>186,417</b>	<b>29,995</b>	<b>45,833</b>	<b>28,148</b>	<b>61,536</b>	<b>14,396</b>	<b>6,508</b>
<b>Total assets</b>	<b>2,939,212,356</b>	<b>1,235,087</b>	<b>11,702,735</b>	<b>20,575,739</b>	<b>203,269,850</b>	<b>309,171,500</b>	<b>2,393,257,444</b>
Cash—non-interest bearing	74,495,126	676,550	3,438,801	3,175,699	15,780,305	13,770,946	37,652,826
Savings and temporary cash investments	193,380,228	176,549	2,937,539	3,961,714	24,307,004	28,795,122	133,202,300
Pledges and grants receivable	69,659,545	21,160	656,158	622,702	8,787,221	11,276,424	48,295,879
Accounts receivable	140,976,687	106,362	616,286	881,900	10,123,389	15,497,497	113,751,253
Receivables from officers, etc.	632,894	*4,100	*830	*4,297	67,923	173,647	382,098
Receivables from disqualified persons	116,569	0	0	*2,956	*10,564	67,160	35,890
Notes and loans receivables	96,987,264	*5,752	113,811	139,900	4,053,822	8,599,775	84,074,204
Inventories for sale or use	16,547,087	27,775	220,736	222,593	1,702,775	1,874,701	12,498,508
Prepaid expenses and deferred charges	21,686,901	21,337	122,496	108,216	1,853,670	2,761,572	16,819,609
Land, buildings, and equipment (net)	859,743,068	144,190	2,740,825	7,517,306	84,869,366	118,078,923	646,392,458
Investments in public securities	691,347,780	*6,778	426,903	2,033,516	31,661,255	61,869,633	595,349,696
Investments in other securities	514,513,726	*46	219,227	859,474	8,521,490	24,128,533	480,784,956
Program-related investments	49,115,676	*315	*23,945	*95,625	1,376,200	4,128,095	43,491,496
Intangible assets	7,596,687	*8,324	*13,617	*14,617	633,840	1,277,146	5,649,143
Other assets	202,413,116	35,850	171,561	935,223	9,521,025	16,872,326	174,877,130
<b>Total liabilities</b>	<b>1,173,080,989</b>	<b>917,137</b>	<b>3,382,490</b>	<b>6,232,511</b>	<b>74,951,438</b>	<b>116,872,004</b>	<b>970,725,410</b>
Accounts payable and accrued expenses	215,107,310	349,778	1,054,464	1,002,680	14,343,011	21,822,057	176,535,320
Grants payable	18,619,749	*4,884	118,815	*111,671	1,616,294	2,355,050	14,413,034
Deferred revenue	66,274,053	56,920	342,249	388,881	5,108,915	10,329,242	50,047,847
Tax-exempt bond liabilities	388,544,473	*619	*13,109	*2,849	3,793,533	23,684,052	361,050,311
Escrow account liability	6,680,677	0	*5,592	*1,947	246,768	786,321	5,640,049
Payables to officers, directors, etc.	1,553,320	90,264	105,384	*57,985	479,197	429,028	391,462
Secured mortgages and notes payable	174,443,185	113,175	899,159	2,874,559	34,515,126	36,522,781	99,518,384
Unsecured notes and loans payable	36,408,772	47,060	209,948	249,377	2,395,289	3,368,755	30,138,343
Other liabilities	265,449,449	254,435	633,771	1,542,562	12,453,303	17,574,717	232,990,661
<b>Total revenue</b>	<b>1,585,785,036</b>	<b>12,008,030</b>	<b>23,897,361</b>	<b>21,487,748</b>	<b>175,409,469</b>	<b>202,403,718</b>	<b>1,150,578,709</b>
Total contributions	340,572,947	5,538,788	13,919,169	8,689,401	81,165,059	66,670,578	164,589,952
Federated campaigns	2,883,698	*21,893	57,711	143,252	1,249,130	584,255	827,456
Membership dues	3,846,615	162,378	293,107	359,052	799,244	1,095,282	1,137,552
Fundraising events	7,123,029	274,710	492,155	445,940	1,616,033	1,130,398	3,163,793
Related organizations	16,981,032	*188,967	*177,877	145,378	2,353,490	1,680,212	12,435,108
Government grants (contributions)	155,125,126	1,940,611	4,805,577	3,267,754	43,479,287	34,065,052	67,566,847
All other contributions, gifts, etc.	154,613,448	2,950,229	8,092,742	4,328,025	31,667,876	28,115,379	79,459,197
Program service revenue	1,145,366,084	6,027,570	8,549,669	11,259,168	87,371,874	125,620,372	906,537,430
Investment income	28,961,620	13,621	55,366	155,955	1,723,975	2,750,644	24,262,058
Tax-exempt bond proceeds	178,911	0	0	*353	*3,817	-1,510	176,251
Royalties	3,221,379	0	*19,515	*14,970	109,415	317,753	2,759,725
Total net rental income	3,079,989	*2,202	61,560	98,054	588,613	494,086	1,835,474
Net rent—Real estate	3,001,179	*1,337	60,011	72,290	565,151	488,572	1,813,818
Gross rents—Real estate	6,765,510	*5,664	73,789	151,542	1,085,292	1,051,191	4,398,031
Rental expense—Real estate	3,764,331	*4,328	13,778	79,252	520,141	562,619	2,584,213
Net rent—Personal property	78,810	*865	*1,549	*25,764	23,462	5,513	21,656
Gross rents—Personal property	129,607	*1,598	*2,600	*46,741	32,395	9,300	36,974
Rental expense—Personal property	50,797	*733	*1,051	*20,977	8,933	3,786	15,318

Footnotes at end of table.

# Nonprofit Charitable Organizations, 2010

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**Table 1. Form 990 Returns of 501(c)(3) Organizations: Balance Sheet and Income Statement Items, by Asset Size, Tax Year 2010—Continued**

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

Item	Total	Asset size					
		Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net gain from sales of assets	33,866,970	*-1,917	-88,335	323,252	561,116	2,045,693	31,027,162
Net gain from sales—Securities	30,020,705	*-219	-14,790	21,665	401,949	1,542,018	28,070,082
Gross sales—Securities	700,922,229	*3,904	214,445	572,835	11,279,910	27,591,391	661,259,744
Sales expense—Securities	670,901,524	*4,123	229,235	551,170	10,877,961	26,049,373	633,189,662
Net gain from sales—Other assets	3,846,265	*-1,698	-73,546	301,587	159,167	503,675	2,957,080
Gross sales—Other assets	14,840,304	*5,246	128,365	927,593	932,633	1,830,112	11,016,355
Sales expense—Other assets	10,994,039	*6,945	201,911	626,005	773,467	1,326,437	8,059,274
Net fundraising income	1,865,623	180,927	388,017	351,431	692,146	232,542	20,560
Gross fundraising	5,630,811	467,491	819,759	717,143	1,905,820	864,841	855,756
Fundraising expenses	3,765,188	286,565	431,742	365,711	1,213,675	632,299	835,196
Net gaming income	306,276	*20,620	105,961	*7,586	77,349	46,426	48,333
Gross income from gaming	2,756,320	*407,331	1,323,269	*49,765	552,688	296,134	127,133
Gaming expenses	2,450,045	*386,711	1,217,308	*42,179	475,339	249,708	78,800
Net income from sales of inventory	6,760,146	94,332	435,641	265,652	1,137,577	1,723,037	3,103,906
Gross sales of inventory	15,982,099	144,270	1,040,058	541,066	3,387,441	3,953,218	6,916,046
Cost of goods sold (inventory)	9,221,953	49,937	604,417	275,415	2,249,864	2,230,181	3,812,139
Other revenue	21,605,089	131,886	450,797	321,924	1,978,528	2,504,097	16,217,857
<b>Total expenses</b>	<b>1,490,191,722</b>	<b>10,600,407</b>	<b>23,274,859</b>	<b>20,283,198</b>	<b>171,497,258</b>	<b>192,406,379</b>	<b>1,072,129,621</b>
Program services	1,294,293,145	9,296,939	19,823,234	17,149,289	147,953,020	165,999,861	934,070,802
Management and general	180,060,319	1,123,104	2,818,857	2,738,980	20,493,197	23,633,420	129,252,761
Fundraising	15,838,258	180,363	632,769	394,929	3,051,041	2,773,098	8,806,058
<b>Excess of revenue over expenses (net)</b>	<b>95,593,314</b>	<b>1,407,623</b>	<b>622,502</b>	<b>1,204,550</b>	<b>3,912,211</b>	<b>9,997,340</b>	<b>78,449,088</b>

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

[1] Includes returns with zero assets or assets not reported.

NOTES: Data exclude private foundations, most organizations with receipts less than \$50,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

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**Table 2. Form 990 Returns of 501(c)(3)–(9) Organizations: Total Functional Expenditures, by Code Section. Tax Year 2010**

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

Item	Internal Revenue Code Section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns reporting functional expenditures</b>	<b>185,873</b>	<b>11,556</b>	<b>10,881</b>	<b>16,712</b>	<b>9,383</b>	<b>5,402</b>	<b>4,866</b>
<b>Total functional expenses</b>	<b>1,490,191,722</b>	<b>79,158,280</b>	<b>22,310,408</b>	<b>38,216,001</b>	<b>11,596,526</b>	<b>16,954,531</b>	<b>131,153,585</b>
Grants to governments and organizations in the U.S.	61,444,832	753,605	793,365	1,144,456	21,372	114,150	1,061,332
Grants to individuals in the U.S.	43,761,648	150,801	43,786	78,760	18,489	15,458	7,280
Grants to governments, organizations and individuals outside the U.S.	18,041,782	1,534,003	18,180	25,964	0	*23,029	*536,183
Benefits paid to or for members	12,415,463	31,036,613	2,655,794	699,509	19,857	13,075,363	116,194,157
Compensation of current officers, etc.	25,318,358	637,147	1,851,540	2,894,639	328,950	121,954	146,996
Compensation of disqualified persons	4,134,152	7,183	36,712	105,612	17,910	*28,411	7,111
Other salaries and wages	493,279,160	3,959,752	3,944,935	7,245,130	3,760,451	683,252	655,339
Pension plan contributions	25,859,999	299,329	1,007,925	721,410	67,589	102,946	129,191
Other employee benefits	72,613,194	822,346	1,224,723	1,208,164	468,664	690,786	744,886
Payroll taxes	36,187,252	322,177	458,814	646,706	408,633	88,960	72,569
Management fees	12,795,725	749,273	50,382	419,189	24,930	*1,388	705,876
Legal fees	3,714,019	193,243	458,841	641,281	32,607	20,368	161,889
Accounting fees	2,760,069	111,426	115,592	191,151	59,475	24,242	142,034
Lobbying fees	308,998	86,075	35,838	400,971	0	*47	*280
Professional fundraising fees	643,266	98,018	*6,765	*10,110	*5,216	*4,571	0
Investment management fees	3,008,563	71,657	39,735	59,890	1,912	24,303	286,530
Other fees	113,809,724	4,393,442	343,395	2,095,708	172,754	141,986	1,985,996
Advertising and promotion	7,529,673	461,849	160,771	1,572,586	18,987	29,191	25,716
Office expenses	142,141,766	1,497,384	756,393	1,566,266	551,518	123,208	200,909
Information technology	16,782,810	490,515	87,975	580,204	23,302	43,175	67,963
Royalties	675,801	*9,662	*13,821	29,046	*2,308	0	0
Occupancy	49,633,013	910,310	674,450	1,192,228	1,461,184	237,100	99,885
Travel	13,334,332	239,406	610,283	956,671	32,519	35,216	12,735
Payments of travel or entertainment for public officials	114,383	712	*1,660	4,317	*141	*26	*31
Conferences, conventions, and meetings	5,579,720	252,205	439,509	2,363,798	81,873	36,235	23,576
Interest expense	22,009,935	1,703,327	45,215	146,599	275,040	15,118	2,635
Payments to affiliates	5,196,791	183,276	2,883,639	183,387	19,635	22,116	4,204
Depreciation, depletion and amortization	62,607,016	962,995	317,709	630,576	1,151,987	95,924	70,466
Insurance	14,801,981	228,848	208,010	215,472	305,043	43,243	1,669,969
Other expenses	219,688,290	26,991,699	3,024,651	10,186,200	2,264,179	1,112,763	6,137,848

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

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**Table 3. Form 990 Returns of 501(c)(3)–(9) Organizations: Balance Sheet and Income Statement Items, by Code Section, Tax Year 2010**

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b>	<b>186,417</b>	<b>11,641</b>	<b>10,905</b>	<b>16,713</b>	<b>9,415</b>	<b>5,402</b>	<b>4,872</b>
<b>Total assets</b>	<b>2,939,212,356</b>	<b>98,972,281</b>	<b>33,525,041</b>	<b>68,232,161</b>	<b>24,254,554</b>	<b>116,397,078</b>	<b>205,838,970</b>
Cash—non-interest bearing	74,495,126	3,793,812	2,416,213	4,310,577	1,312,017	440,563	3,307,758
Savings and temporary cash investments	193,380,228	9,925,787	6,920,605	11,461,967	1,732,656	2,857,300	20,107,439
Pledges and grants receivable	69,659,545	470,606	28,058	492,414	10,930	*2,614	102,429
Accounts receivable	140,976,687	5,133,755	1,050,254	3,460,100	1,220,531	482,205	7,453,011
Receivables from officers, etc.	632,894	71,121	*659	12,826	5,382	*3,043	0
Receivables from disqualified persons	116,569	*207	*476	*5,850	0	0	4,711,886
Notes and loans receivables	96,987,264	29,301,174	677,183	2,119,492	160,666	1,750,091	71,306
Inventories for sale or use	16,547,087	158,721	34,551	203,955	265,599	37,012	7,579
Prepaid expenses and deferred charges	21,686,901	571,837	127,284	757,507	198,713	36,271	287,795
Land, buildings, and equipment (net)	859,743,068	11,749,812	5,023,770	5,824,809	18,216,642	2,264,395	754,313
Investments in public securities	691,347,780	23,752,202	12,177,552	30,214,169	461,781	70,901,329	87,805,398
Investments in other securities	514,513,726	6,089,132	4,003,794	5,203,941	192,489	12,690,952	67,855,281
Program-related investments	49,115,676	1,230,943	123,894	1,259,645	55,782	10,528,940	916,844
Intangible assets	7,596,687	202,217	19,784	124,538	62,196	*921	0
Other assets	202,413,116	6,520,956	920,963	2,780,370	359,170	14,401,440	12,457,931
<b>Total liabilities</b>	<b>1,173,080,989</b>	<b>49,753,540</b>	<b>8,135,291</b>	<b>38,084,836</b>	<b>8,429,571</b>	<b>103,818,695</b>	<b>24,508,907</b>
Accounts payable and accrued expenses	215,107,310	12,079,427	3,774,923	6,524,177	1,021,707	948,748	9,321,425
Grants payable	18,619,749	647,276	95,830	128,344	*1,597	*3,581	32,389
Deferred revenue	66,274,053	3,549,675	332,594	5,643,623	905,361	69,143	540,372
Tax-exempt bond liabilities	388,544,473	5,972,528	0	*61,273	*23,260	*29,954	0
Escrow account liability	6,680,677	324,022	189,317	161,440	*12,211	7,747	54,829
Payables to officers, directors, etc.	1,553,320	*72,063	*2,492	*8,407	10,484	*116	0
Secured mortgages and notes payable	174,443,185	10,229,366	1,096,076	3,180,435	4,998,309	281,270	57,162
Unsecured notes and loans payable	36,408,772	10,628,960	46,908	163,682	351,524	*7,856	55,794
Other liabilities	265,449,449	6,250,221	2,597,153	22,213,455	1,105,119	102,470,281	14,446,936
<b>Total revenue</b>	<b>1,585,785,036</b>	<b>82,486,152</b>	<b>22,618,520</b>	<b>39,502,878</b>	<b>11,622,935</b>	<b>17,396,915</b>	<b>185,658,939</b>
Total contributions	340,572,947	4,483,042	4,068,814	7,063,732	1,463,899	212,554	72,172
Federated campaigns	2,883,698	*17,207	0	*19,173	*620	*634	0
Membership dues	3,846,615	1,017,413	3,257,807	3,469,070	1,323,781	150,678	*59,548
Fundraising events	7,123,029	81,676	10,831	19,003	20,739	14,816	0
Related organizations	16,981,032	227,190	192,226	121,124	8,773	*3,171	0
Government grants (contributions)	155,125,126	1,071,996	135,631	2,107,190	*10,499	*5,051	*4,307
All other contributions, gifts, etc.	154,613,448	2,067,561	472,320	1,328,172	99,487	38,205	*8,318
Program service revenue	1,145,366,084	74,327,659	16,453,919	28,397,997	7,770,686	12,613,849	175,048,373
Investment income	28,961,620	896,963	596,543	1,174,569	35,706	3,176,642	4,099,819
Tax-exempt bond proceeds	178,911	*645	*4	*4,756	*207	*36,305	6,658
Royalties	3,221,379	757,378	202,739	482,469	6,972	*1,958	*5

Footnotes at end of table.



# Nonprofit Charitable Organizations, 2010

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**Table 3. Form 990 Returns of 501(c)(3)–(9) Organizations: Balance Sheet and Income Statement Items, by Code Section, Tax Year 2010—Continued**

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net rental income	3,079,989	230,039	97,591	63,739	49,550	26,312	-521
Net rent—Real estate	3,001,179	229,614	97,655	66,035	43,417	22,525	-540
Gross rents—Real estate	6,765,510	339,358	208,626	236,182	99,055	48,927	42,667
Rental expense—Real estate	3,764,331	109,744	110,971	170,146	55,637	26,402	43,207
Net rent—Personal property	78,810	*425	*-64	*-2,296	6,133	*3,787	*18
Gross rents—Personal property	129,607	*3,103	*713	*1,003	9,046	*3,859	*18
Rental expense—Personal property	50,797	*2,678	*777	*3,300	2,913	*72	0
Total net gain from sales of assets	33,866,970	634,366	222,755	493,588	4,477	19,345	4,525,937
Net gain from sales—Securities	30,020,705	438,005	190,245	453,291	13,676	35,672	4,305,830
Gross sales—Securities	700,922,229	17,574,313	8,632,640	15,508,518	254,773	26,899,958	170,149,328
Sales expense—Securities	670,901,524	17,136,309	8,442,395	15,055,227	241,097	26,864,286	165,843,497
Net gain from sales—Other assets	3,846,265	196,362	32,510	40,297	-9,199	-16,328	220,107
Gross sales—Other assets	14,840,304	770,648	138,002	169,483	49,227	79,737	9,256,600
Sales expense—Other assets	10,994,039	574,287	105,492	129,186	58,426	96,065	9,036,493
Net fundraising income	1,865,623	73,983	19,365	124,054	46,524	31,287	*1,411
Gross fundraising	5,630,811	221,865	48,968	385,779	111,857	62,318	*3,615
Fundraising expenses	3,765,188	147,882	29,602	261,725	65,333	31,032	*2,204
Net gaming income	306,276	90,765	*605	*3,839	24,840	123,943	*2
Gross income from gaming	2,756,320	563,053	*1,942	*92,470	78,577	550,877	*5,840
Gaming expenses	2,450,045	472,288	*1,337	*88,631	53,736	426,933	*5,838
Net income from sales of inventory	6,760,146	164,985	19,093	199,824	1,799,567	195,439	*2
Gross sales of inventory	15,982,099	546,073	56,529	355,294	3,479,815	574,748	*63,251
Cost of goods sold (inventory)	9,221,953	381,088	37,437	155,469	1,680,247	379,309	*63,249
Other revenue	21,605,089	826,325	937,091	1,494,310	420,507	959,280	1,905,081
<b>Total expenses</b>	<b>1,490,191,722</b>	<b>79,158,280</b>	<b>22,310,408</b>	<b>38,216,001</b>	<b>11,596,526</b>	<b>16,954,531</b>	<b>131,153,585</b>
Program services	1,294,293,145	72,940,563	[2]	[2]	[2]	[2]	[2]
Management and general	180,060,319	5,842,889	[2]	[2]	[2]	[2]	[2]
Fundraising	15,838,258	374,827	[2]	[2]	[2]	[2]	[2]
<b>Excess of revenue over expenses (net)</b>	<b>95,593,314</b>	<b>3,327,872</b>	<b>308,111</b>	<b>1,286,877</b>	<b>26,409</b>	<b>442,383</b>	<b>54,505,354</b>

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] Not required to be reported.

NOTES: Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

# Nonprofit Charitable Organizations, 2010

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**Table 4. Form 990-EZ Returns of 501(c)(3)–(9) Organizations: Selected Items, by Code Section, Tax Year 2010**

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b>	<b>83,057</b>	<b>8,565</b>	<b>6,181</b>	<b>10,445</b>	<b>7,510</b>	<b>2,203</b>	<b>706</b>
<b>Total assets</b>	<b>7,308,989</b>	<b>759,827</b>	<b>777,165</b>	<b>862,175</b>	<b>799,689</b>	<b>317,730</b>	<b>40,555</b>
Cash, savings, and investments	4,983,902	498,560	614,882	751,519	368,614	178,597	38,932
Land and buildings	1,225,252	167,889	121,860	47,042	318,803	120,156	0
Other assets	1,099,835	93,377	40,423	63,614	112,271	18,977	1,624
<b>Total liabilities</b>	<b>991,622</b>	<b>131,607</b>	<b>37,173</b>	<b>90,958</b>	<b>144,593</b>	<b>25,219</b>	<b>995</b>
<b>Total revenue</b>	<b>7,226,477</b>	<b>627,629</b>	<b>607,935</b>	<b>952,185</b>	<b>659,867</b>	<b>147,800</b>	<b>57,306</b>
Contributions, gifts, and grants	3,871,551	202,420	50,113	147,198	45,366	22,532	12,538
Program service revenue	1,958,040	146,834	79,870	329,544	212,850	*29,729	13,859
Membership dues and assessments	497,589	125,331	382,244	360,591	294,310	36,518	20,630
Investment income	61,691	24,510	22,282	8,079	6,922	5,798	524
Gain from sales of assets	14,294	*2,250	*6	*-314	*15	*-462	0
Gross amount from sales	182,413	*4,991	*8,398	*11,155	*18	*14,603	0
Cost or other basis and sales expense	168,119	*2,741	*8,392	*11,469	*3	*15,065	0
Net income (loss), special events and activities	481,935	88,660	10,494	49,292	14,689	28,174	2,900
Net income from sales of inventory	161,118	17,600	*286	11,886	37,134	*13,844	0
Gross sales minus returns and allowances	373,118	48,199	*1,877	20,346	94,389	*32,179	0
Cost of goods sold	212,000	30,599	*1,591	8,459	57,255	*18,336	0
Other revenue	180,255	20,024	62,639	45,909	48,580	11,668	6,855
<b>Total expenses</b>	<b>7,010,769</b>	<b>628,862</b>	<b>595,686</b>	<b>957,642</b>	<b>631,326</b>	<b>135,404</b>	<b>100,664</b>
Grants and similar amounts paid	896,693	145,533	85,839	40,295	11,721	22,775	2,131
Benefits paid to or for members	117,161	11,570	56,926	23,473	*14,677	*6,477	60,041
Salaries, other compensation, and employee benefits	1,440,747	52,085	141,750	183,534	67,948	12,713	0
Professional fees	658,387	64,749	41,167	183,474	45,557	7,270	21,883
Occupancy, rent, and utilities	756,469	83,443	46,652	45,128	179,468	22,175	695
Printing, publications, and postage	226,014	13,643	26,117	39,431	19,649	8,283	225
Other expenses	2,915,295	257,840	197,235	442,308	292,305	55,710	15,691
<b>Excess of revenue over expenses (net)</b>	<b>215,708</b>	<b>-1,234</b>	<b>12,248</b>	<b>-5,456</b>	<b>28,541</b>	<b>12,397</b>	<b>-43,359</b>

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: For Tax Year 2010, organizations with end-of-year total assets under \$500,000 and gross receipts under \$200,000 could elect to file Forms 990-EZ rather than Forms 990.

Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.



# Sampling Methodology and Data Limitations

**T**his 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, 1111 Constitution Avenue, NW, K-Room 4112, Washington, DC 20224-0002.

## 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 processing 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 and outliers. 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 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

**Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.**

## Sampling Methodology and Data Limitations

**In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.**

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 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

## Sampling Methodology and Data Limitations

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.

# SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 803-9285 Fax: (202) 803-9393 e-mail: [sis@irs.gov](mailto:sis@irs.gov)

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
<b>Individuals, County Data:</b> Kevin Pierce	County or State income data are available annually.	2010	December 2010	April 2011	October 2011	December 2011	January 2014
<b>Individuals, County Income:</b> Kevin Pierce	County or State income data are available annually.	2011	December 2011	April 2012	October 2012	December 2012	January 2014
<b>Corporations, U.S. Controlled Foreign:</b> Jason Wenrich	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.	2010	June 2011	September 2011	March 2012	June 2012	January 2014
<b>Individuals, Advance Data:</b> Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules. The file contains information on returns filed through Cycle 38 weighted up to represent a full year of data.	2012	December 2012	April 2013	October 2013	September 2013	February 2014
<b>Individuals, Foreign Earned Income and Foreign Tax Credit:</b> Scott Hollenbeck; Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign-earned income, foreign-earned exclusion, foreign housing exclusion, 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.	2011	December 2011	April 2012	October 2012	December 2012	February 2014
<b>Individuals, Noncash Charitable Contributions:</b> Janette Wilson; P.J. Liddell; Young Lim	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> .	2011	December 2011	April 2012	October 2012	December 2012	February 2014
<b>SOI Bulletin:</b> Wayne Kei	Winter Issue	2014	N/A	N/A	N/A	N/A	March 2014
<b>Individual Public Use File (PUF):</b> Victoria Bryant	A microdata file produced annually from a sample of individual income tax returns filed with the IRS for use by researchers and analysts to examine issues in economics and public policy.	2009	December 2009	April 2010	October 2010	December 2010	March 2014

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<b>Individuals, Migration Flow Data:</b> Kevin Pierce	Migration flow data (based on year-to-year changes in individual tax return addresses) provide data on the number of returns, number of exemptions, and aggregate adjusted gross income at the State and county levels.	2011	December 2011	April 2012	October 2012	December 2012	March 2014
<b>Individuals, ZIP Code Data:</b> Kevin Pierce	This study provides detailed tabulations of individual income tax return data at the State and ZIP code levels.	2008	December 2008	April 2009	October 2009	December 2008	March 2014
<b>Corporations, Complete Report Tabulations:</b> Bill Rush	This annual report provides comprehensive data on corporation income tax returns classified by industry, size of total assets, and size of business receipts.	2011	June 2012	September 2012	March 2013	June 2013	May 2014
<b>SOI Bulletin:</b> Wayne Kei	Spring Issue	2014	N/A	N/A	N/A	N/A	May 2014
<b>Partnerships, Withholding on Foreign Recipients of U.S. Income:</b> Scott Luttrell	This annual study provides data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.	2011	December 2011	April 2012	October 2012	September 2013	May 2014
<b>Individuals, Foreign Person's Real Property Tax:</b> Scott Luttrell	This annual study provides data on distributions of U.S. real property interests by foreign persons.	2011	December 2011	April 2012	October 2012	September 2013	June 2014
<b>Individuals, High-Income Returns Study:</b> Justin Bryan; Lisa Russ	This annual study provides detailed data on returns with adjusted gross income or expanded income greater than \$200,000. The study also looks at high-income nontaxable returns (HINTs) and the reason for nontaxability. Tables are provided annually to OTA. An annual <i>Bulletin</i> article is also produced.	2011	December 2011	April 2012	October 2012	December 2012	June 2014
<b>Individuals, Mid-May Filing Season Statistics:</b> Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 20 of the processing season.	2014	December 2014	N/A	N/A	N/A	June 2014



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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
<b>Bonds, Credit Payments:</b> Aaron Barnes	This annual study provides information on credit payments to issuers of qualified bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
<b>Bonds, Tax Credit:</b> Aaron Barnes	This annual study provides information on Tax Credit bonds and Specified Tax Credit bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
<b>Bonds, Tax-Exempt Governmental:</b> Aaron Barnes	This annual study provides information on Governmental bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
<b>Bonds, Tax-Exempt Private Activity:</b> Aaron Barnes	This annual study provides information on private activity bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
<b>Partnerships, Income:</b> Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.	2012	December 2012	April 2013	September 2013	December 2013	July 2014
<b>Tax-Exempt Organizations (Except Private Foundations):</b> 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.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
<b>Tax-Exempt Organizations (Private Foundations):</b> Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
<b>Individuals, Complete Report File:</b> Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules.	2012	December 2012	April 2013	October 2013	December 2013	August 2014

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
<b>Individuals, Complete Report Tabulations:</b> Michael Parisi; Justin Bryan	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, age, or type of tax computation.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
<b>Individuals, Nonfarm Sole Proprietorships:</b> 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.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
<b>SOI Bulletin:</b> Wayne Kei	Summer Issue	2014	N/A	N/A	N/A	N/A	August 2014
<b>Estate Tax, Nonresident Alien :</b> Joseph Newcomb	This annual study provides information on gross estates, including composition, deductions, and tax, of nonresident aliens who owned at least \$60,000 worth of property within the U.S. at time of death.	2013	N/A	N/A	N/A	December 2013	August 2014
<b>Corporations, Foreign Tax Credit:</b> Scott Luttrell; Lissa Costa; Nuria McGrath	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.	2011	June 2012	September 2012	March 2013	June 2013	August 2014
<b>Individuals, Mid-July Filing Season Statistics:</b> Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 30 of the processing season.	2014	December 2014	N/A	N/A	N/A	August 2014
<b>Individuals, Withholding on Foreign Recipients of U.S. Income:</b> 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.	2012	December 2012	March 2013	April 2013	March 2014	September 2014
<b>Individuals, Income Tax Percentile Tabulations:</b> Michael Parisi; Tony Hall	This annual study provides data on income and tax distribution for all non dependent individual income tax returns by percentiles.	2012	December 2012	April 2013	October 2013	December 2013	October 2014

## SOI Projects, Contacts, and Public Release Information

**General Statistical Information: (202) 803-9285 Fax: (202) 803-9393 e-mail: sis@irs.gov**

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
<b>Estate Tax:</b> Brian Raub	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. Other statistics are available on a year-of-death basis (approximately every 3 years).	2013	N/A	N/A	N/A	December 2013	October 2014
<b>Gift Tax:</b> 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.	2013	N/A	N/A	N/A	December 2013	October 2014
<b>Tax-Exempt Organizations, Unrelated Business Income:</b> Jael Jackson	This annual study provides data on unrelated business income and deductions for organizations classified as tax exempt under the Internal Revenue Code.	2011	November 2012	April 2013	October 2013	December 2013	October 2014
<b>Trusts (and Estates), Income Tax:</b> Joseph Newcomb	This annual study provides data on income, deductions, gains, and losses reported by estates and trusts, as well as distributions to beneficiaries and income tax liability.	2013	N/A	N/A	N/A	December 2013	October 2014
<b>SOI Bulletin:</b> Wayne Kei	Fall Issue	2014	N/A	N/A	N/A	N/A	November 2014
<b>Individuals, Mid-November Filing Season Statistics:</b> Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 47 of the processing season.	2014	December 2014	N/A	N/A	N/A	December 2014

# SOI Products and Services

**S**tatistics 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)  
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1111 Constitution Avenue, NW, K-Room 4112  
Washington, DC 20224-0002  
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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, at (202) 317-4000.

## 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. Almost 12,000 files are currently available at:

[www.irs.gov/taxstats](http://www.irs.gov/taxstats)

There is also a direct link to our Website from FedStats, the gateway to official statistics from the Federal Government: [www.fedstats.gov](http://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  
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### Charitable and Exempt Organization Statistics

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Organization Population Data • Trusts •  
Tax-Exempt Bonds

## Individual Tax Statistics

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## SOI Products and Publications

### Corporation Income Tax Returns

#### Statistics of Income—2010, Corporation Income Tax Returns

*Publication 16*

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2010 through June 2011. Data are classified by industry, size of total assets, and size of business receipts.

### Corporation Source Book

Data from the 2000 through 2010 *Corporation Source Books* are available at no charge from the Tax Stats Website. Data for most years from 1964 through 1999 are also available in the archive section of Tax Stats.

## SOI Products and Services

### **Statistics of Income—2010, Corporation Source Book**

*Publication 1053*

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.

### **Individual Income Tax Returns**

#### **Statistics of Income—2011, Individual Income Tax Returns**

*Publication 1304*

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2011 than those published earlier in the *SOI Bulletin*.

Presents information on: Classifies data by:

- sources of income
- exemptions
- itemized deductions
- tax computations
- size of adjusted gross income
- marital status
- type of tax computation
- age

### **Compendium of Federal Estate Tax and Personal Wealth Studies**

*Publication 1773*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition 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.

### **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 1989–2010. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **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 1989–2010. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **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 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 1989–2009 and 2011 for the entire United States. Tax Year 2011 expanded data by size of adjusted gross income are available at the same web page. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “County Income” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **Individual Income Tax ZIP Code Data**

ZIP Code data show selected income and tax items classified by State, ZIP code, and size of adjusted gross income. Data are based on individual income tax returns filed with the IRS and are available for Tax Years 1998, 2001, 2004, 2005, 2006, 2007, 2008, and 2011. The data include items, such as:

- Number of returns, which approximates the number of households;

- Number of personal exemptions, which approximates the population;
- Adjusted gross income;
- Wage and salaries;
- Dividends before exclusion; and
- Interest received.

All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "ZIP Code Data (SOI)" under Individual Tax Statistics; Individual Income Tax; 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 Internal 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.

#### **Microdata Records for Tax Year 2010**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 14,143 Internal Revenue Code section 501(c)(3) organizations and 6,388 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 Website.

#### **Microdata Records for Tax Years 1985–2009**

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 Website.

### **Private Foundations (and Charitable Trusts)**

#### **Microdata Records for Tax Years 1985–2010**

Microdata records of all Forms 990-PF sampled for the annual SOI studies covering private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts for Tax Years 1985 through 2010. The data for each of the annual studies are included in a comprehensive, "harmonized" dataset, with standardized variable names and codes based on the Tax Year 2010 form revision. The file contains both operating and nonoperating foundations and trusts. The most recent sample, for Tax Year 2010, includes 17,285 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 each of the samples.) 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 Website.

### **Products for Sale From SOI**

#### **Individual Public-Use Microdata Files**

Files for 1992 through 2008 are available on CD-ROM by contacting SOI's Statistical Information Services at [sis@irs.gov](mailto:sis@irs.gov) or (202) 803-9285. These microdata files have been edited to protect the confidentiality of individual taxpayers. The cost is \$4,000 for each year requested.

### **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.

#### **Superintendent of Documents**

P.O. Box 371954  
Pittsburgh, PA 15250-7954

## SOI Products and Services

\* If you determine from the Government Printing Office that any of the following items is out of print, call Statistical Information Services on (202) 803-9285 for assistance.

### **IRS Data Book, 2012**

*Annually, Publication 55B, Stock No. 048-004-02531-1  
Price: \$15.00 048-004-02542-6*

This volume pertains to Fiscal Year (FY) 2012—October 1, 2011, through September 30, 2012. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, IRS budget and workforce, and other selected activities.

### **Statistics of Income Bulletin**

*Quarterly, Publication 1136, Stock No.  
748-005-00000-5 Subscription price: \$67*

*Summer 2013, Single copy, Stock No. 748-005-00116-8  
Single copy price: \$44*

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, formerly published in every issue of the *Bulletin* are now published only on the IRS Website ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)).

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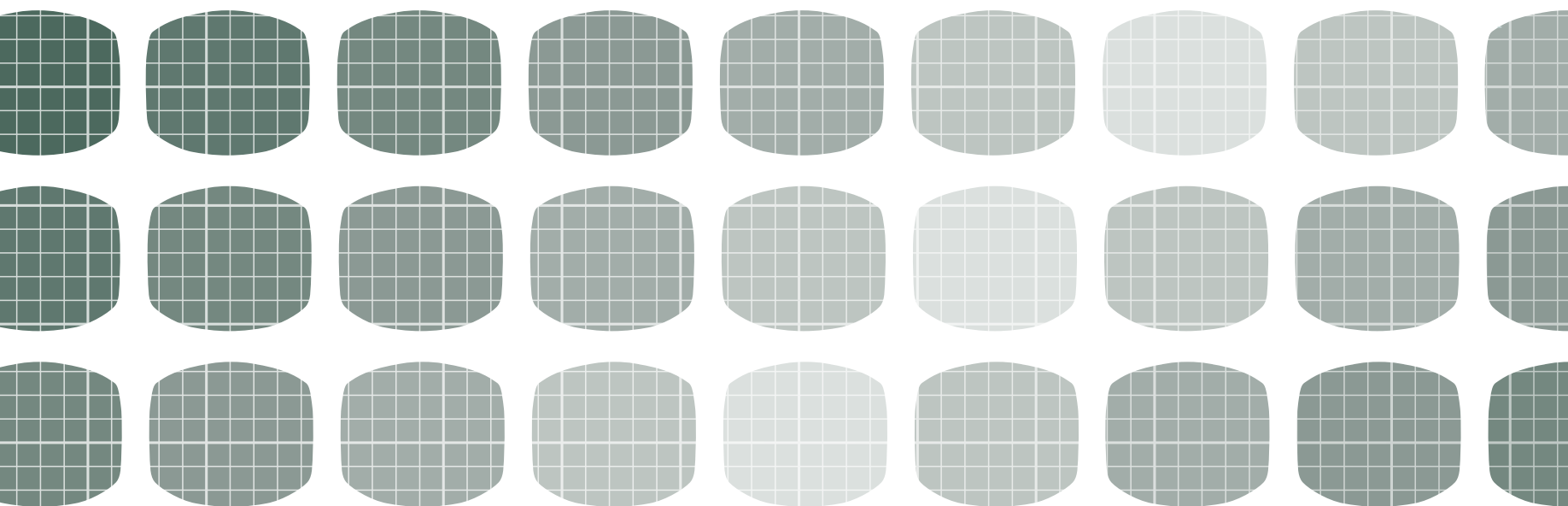
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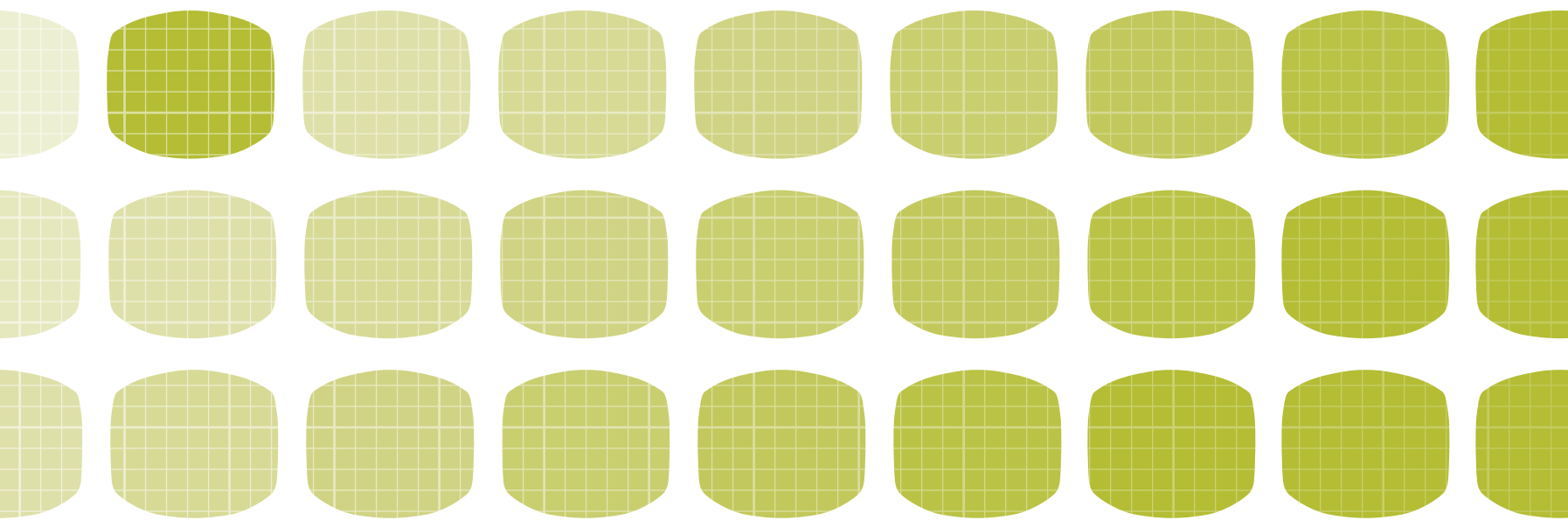
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**Spring 2014** Volume 33, Number 4

# SOI Bulletin

## Spring 2014

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# SOI BULLETIN

*A Quarterly Statistics of Income Report*

**Volume 33, Number 4**

The *Statistics of Income (SOI) Bulletin* is issued quarterly by the Statistics of Income Division of the Internal Revenue Service. The report provides the earliest published annual financial statistics obtained from the various types of tax and information returns filed, as well as information from periodic or special analytical studies of particular interest to students of the U.S. tax system, tax policymakers, and tax administrators. Selected historical and other data tables, previously published in every issue of the *SOI Bulletin*, now are published only on the IRS Website ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)).

Information on the availability of supplemental data on the topics included in this issue, special tabulations undertaken on a reimbursable basis, or other SOI subjects, may be obtained by telephoning the SOI's Statistical Information Services (202-803-9285), or by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, 1111 Constitution Avenue, NW, K-Room 4112, Washington, D.C. 20224.

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# Inside this Issue

## Individual Income Tax Rates and Shares, 2011

*Adrian Dungan and Michael Parisi*

Taxpayers filed 145.4 million individual income tax returns for Tax Year 2011. Taxable returns (i.e., returns with a total income tax greater than \$0) accounted for the majority (91.7 million) of all individual tax returns filed for the year. These returns represent the third lowest percentage (63.1 percent) of taxable returns in more than 25 years, with 2009 having been the lowest at 58.3 percent. Adjusted gross income (AGI) on taxable returns increased 6.2 percent to \$7.69 trillion for 2011, while total income tax increased 9.9 percent to \$1.05 trillion. The average tax rate for taxable returns increased 0.5 percentage points to 13.6 percent.

The top 1 percent of tax returns had an AGI of \$388,905 or more and accounted for 18.7 percent of total AGI for 2011. This represents a decrease in income share of 0.2 percentage points from the previous year, when the AGI cutoff for this group was \$369,691. These taxpayers accounted for 35.1 percent of the total income tax reported, a decrease from 37.4 percent in 2010. In comparison, the top 5 percent of tax returns had an AGI of \$167,728 or more and accounted for 33.9 percent of total AGI and 56.5 percent of total income tax for 2011. Whereas, in 2010, the AGI cutoff for the top 5 percent of tax returns was \$161,579.

## High-Income Tax Returns for 2011

*Justin Bryan*

For 2011, there were 4.8 million individual income tax returns with an expanded income of \$200,000 or more, accounting for 3.3 percent of all returns for the year. Of these, 15,000 returns had no worldwide income tax liability. This was a 6.7-percent decline in the number of returns with no worldwide income tax liability from 2010, and the second decrease in a row since reaching an all-time high of 19,551 returns in 2009. (For comparison, the total number returns filed increased 1.7 percent from 2009 to 2010 and again from 2010 to 2011.) The \$200,000 threshold was fixed in statute in 1976 and not adjusted for inflation. In 2011 dollars, one would need to have \$790,647 of income to have the same purchasing powers as having \$200,000 of income in 1976. Using an inflation-adjusted threshold, there were roughly 440,000 high expanded-income returns, a 1.5-percent increase from 2010. However, the number of expanded-income returns with no worldwide income tax using an inflation-adjusted threshold showed an increase of 7.8 percent, from 820 to 884 returns. This was still substantially down from the all-time high of 1,252 returns in 2009. High-income tax returns are more often nontaxable for a combination of

reasons, none of which alone would result in having no tax liability. Only a small portion of all high, expanded-income taxpayers did not pay any income taxes (0.3 percent) for 2011, down from 0.4 percent in 2010. Tax-exempt interest was the primary reason for nontaxability on more than half (58.2 percent) of these returns.

## Individual Noncash Contributions, 2011

*Pearson Liddell and Janette Wilson*

For Tax Year 2011, individual taxpayers who itemized deductions (22.5 million) reported \$43.6 billion in non-cash charitable contributions. About a third (7.5 million) of these taxpayers reported \$38.7 billion in deductions for charitable contributions on Form 8283, *Noncash Charitable Contributions*. The number of taxpayers filing Form 8283 increased 3.3 percent, from 7.3 million for Tax Year 2010 to 7.5 million for Tax Year 2011. Donation amounts also increased, rising 10.9 percent, from \$34.9 billion for 2010. For both tax years, corporate stock donations represented the largest share of total donations claimed by taxpayers, increasing 19.5 percent, from \$13.4 billion to \$16.0 billion. In terms of donation recipients, for 2011, large organizations received the most in donations (\$9.8 billion), followed by foundations (\$8.8 billion). Taxpayers ages 65 and older donated 45.4 percent of all donations, giving \$17.6 billion.

## Individual Foreign-Earned Income and Foreign Tax Credit, 2011

*Scott Hollenbeck and Maureen Keenan Kahr*

For 2011, the total amount of foreign-earned income reported on Form 2555, *Foreign Earned Income*, by nearly 450,000 U.S. taxpayers was \$54.2 billion. This represented growth in real terms of 32.3 percent since 2006, the last year a study was prepared on these data. Asian-based U.S. taxpayers reported the largest amount of total foreign-earned income (\$24.9 billion) from any continent, a 52.2-percent increase in real growth from the \$16.4 billion reported for 2006. In addition, U.S. taxpayers claimed more than \$28.3 billion as a foreign-earned income exclusion on their tax returns for the year. Between 2006 and 2011, the inflation-adjusted amount of the foreign-earned income exclusion increased 38.4 percent, while the housing exclusion increased 5.8 percent, rising from just under \$1.5 billion to nearly \$1.6 billion for 2011.

Foreign-source gross income reported by U.S. taxpayers on Form 1116, *Foreign Tax Credit*, reached nearly \$170.0 billion for 2011. In real terms, this represents a 27.0-percent growth in foreign-source gross income from 2006. By region, European-based taxpayers reported the

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most foreign-source gross income (\$32.4 billion) and the country with the highest foreign-source gross income (\$13.9 billion) was the United Kingdom. Foreign taxes paid or accrued, also reported on Form 1116, were \$22.0 billion and total foreign tax credit, claimed on approximately 6.9 million returns, was just under \$16.5 billion, an inflation adjusted 34.5-percent growth from 2006.

## In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the summer 2014 issue of the *Statistics of Income Bulletin*, scheduled to be published in September 2014:

- Foreign-controlled domestic corporations, 2011; and
- Corporate foreign tax credit, 2010.

# Individual Income Tax Rates and Shares, 2011

by Adrian Dungan and Michael Parisi

**T**axpayers filed 145.4 million individual income tax returns for Tax Year 2011. Taxable returns (i.e., returns with a total income tax greater than \$0) accounted for the majority (91.7 million) of all individual tax returns filed for the year. These returns represent the third lowest percentage (63.1 percent) of taxable returns in more than 25 years, with 2009 having been the lowest at 58.3 percent. Adjusted gross income (AGI) on taxable returns increased 6.2 percent to \$7.69 trillion for 2011, while total income tax increased 9.9 percent to \$1.05 trillion.<sup>1</sup> The average tax rate for taxable returns increased 0.5 percentage points to 13.6 percent.

The top 1 percent of tax returns had an AGI of \$388,905 or more and accounted for 18.7 percent of total AGI for 2011.<sup>2</sup> This represents a decrease in income share of 0.2 percentage points from the previous year, when the AGI cutoff for this group was \$369,691. These taxpayers accounted for 35.1 percent of the total income tax reported, a decrease from 37.4 percent in 2010. In comparison, the top 5 percent of tax returns had an AGI of \$167,728 or more and accounted for 33.9 percent of total AGI and 56.5 percent of total income tax for 2011. Whereas, in 2010, the AGI cutoff for the top 5 percent of tax returns was \$161,579.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2011. To put this discussion in perspective, the article provides explanations of selected terms 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 involve 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. Generally, for the statistics in this article, the average tax

rate is “total income tax” (see the Explanation of Selected Terms section of this article) divided by AGI reported on returns showing some income tax liability.

Measures of marginal tax rates 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 the Income and Tax Concepts section of this article for a more detailed explanation.) The following sections describe the measurement of average and marginal tax rates in more detail and discuss the statistics based on these rates for 2011.

## Average Tax Rates

Figure A presents statistics for 1986 through 2011 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (For a more detailed explanation of the 1979 Income Concept, see the Income and Tax Concepts section and Figure G.) These tax years can be partitioned into eight distinct periods:

- (1) **Tax Year 1986**—This 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**—This 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) **Tax Years 1988 through 1990**—During this period, there was effectively a three-rate tax bracket structure.<sup>3</sup> The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) **Tax Years 1991 and 1992**—These years brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation

*Adrian Dungan and Michael Parisi are economists with the Individual Returns Analysis Section. Technical assistance and review were provided by Michael Strudler, Chief Individual Research Section.*

<sup>1</sup> Total income tax is limited to zero and thus does not include refundable credits.

<sup>2</sup> The number of returns with zero or negative adjusted gross income, and the corresponding amounts for adjusted gross deficit, were excluded. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2011, there were 2.5 million returns with zero or negative AGI excluded, including 5,729 returns with no adjusted gross income that reported income tax.

<sup>3</sup> 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.



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## Figure A

### Total Number of Returns and Selected Income and Tax Items for Taxable Returns, Tax Years 1986–2011

[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]	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income (less deficit)										
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	[5] 138,394,754	92,740,927	67.0	7,439	1,024	13.8	80,218	11,041	39,791	5,477
2007	[6] 142,978,806	96,272,958	67.3	8,072	1,116	13.8	83,851	11,588	40,449	5,590
2008	142,450,569	90,660,104	63.6	7,583	1,032	13.6	83,647	11,379	38,851	5,285
2009	140,494,127	81,890,189	58.3	6,778	866	12.8	82,765	10,575	38,579	4,929
2010	142,892,051	84,475,933	59.1	7,246	952	13.1	85,778	11,266	39,338	5,166
2011	145,370,240	91,694,201	63.1	7,693	1,046	13.6	83,901	11,402	37,299	5,069
Using 1979 Income Concept [7]										
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	[5] 138,394,754	92,740,927	67.0	7,640	1,024	13.4	82,379	11,041	40,863	5,477
2007	[6] 142,978,806	96,272,958	67.3	8,282	1,116	13.5	86,028	11,588	41,499	5,590
2008	142,450,569	90,660,104	63.6	7,760	1,032	13.3	85,592	11,379	39,754	5,285
2009	140,494,127	81,890,189	58.3	6,893	866	12.6	84,168	10,575	39,232	4,929
2010	142,892,051	84,475,933	59.1	7,435	952	12.8	88,008	11,266	40,360	5,166
2011	145,370,240	91,694,201	63.1	7,844	1,046	13.3	85,543	11,402	38,030	5,069

[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)" (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 2011, the CPI-U = 224.939.

[5] Includes 742,859 Form 1040 EZ-T returns. This form existed for only Tax Year 2006.

[6] 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 to file.

[7] These statistics are based on adjusted gross income (less deficit) 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 over the years render direct comparison of the unadjusted figures misleading. For additional information, see *Statistics of Income-Individual Income Tax Returns*, IRS Publication 1304, for each tax year between 1986-2011. See Figure G for components of the 1979 Income Concept.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

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on some itemized deductions, and a phase-out of personal exemptions for some upper-income taxpayers.

- (5) **Tax Years 1993 through 1996**—This period 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 phase-out of personal exemptions for some upper-income taxpayers.
- (6) **Tax Years 1997 through 2000**—These years 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 a maximum statutory tax rate of 39.6 percent). For a more detailed description of the capital gain rates, see the Income and Tax Concepts section.
- (7) **Tax Years 2001 through 2008**—This period was affected mainly 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. Under JGTRRA, Tax Year 2003 saw additional rate reductions (accelerations of EGTRRA's phased-in 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 refundable rate from 10 percent to 15 percent. Under EGTRRA, beginning in 2006, the complete phase-out of personal exemptions and the limitation on some itemized deductions for upper-income taxpayers were modified to

limit the maximum phase-out to two-thirds of both the exemption amount and the itemized deduction limitation amount. For 2008, the limit was changed to one-third.

- (8) **Tax Years 2009 through 2011**—Beginning this year, the American Recovery and Reinvestment Act (ARRA) temporarily increased the earned income credit by modifying calculations on qualifying earned income amounts and phase-out ranges. The Act increased eligibility for receiving the refundable portion of the child tax credit for 2009 and 2010 by lowering the earned income floor from \$8,500 to \$3,000. For 2009 and 2010, the ARRA provided an American opportunity tax credit of up to \$2,500 per student of the cost of tuition and related expenses. For those same years, ARRA also included other selected major individual income tax provisions: a temporary refundable first-time homebuyers credit of up to \$8,000 which expired July 31, 2011; a temporary suspension of Federal income tax on the first \$2,400 of unemployment compensation for 2009; an additional deduction for State sales and excise taxes on the purchase of certain motor vehicles; a \$250 credit for certain government retirees; an aggregate cap of \$1,500 on residential energy credits for 2009 and 2010; and a 2-year making-work-pay refundable tax credit of up to \$400 for working individuals and \$800 for working families. For 2011, the Tax Relief and Job Creation Act (TRJCA) of 2010 continued both the American opportunity tax credit and increased eligibility for receiving the refundable portion of the child tax credit. At the same time, TRJCA reduced the maximum amount for residential energy credits from \$1,500 to a lifetime limit of \$500. The other provisions of the ARRA cited above have been eliminated for 2011.

For 2011, the average tax rate on all taxable returns as a percentage of AGI was 13.6 percent (Figure B). The average tax rate for the AGI-size classes ranged from 2.6 percent for the "\$1 under \$10,000" AGI-size class to 24.3 percent for the "\$500,000 under \$1,000,000" AGI-size class.

The average tax rate for 2011 for all taxable income classes combined (13.6 percent) was 0.5 percentage points higher than in 2010. The average tax rate for taxable returns in all AGI classes under \$1,000,000 went

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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 2010 and 2011

[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	\$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
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Tax Year 2011:</b>											
Number of taxable returns	91,694	6	2,489	10,322	10,634	19,566	29,356	14,641	3,787	595	299
Adjusted gross income (less deficit)	7,693,198	-7,564	17,912	156,100	265,546	775,418	2,101,734	1,963,004	1,076,603	401,555	942,891
Total income tax	1,045,511	123	471	5,588	15,235	55,287	189,342	248,968	212,403	97,611	220,483
Average tax rate (percent) [2]	13.6	[3]	2.6	3.6	5.7	7.1	9.0	12.7	19.7	24.3	23.4
<b>Tax Year 2010:</b>											
Number of taxable returns	84,476	6	2,252	7,917	9,409	18,592	28,151	13,870	3,457	541	279
Adjusted gross income (less deficit)	7,246,202	-6,111	15,652	124,883	234,942	736,100	2,019,556	1,854,118	981,124	366,494	919,445
Total income tax	951,674	250	438	3,433	11,780	47,754	167,026	224,423	192,826	88,590	215,155
Average tax rate (percent) [2]	13.1	[3]	2.8	2.7	5.0	6.5	8.3	12.1	19.7	24.2	23.4
<b>Change in:</b>											
Number of taxable returns	7,218	[4]	237	2,405	1,225	974	1,205	771	330	53	20
Percent	8.5	-4.7	10.5	30.4	13.0	5.2	4.3	5.6	9.5	9.8	7.3
Adjusted gross income (less deficit)	446,996	-1,453	2,260	31,216	30,605	39,318	82,177	108,886	95,479	35,061	23,446
Percent	6.2	23.8	14.4	25.0	13.0	5.3	4.1	5.9	9.7	9.6	2.5
Total income tax	93,837	-127	33	2,155	3,455	7,533	22,316	24,545	19,577	9,021	5,327
Percent	9.9	-50.8	7.6	62.8	29.3	15.8	13.4	10.9	10.2	10.2	2.5
<b>Average tax rate:</b>											
Percentage point change	0.5	[5]	-0.2	0.8	0.7	0.6	0.7	0.6	0.1	0.1	[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). The average tax rate was calculated from unrounded data.

[3] Percentage not computed.

[4] Less than 500 returns.

[5] Change not computed.

[6] Less than 0.05 percent.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

up slightly for 2011 except for "\$1 under \$10,000" which decreased by 0.2 percentage points. Average tax rates remained the same in the "\$1,000,000 or more" AGI class.

When refundable credits (including credits used to offset other taxes) are subtracted from total income tax, the average tax rate is affected. For 2011, the average tax rate minus refundable credits for all 145.4 million returns (and, thus, including returns with no income tax or negative income tax) was 11.3 percent (Figure B1). This was up 0.9 percentage points from 2010, when this rate for all returns was 10.4 percent. During the same period, AGI for all returns rose 3.5 percent and total income tax minus refundable credits rose 12.8 percent for 2011.

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 have 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 (Figure A), the average tax rate for 2011 increased to 13.3 percent from 12.8 percent for the previous year. Using this concept, total adjusted gross income (less deficit) on taxable returns increased 5.5 percent to \$7.84 trillion for 2011. Average retrospective income for taxable returns was \$85,543 for 2011, a 2.8-percent decrease from 2010. However, average income tax for this year increased by 1.2 percent to \$11,402.

### Marginal Tax Rate Classifications

A return's marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. The marginal tax rate statistics presented in this article are based on all individual income tax returns, as well as returns that show a positive taxable income amount based on "tax generated" (see the Explanation of Selected Terms section of this article) and items of income that were subject to the regular income tax, generally those included in

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**Figure B1**

## All Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax Minus Refundable Credits, by Size of Adjusted Gross Income, Tax Years 2010 and 2011

[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	\$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
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Tax Year 2011:</b>											
Number of returns	145,370	2,451	23,080	24,806	19,198	25,504	30,876	14,756	3,802	598	301
Adjusted gross income (less deficit)	8,374,143	-195,698	121,790	368,418	475,649	996,783	2,197,423	1,977,406	1,080,932	403,585	947,854
Total income tax minus refundable credits [2]	945,920	-732	-12,861	-37,790	-11,103	41,738	187,359	248,858	212,391	97,600	220,459
Average tax rate (percent) [3]	11.3	[4]	-10.6	-10.3	-2.3	4.2	8.5	12.6	19.6	24.2	23.3
<b>Tax Year 2010:</b>											
Number of returns	142,892	2,554	22,241	24,529	19,135	25,605	30,533	13,998	3,472	544	280
Adjusted gross income (less deficit)	8,089,142	-188,804	119,109	364,682	473,852	1,000,098	2,171,323	1,869,639	985,431	368,354	925,458
Total income tax minus refundable credits [2]	838,887	-834	-16,152	-41,948	-17,390	31,338	163,172	224,187	192,784	88,586	215,143
Average tax rate (percent) [3]	10.4	[4]	-13.6	-11.5	-3.7	3.1	7.5	12.0	19.6	24.0	23.2
<b>Change in:</b>											
Number of returns	2,478	-103	838	277	63	-101	343	758	330	53	21
Percent	1.7	-4.0	3.8	1.1	0.3	-0.4	1.1	5.4	9.5	9.8	7.3
Adjusted gross income (less deficit)	285,001	-6,893	2,681	3,736	1,796	-3,315	26,099	107,768	95,501	35,232	22,397
Percent	3.5	-3.7	2.3	1.0	0.4	-0.3	1.2	5.8	9.7	9.6	2.4
Total income tax minus refundable credits	107,034	102	3,292	4,158	6,287	10,400	24,187	24,671	19,606	9,014	5,316
Percent	12.8	12.2	20.4	9.9	36.2	33.2	14.8	11.0	10.2	10.2	2.5
Average tax rate:											
Percentage point change	0.9	[5]	3.0	1.2	1.3	1.1	1.0	0.6	0.1	0.1	[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] Refundable credits includes the part used to offset other taxes. For Tax Year 2010, the refundable credits included the earned income credit, additional child tax credit, making work pay credit, American opportunity credit, first-time homebuyer credit, adoption credit, prior-year minimum tax credit, and regulated investment company credit. For Tax Year 2011, the refundable credits included the earned income credit, additional child tax credit, health coverage credit, prior-year minimum tax credit, and the adoption credit.

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

[4] Percentage not computed.

[5] Change not computed.

[6] Less than 0.05 percent.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

AGI (Figure C, Table 1).<sup>4,5</sup> The Income and Tax Concepts section provides an example showing how different portions of taxable income are taxed at different rates and 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 2011, the number of returns with modified taxable income increased to 108.6 million returns, up 1.2 percent from 107.3 million returns for 2010.<sup>6</sup> (See the Income and Tax Concepts section for an explanation

<sup>4</sup> Marginal tax rate as cited in this article is the highest statutory rate on taxable income. It includes ordinary tax rates and capital gains tax rates. This concept does not include the effects of AMT or tax credits.

<sup>5</sup> 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: 2011," *Statistics of Income Bulletin*, Fall 2013, Volume 33, Number 2, include these taxes.

<sup>6</sup> 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.

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**Figure C**

## All Returns: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2011

[Money amounts are in thousands of dollars]

Marginal tax rate classes [1]	Number of returns		Modified taxable income [2]		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All tax rates</b>	<b>145,370,240</b>	<b>100.0</b>	<b>5,747,740,726</b>	<b>100.0</b>	<b>1,088,559,743</b>	<b>100.0</b>
0 percent	36,731,614	25.3	0	0.0	0	0.0
0 percent (capital gains)	1,011,818	0.7	10,181,380	0.2	0	0.0
10 percent	27,414,592	18.9	157,058,605	2.7	14,932,969	1.4
10 percent (Form 8814) [3]	14,990	[4]	12,996	[4]	817	[4]
15 percent	42,146,398	29.0	1,213,839,356	21.1	156,150,313	14.3
15 percent (capital gains) [5]	7,322,651	5.0	418,480,830	7.3	52,571,990	4.8
25 percent	23,417,496	16.1	1,746,765,080	30.4	296,144,037	27.2
25 percent (capital gains)	107,019	0.1	19,911,442	0.3	3,400,751	0.3
28 percent	4,310,618	3.0	650,432,704	11.3	136,827,481	12.6
28 percent (capital gains)	61,288	[3]	13,159,695	0.2	2,418,131	0.2
33 percent	1,694,272	1.2	475,108,008	8.3	116,229,416	10.7
35 percent	922,346	0.6	1,039,763,489	18.1	309,262,609	28.4
Form 8615 [6]	215,138	0.1	3,027,141	0.1	621,231	0.1

[1] For explanation of marginal tax rate, see Income and Tax Concepts section as well as footnote 4 of this article.

[2] For explanation of modified taxable income, see Income and Tax Concepts section of this article.

[3] Form 8814 was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[4] Less than 0.05 percent.

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

[6] Form 8615 was filed for a child meeting certain age requirements, to report the child's investment income. The returns in this rate classification are not distributed by tax rate.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

of modified taxable income.) The amount of modified taxable income reported on these returns increased 4.4 percent to \$5.75 trillion. The tax generated on these returns increased by 4.9 percent to \$1.09 trillion. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before alternative minimum tax and reduction by tax credits, including the earned income credit) by the marginal tax rate categories (defined in the Income and Tax Concepts section).

Returns with modified taxable income in the "15-percent" (ordinary income) marginal tax rate bracket made up the largest share of returns for 2011 (29.0 percent). These returns reported 21.1 percent of modified taxable income for 2011 and generated 14.3 percent of income tax (before credits and excluding the AMT). Conversely, taxpayers in the "35-percent" (ordinary income) marginal rate, the least represented (ordinary income) bracket, accounted for only 0.6 percent of returns but reported 18.1 percent of the modified taxable income and 28.4 percent of the tax generated (the largest of any tax bracket). The "0-percent" (ordinary income) marginal rate bracket had the second largest share of returns at 25.3 percent. These returns had no modified taxable income and consequently generated zero tax dollars. The "10-percent" (ordinary income) marginal rate bracket reported the third largest share of returns at 18.9 percent. However,

such returns accounted for only 2.7 percent of modified income and 1.4 percent of income tax generated. With a 16.1-percent share of returns, the "25-percent" (ordinary income) marginal rate bracket reported the largest percentage (30.4) of total modified taxable income and second highest percentage of income tax generated (27.2). Returns in the "28-percent" (ordinary income) marginal rate bracket represented only 3.0 percent of the total share of returns and accounted for 11.3 percent of the modified taxable income and 12.6 percent of generated income tax. Returns in the "33-percent" (ordinary income) marginal rate bracket represented the second smallest share of ordinary tax rate returns at 1.2 percent, but accounted for 8.3 percent of the modified taxable income and 10.7 percent of the tax generated. In contrast, returns in the capital gain and dividends 0-percent, 15-percent, 25-percent, and 28-percent tax brackets represented 5.8 percent of returns but only reported a total of 8.0 percent of modified taxable income and 5.4 percent of the tax.

It is noteworthy that the tax generated (regular tax before credits) for 2011 at the 15-percent rate was more than any other rate (Table 2). The 36.1 percent of income taxed at this rate was reported by 73.4 percent of returns with modified taxable income, producing 28.6 percent of tax generated. The 25-percent (ordinary income rate) generated the next largest amount of income tax. Tax

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in that bracket was reported on 28.1 percent of returns, with 16.3 percent of all modified taxable income taxed at this rate, generating 21.5 percent of the tax generated. The 35-percent rate had the third largest amount of tax generated. Tax in that bracket was reported on only 0.8 percent of returns. However, 9.6 percent of all modified taxable income was taxed at this rate, generating 17.8 percent of 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 2010 and 2011 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, while Figure B1 includes total income tax minus refundable credits.

The tax generated by applying statutory ordinary income and capital gain tax rates to modified taxable income was \$1.09 trillion, a 4.9-percent increase from 2010 (Figure D and column 5 of Table 1).<sup>7</sup> For most taxpayers, tax generated was equal to income tax before

**Figure D**

### Derivation of Tax Years 2010 and 2011 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Item	2010	2011	Percentage change
	(1)	(2)	(3)
<b>Tax generated from tax rate schedules or tax table</b>	<b>1,037.8</b>	<b>1,088.6</b>	<b>4.9</b>
PLUS:			
Tax on lump-sum distributions from qualified retirement plans	[1]	[1]	[2]
Alternative minimum tax	27.5	30.5	11.0
EQUALS:			
<b>Income tax before credits</b>	<b>1,065.3</b>	<b>1,119.1</b>	<b>5.1</b>
LESS: Tax credits, total [3]	113.6	73.6	-35.2
Child-care credit	3.4	3.5	1.9
Child tax credit [3]	28.5	28.1	-1.5
Nonrefundable education credit	12.3	12.4	0.8
Foreign tax credit	15.2	16.5	8.1
General business credit	2.2	2.4	11.0
Earned income credit (limited to the amount needed to reduce total income tax to zero)	0.5	1.1	141.2
Credit for prior-year minimum tax	0.7	0.6	-14.8
Retirement savings contribution credit	1.0	1.1	8.6
Other credits [4]	49.9	8.0	-83.9
EQUALS:			
<b>Income tax after credits</b>	<b>951.7</b>	<b>1,045.5</b>	<b>9.9</b>
PLUS: Trusts accumulation distribution (Form 4970)	[1]	[1]	[2]
EQUALS:			
<b>Total income tax</b>	<b>951.7</b>	<b>1,045.5</b>	<b>9.9</b>
LESS: Refundable credits [5]	112.8	99.6	-11.7
<b>Total income tax minus refundable credits [5]</b>	<b>838.9</b>	<b>945.9</b>	<b>12.8</b>

[1] Less than \$0.05 billion.

[2] Percentage not computed.

[3] Does not include the additional child tax credit that for 2011 was \$28.6 billion which was refunded to taxpayers and not included in total income tax.

[4] Includes credits listed separately in Table 2 of "Individual Income Tax Returns: 2011", *Statistics of Income Bulletin*, Fall 2013, Volume 33, Number 2.

[5] Includes credits used to offset other taxes.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

<sup>7</sup> The 2010 data are from Dungan, Adrian, and Michael Parisi, "Individual Income Tax Rates and Shares, 2010," *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3, pp. 18–63.

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credits. However, for some taxpayers, income tax before credits included the AMT and/or special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method was used) (see Alternative Minimum Tax section of this article for explanation).<sup>8</sup> The AMT increased 11.0 percent to \$30.5 billion for 2011. Income tax before credits was \$1.12 trillion for 2011, up from \$1.07 trillion, representing a 5.1-percent increase from 2010. Taxpayers used \$73.6 billion of tax credits to reduce their income tax before credits. This represents a large decrease of 35.2 percent from the \$113.6 billion of tax credits claimed in 2010 mostly due to the expiration of the Making Work Pay Credit for 2011. 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.<sup>9</sup> 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 \$1,045.5 billion. These taxes both represented a 9.9-percent increase from 2010. Including refundable credits totaling \$99.6 billion for 2011, income tax minus refundable credits was \$945.9 billion, a 12.8-percent increase from 2010.

For returns with modified taxable income, Table 4a shows estimates of income tax before credits by 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.<sup>10</sup> The capital gain computations generally reduce taxes; the special provision for certain dependent filers can only increase taxes.

For 2011, some 87.1 million returns had their tax before credits computed using only regular income tax rates, compared with 86.5 million for 2010 that used only regular tax computations, an increase of 0.7 percent. The

top portion of Table 4a shows the data for these returns. Since these returns 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 bottom section of Table 4a, for 2011, the tax liability for 21.3 million returns decreased by Schedule D (capital gains) and dividend tax computations. This was an increase of 3.3 percent from the 20.6 million returns in 2010 whose tax liability decreased. Taxpayers filing these tax returns paid \$75.9 billion (column 8) 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 \$74.2 billion in savings for 2010 from using these special tax rates. For these taxpayers, the average tax savings decreased, from \$3,602 for 2010 to \$3,567 for 2011.

As shown in the middle section of Table 4a, for 2011, the number of tax returns filed by dependents under age 18 (or under 24 for full-time students) with Form 8615, *Tax for Certain Children Who Have Unearned Income*, for reporting investment income greater than \$1,900 was 0.2 million, representing an increase of 12.7 percent from 2010. Form 8615 was used to compute the dependents' tax as if 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 8) 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 increased taxes by \$7.8 million for 2011. As shown in Table 4b, the net tax reduction was due to a tax reduction of \$147.1 million from use of dividend and capital gains, and a tax increase of \$154.9 million from the Form 8615 tax computation.

## Alternative Minimum Tax

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

<sup>8</sup> 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.

<sup>9</sup> For 2011, the total earned income credit was \$62.9 billion. This amount includes the amount used to reduce the income tax (\$1.1 billion), the amount used to reduce other taxes reported on individual income tax returns (\$6.5 billion), and the amount refunded to taxpayers (\$55.4 billion). Table 4 in Bryan, Justin, "Individual Income Tax Returns: 2011," *Statistics of Income Bulletin*, Fall 2013, Volume 33, Number 2 shows these amounts.

<sup>10</sup> Dependents with income over \$1,900 other than earned income could file their own returns but were required to calculate their tax on other than earned income in excess of \$1,900, as if it were their parent's or guardian's marginal income. Form 8615 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 and fill out Form 8814 for the dependent's income, 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 2010 and 2011

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total AMT 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 2011						
<b>All returns</b>	<b>8,618,381</b>	<b>234,026,421</b>	<b>10,160,619</b>	<b>2,311,272,072</b>	<b>4,248,183</b>	<b>30,479,041</b>
Under \$1 [2]	207,327	5,464,820	251,592	30,450,049	7,493	138,535
\$1 under \$10,000	174,151	587,294	476,208	2,718,769	1,938	8,591
\$10,000 under \$20,000	231,939	1,147,537	497,332	6,745,373	7,376	12,525
\$20,000 under \$30,000	247,219	1,110,907	437,177	9,776,629	6,806	7,014
\$30,000 under \$40,000	260,068	1,353,199	421,270	13,007,138	2,593	16,553
\$40,000 under \$50,000	282,083	1,905,667	376,152	15,065,767	6,147	14,917
\$50,000 under \$75,000	713,303	5,933,964	901,722	49,930,001	37,736	59,283
\$75,000 under \$100,000	801,043	10,153,943	912,295	70,699,430	109,404	161,692
\$100,000 under \$200,000	2,009,613	34,477,532	2,124,130	283,446,342	784,992	1,674,825
\$200,000 under \$500,000	2,978,530	80,632,573	3,040,882	834,203,112	2,778,701	17,044,848
\$500,000 under \$1,000,000	503,890	30,789,389	510,540	317,059,548	417,110	5,682,656
\$1,000,000 or more	209,218	60,469,594	211,316	678,169,915	87,886	5,657,603
Tax Year 2010						
<b>All returns</b>	<b>7,980,987</b>	<b>196,939,811</b>	<b>9,335,559</b>	<b>2,052,491,556</b>	<b>4,019,538</b>	<b>27,460,515</b>
Under \$1 [2]	138,092	3,364,529	182,195	-24,933,124	6,011	266,930
\$1 under \$10,000	144,963	335,393	382,952	1,280,847	1,381	2,741
\$10,000 under \$20,000	214,106	572,325	435,056	5,455,819	8,763	14,369
\$20,000 under \$30,000	228,929	1,141,564	397,148	8,103,215	1,938	9,618
\$30,000 under \$40,000	234,278	963,452	358,134	10,371,591	3,472	9,495
\$40,000 under \$50,000	254,806	1,373,007	354,263	13,753,599	2,577	11,315
\$50,000 under \$75,000	702,669	5,525,474	886,529	48,216,152	55,570	69,283
\$75,000 under \$100,000	738,618	7,152,971	839,156	64,293,847	100,290	139,466
\$100,000 under \$200,000	1,952,997	33,455,082	2,064,208	272,214,245	808,457	1,727,242
\$200,000 under \$500,000	2,756,453	71,771,808	2,813,653	763,200,242	2,589,820	15,860,647
\$500,000 under \$1,000,000	437,213	25,421,333	442,583	273,162,808	360,424	4,886,395
\$1,000,000 or more	177,862	45,862,873	179,681	617,372,317	80,833	4,463,011

[1] See Figures I and J for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences. See also Form 6251, *Alternative Minimum Tax-Individuals*.

[2] Includes returns with adjusted gross deficit.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

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

Some taxpayers included with their individual income tax returns, or were required to include, Form 6251, even though their tax liability was not increased due to the AMT (Figure E). For 2011, AMT liability increased 11.0 percent to \$30.5 billion from \$27.5 billion in 2010. The number of returns subject to paying the AMT increased by 0.2 million for the period.<sup>11</sup> Alternative minimum taxable income (AMTI) for all returns filing a Form 6251 increased 12.6 percent to \$2.3 trillion from 2010.

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, the Revenue Reconciliation Act of 1990 (RRA90), and the Omnibus Budget Reconciliation Act (OBRA93), each of 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.

<sup>11</sup> Other tax returns may not have had AMT liability but the size of their tax credits, for example their general business credits, may have been reduced because of the AMT.



# Individual Income Tax Rates and Shares, 2011

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**Figure F**

## Alternative Minimum Tax, Tax Years 1986–2011

[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	28 [1]	618,072	4,005,101
1998	28 [1]	853,433	5,014,549
1999	28 [1]	1,018,063	6,477,697
2000	28 [1]	1,304,197	9,600,840
2001	28 [1]	1,120,047	6,756,705
2002	28 [1]	1,910,789	6,853,901
2003	28 [1]	2,357,975	9,469,803
2004	28 [1]	3,096,299	13,029,239
2005	28 [1]	4,004,756	17,421,071
2006	28 [1]	3,966,540	21,564,586
2007	28 [1]	4,108,964	24,109,512
2008	28 [1]	3,935,248	25,649,084
2009	28 [1]	3,827,562	22,579,779
2010	28 [1]	4,019,538	27,460,515
2011	28 [1]	4,248,183	30,479,041

[1] For 1997–2002 the top rate on most long-term capital gains was 20 percent, for 2003–2011 the top rate was 15 percent.

NOTE: For more information on the alternative minimum tax, see Form 6251, *Alternative Minimum Tax-Individuals*. See also Figures I and J.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

For 2011, AMT levels increased to \$30.5 billion, the highest amount of AMT ever (Figure F). Since 2001, the number of returns paying AMT has more than tripled from 1.1 million to 4.2 million for 2011.

### Income and Tax Shares

Tables 5 through 8 present historical statistics from 2001 through 2011 on income and tax by cumulative percentiles (based on numbers of returns with positive AGI). Table 5 and 6 present distributions of AGI, as defined for each year, and tax or income item, by descending and ascending cumulative percentiles of returns. These tables can be used to make comparisons across cumu-

lative percentile classes within each year, for tax years beginning in 2001.

Tables 5 and 7 are based on percentiles of returns cumulated downward from the highest income returns and present data for the top 0.1 percent (Table 5 only), 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. Tables 6 and 8 are based on returns cumulated upward from the lowest income returns and present data 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 136.6 million nondependent returns filed for 2011.<sup>12</sup> The average tax rate for these returns was 12.5 percent, a 0.7-percentage point increase from 2010. (A sizeable portion of returns are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.6-percent average tax rate for taxable returns only, shown in Figure A.) 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 2011, the returns in the top 0.1 percent reported 8.9 percent of total AGI and 16.1 percent of total income tax; both percentages are down from 2010. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$1,717,675. For 2010, the returns in this percentile group (i.e., those with at least \$1,634,386 in AGI) reported 9.2 percent of total AGI and 17.9 percent of total income tax. Despite the differences, for both years, the average tax rate for individuals in the 0.1 percent group was 22.8 percent.

For 2011, the returns in the top 1 percent reported 18.7 percent of total AGI and 35.1 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$388,905. For 2010, the returns in this percentile group (i.e., those with at least \$369,691 in AGI) reported 18.9 percent of total AGI and 37.4 percent of total income tax.

For 2011, the returns in the top 5-percent group (returns reporting AGI of \$167,728 or more) reported 33.9 percent of total AGI and 56.5 percent of income tax, compared to 33.8 percent and 59.1 percent, respectively, for 2009 (when the AGI floor was \$161,579). For 2011, returns in the top 10-percent group (returns with AGI of at least \$120,136) reported 45.4 percent of AGI and paid 68.3 percent of income tax. For 2010, the returns in this percentile group (with AGI of \$116,623 or more) reported 45.2 percent of total AGI and 70.6 percent of income tax. The top 50-percent group (reporting AGI of \$34,823 or

<sup>12</sup> The percentile groupings of tax filers exclude returns filed by dependents.

more) accounted for 88.5 percent of AGI and paid almost all (97.1 percent) of the income tax for 2011.

## Explanation of Selected Terms

This section provides brief explanations of the major tax concepts discussed in this article. For more extensive definitions, see *Statistics of Income—2011, Individual Income Tax Returns*, 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, *Tax for Certain Children Who Have Unearned Income*, or Schedule D, *Capital Gains and Losses*, 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 bank accounts for withdrawal, 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 0 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rates).

**Form 8615, Tax for Certain Children Who Have Unearned Income, tax computation**—Form 8615, in addition to being used to figure the tax of certain children who are under 18, was required to figure the tax for a child with investment income of more than \$1,900 if the child:

- (1) Was age 18 at the end of 2011 and did not have earned income that was more than half of the child’s support, or
- (2) Was a full-time student over age 18 and under age 24 at the end of 2011 and did not have earned income that was more than half of the child’s support.

**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, *Capital Gains and Losses*, tax worksheet, foreign-earned income tax worksheet, Schedule J (*Income Averaging for Farmers and Fishermen*), or Form 8615, plus Form 8814, *Parent’s Election To Report Child’s Interest and Dividends*; any additional taxes from Form 4972, *Tax on Lump-Sum Distributions*; Publication 962 (*Earned Income Tax Credit*) election, 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 0-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When a 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 (0 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 Tables 4a and 4b.

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*Income tax after credits*—To determine income tax after credits, taxpayers deducted total credits from income tax before credits. For the statistics, tax was further reduced by the portion of the earned income credit, first-time homebuyer credit, adoption credit, health coverage credit, regulated investment credit, and the refundable education credit (American Opportunity Credit), and refundable prior-year minimum tax credit which did not result in a negative tax. Any tax remaining after subtraction of all credits and the credits mentioned above was tabulated as income tax after credits. This is limited to zero.

*Income tax minus refundable credits*—This amount included income tax after credits from the Form 1040, less the Form 4970, *Tax on Accumulation Distribution of Trusts*, tax, less the refundable credits (including those used to offset other taxes). For Tax Year 2011, refundable credits included the earned income credit, additional child tax credit, American opportunity credit, first time homebuyer credit, regulated investment credit, adoption credit, the (refundable) prior-year minimum tax credit, and the health coverage credit. This concept allows income tax to be negative if the refundable credit amounts exceed the income tax owed amount.

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

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

*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, *Capital Gains and Losses*, was used to compute the 0-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 from long-term capital gains to net investment income for the investment interest expense deduction (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (0 percent for amounts that would otherwise have been taxed in the 10- or 15-percent bracket).

*Taxable income*—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for non-itemizers or total itemized deductions.

*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; first-time homebuyer credit repayments; 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; or “golden parachute” payments (made to key employees as compensation under certain circumstances).

*Tax generated*—This tax is computed on modified taxable income either from the tax rate schedules or from 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 less the amount used to offset other taxes and the refundable portion of various other credits (including refundable American opportunity credit, adoption credit, health coverage credit, first-time homebuyer credit, regulated investment credit and refundable prior-year minimum tax credit (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 2011 were generally based on the amount of “gross income,” filing status, age, dependency, and blindness.<sup>13</sup> Generally, 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 2011 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

<sup>13</sup> 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: 2011,” *Statistics of Income Bulletin*, Fall 2013, Volume 33, Number 2.

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savings account (MSA); tax on the recapture of investment credit, education 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; 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.<sup>14</sup> Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses.<sup>15</sup> “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. 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 2011, the tax rates for each filing status were 0 percent, 10 percent, 15 percent, 25 percent, 26 percent, 28 percent, 33 percent, and 35 percent. The tax rates of 0, 15, 25 and 28 percent were used for qualified dividends and net long-term capital gains (in excess of net short-term capital losses), as well as ordinary income. The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax.<sup>16</sup>

To calculate their Federal income tax liability for 2011, 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. The tax table was based on income tax “brackets” up to \$50 wide.<sup>17</sup> 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.

## Changes in Law for 2011

The definitions used in this article are generally the same as those in *Statistics of Income—2011, 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 2011 data presented in this article.

*Adoption credit*—For Tax Year 2011, the maximum credit amount increased from \$13,170 to \$13,360. The credit began to phase out if a taxpayer had modified adjusted gross income in excess of \$185,210 and completely phased out for modified adjusted gross income of \$225,210 or more.

*Alternative minimum tax (AMT)*—For Tax Year 2011, the alternative minimum tax exemption rose to \$74,450 for a married couple filing a joint return, up from \$72,450 in 2010, and to \$48,450 for singles and heads of household, up from \$47,450, and to \$37,225 for a married person filing separately, up from \$36,225.

*Earned income credit*—The maximum amount of the earned income credit increased, as did the amounts of earned income an individual could have while still claiming the credit. The maximum credit for taxpayers with no qualifying children increased to \$464 in 2011, from \$457 in 2010. For these taxpayers, earned income and AGI had to be less than \$13,660 (\$18,740 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$44 to \$3,094; for taxpayers with two qualifying children, the maximum credit increased to \$5,112 from \$5,036; and for taxpayers with three or more qualifying children, the maximum credit increased to \$5,751 from \$5,666. To be eligible for the credit, a taxpayer’s earned income and AGI had to be less than \$36,052 (\$41,132 for married filing jointly) for one qualifying child, less than \$40,964 (\$46,044 for married filing jointly) for two qualifying children, or less than \$43,998 (\$49,078 for married filing jointly) for three or more qualifying children.

<sup>14</sup> 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*, and 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.

<sup>15</sup> 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, and one-half of self-employment tax.

<sup>16</sup> Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

<sup>17</sup> 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.

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*Exemption amount*—Indexing for inflation increased the deduction for each exemption to which the taxpayer was entitled for 2011 to \$3,700, an increase from the \$3,650 allowed for 2010.

*Expired tax benefits*—The making-work-pay credit expired for 2011. Taxpayers could no longer increase their standard deduction by certain net disaster losses or new motor vehicle taxes paid using Schedule L. Taxpayers could also no longer deduct new motor vehicle taxes on Schedule A.

*First-time homebuyer credit*—For Tax Year 2011, a taxpayer may have only claimed this credit (up to \$8,000, or \$4,000 if married filing separately) if they actually bought a home before July 1, 2011 (if the taxpayer entered a written binding contract before May 1, 2011), did not own a main home during the prior 3 years and they (or spouse if married) were a member of the uniformed services, Foreign Service, or an employee of the intelligence community on qualified official extended duty outside the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010. Taxpayers were only allowed to claim this credit in Tax Year 2011 if their modified AGI was below \$145,000 (\$245,000 if married filing jointly). Taxpayers may have also claimed this credit (up to \$6,500, or \$3,250 if married filing separately) if they were considered a long-time resident of the same home and met the same requirements listed above for first-time homebuyers. Taxpayers were considered a long-time resident of the same home if they previously owned and used the same main home for any 5-consecutive-year period during the 8-year period ending on the date of the purchase of the new home. For homes purchased in 2009, 2010, or 2011, taxpayers had to repay the credit only if the home ceased to be their main home within a 36-month period beginning on the purchase date.

*Health savings account deduction*—The additional tax on distributions from HSAs and Archer MSAs not used for qualified medical expenses increased to 20 percent for distributions after 2010.

*Individual retirement arrangement deduction*—For taxpayers covered by a retirement plan, the IRA deduction phased out between \$90,000 of modified AGI for married taxpayers filing jointly and \$110,000 for qualifying widow(er)s. This was up from \$89,000 and \$109,000 for married taxpayers filing jointly or qualifying widow(er)s in 2010. If one spouse was an active participant in an employer plan but the other was not, the deduction for the IRA contribution of the spouse not covered by an employer plan phased out between modified AGI of \$169,000 and \$179,000, up from \$167,000 and \$177,000 in 2010.

Starting in 2010, all taxpayers (including married taxpayers filing separately) were eligible to make taxable rollovers of traditional IRAs to Roth IRAs without paying the 10-percent tax on early withdrawals. Half of the income realized from the rollover or conversion could have been included in income in Tax Year 2011 and the other half in Tax Year 2012. The taxpayer could also have elected to have all of the income included in Tax Year 2010.

*Residential Energy Credits*—For Tax Year 2011, taxpayers were allowed to take a credit of 10 percent, down from 30 percent in 2010, of the costs paid or incurred in 2011 for qualified energy efficient improvements and residential energy property. The maximum amount was also reduced from \$1,500 to a lifetime limit of \$500.

*Self-employed health insurance deduction*—For Tax Year 2011, taxpayers were no longer allowed to take this deduction on Schedule SE. However, taxpayers could still take it as an adjustment to income on Form 1040, line 29.

*Self-employment tax*—The self-employment tax rate was reduced from 15.3 percent in 2010 to 13.3 percent in 2011. The Medicare portion of the self-employment tax remained at 2.9 percent, while the Social Security tax rate was reduced to 10.4 percent from 12.4 percent. However, the self-employment tax deduction was revised to reflect an employer's equivalent portion of the tax. Previously, the deduction was equal to one-half of the self-employment tax.

*Social Security and Medicare taxes*—The Social Security tax rate decreased to 4.2 percent in 2011 from 6.2 percent in 2010. The Medicare tax portion remained at 1.45 percent.

*Standard deduction*—For married persons filing jointly or surviving spouses, the standard deduction was increased in 2011, from \$11,400 to \$11,600. For single filers and married person filing separately, the standard deduction rose from \$5,700 to \$5,800, and for heads of households, from \$8,400 to \$8,500. The amount of the standard deduction for a dependent remained the greater of \$950 of the dependent's earned income plus \$300 for 2011. Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$1,150 or \$1,450 depending on marital status, up from \$1,100 and \$1,400 for 2010.

## Income and Tax Concepts

As discussed in the Income Tax Structure section, gross income is all income received that is not specifically excluded. Total income is the net amount of gross income after certain expenses (e.g., business or rent and royalty expenses) have been deducted. Adjusted gross

income (AGI) is total income less statutory adjustments to income (e.g., deductible contributions to an IRA or Keogh plan).

## 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 2011 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.<sup>18</sup>

## Figure G

### Components of the 1979 Income Concept, Tax Year 2011

#### 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 2011.

[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 2011.

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

[6] Not included in AGI for Tax Year 2011.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

## Modified Taxable Income

This concept is relevant only for “prior-year returns” (about 4.7 million returns) or certain farm sole proprietor returns using income-averaging on Schedule J, *Income Averaging for Farmers and Fishermen* (about 94 thousand returns), or those returns with foreign-earned income having to use a worksheet to determine their taxes (about 211 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.

## 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 \$8,500 of taxable income were taxed

<sup>18</sup> For more details on the income computation under the 1979 Income Concept for 2011, see *Statistics of Income—2011, Individual Income Tax Returns*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

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## Figure H

### Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2011

[Money amounts are in dollars]

Item	Amount
Adjusted gross income	410,000
Less: Exemption	3,700
Standard deduction	5,800
Equals: Taxable income	400,500
Tax based on tax rates for single taxpayers:	
First \$8,500 taxed at 10 percent	850
Next \$26,000 taxed at 15 percent	3,900
Next \$49,100 taxed at 25 percent	12,275
Next \$90,800 taxed at 28 percent	25,424
Next \$204,750 taxed at 33 percent	67,568
Next \$21,350 taxed at 35 percent	7,473
<b>Total tax from tax rate schedule</b>	<b>117,489</b>

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

at the 10-percent rate; the next \$26,000 of taxable income were taxed at the 15-percent rate; the next \$49,100 were taxed at the 25-percent rate; the next \$90,800 were taxed at the 28-percent rate; the next \$204,750 were taxed at the 33-percent rate; and the remaining \$21,350 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 that 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 (see Changes in Law section on tax on child's investment income). The investment income in excess of \$1,900 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 statutory 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 "0-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 rate 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 use of this form resulted in 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 income of their dependents under age 18 (or under 24 if students) on their own (i.e., the parents') return using Form 8814, when the

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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.

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 13 mutually exclusive marginal tax rate categories: (1) 0-percent rate; (2) 0 percent (capital gains); (3) 10-percent rate; (4) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent's income); (5) 15-percent rate; (6) 15 percent (capital gains); (7) 25-percent rate; (8) 25 percent (capital gains); (9) 28-percent rate; (10) 28 percent (capital gains); (11) 33-percent rate; (12) 35-percent rate; and (13) Form 8615 (with income taxed at any rate).

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 amount 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) report 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. Although the alternative minimum tax (AMT) was not included in the determination of the marginal tax rate, we show at what rate individuals with AMT have been classified (column 10).

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 778,679 returns in this classification "at all rates" was \$870.1 billion (column 3), and the total tax generated was \$257.8 billion (column 5). Approximately \$457.4 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 \$160.1 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. 58.7 percent of these returns, or 457,108, paid AMT.

Table 2 provides statistics on the tax generated (regular tax before credits), 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 3.8 million returns included in the "\$200,000 under \$500,000" income-size classification showed total modified taxable income of \$865.2 billion and generated total tax of \$199.6 billion. Of this \$865.2 billion of modified taxable income, \$59.7 billion were taxed at 10 percent (ordinary tax rate); \$180.8 billion were taxed at 15 percent (ordinary tax rate); \$244.6 billion were taxed at the 25-percent (ordinary tax) rate; \$198.6 billion were taxed at the 28-percent (ordinary tax) rate; \$121.8 billion were taxed at the 33-percent rate; and \$5.6 billion were taxed at the 35-percent rate. Approximately \$4.2 billion were taxed at the 0-percent (capital gains) rate; \$48.3 billion were taxed at the 15-percent capital gain and qualified dividend rate; \$1.2 billion were taxed at the 25-percent capital gain rate; \$0.1 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 0.8 million of the 44.6 million jointly filed returns (including surviving spouses) with modified taxable income had some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$457.4 billion, and the tax generated was \$160.1 billion.

## Computation of Alternative Minimum Taxable Income

Alternative Minimum Taxable Income (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 tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures I and J). 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 2011).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phase-out at higher AMTI levels. The AMT exemption for single filers (and heads of households) for 2011 was \$48,450; for joint filers and surviving spouses, \$74,450; and for married persons filing



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## Figure I

### Calculation of Alternative Minimum Taxable Income, Tax Year 2011

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure J)
PLUS:	Net operating loss deduction
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, *Alternative Minimum Tax-Individuals*. In this case, AMTI is recalculated, and the alternative tax net operating loss deduction is limited to 90 percent of the recalculated amount.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

separately, \$37,225. 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 \$306,300, \$447,800, and \$223,900 of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI was 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 (0 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.” 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 and certain children under 24 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 \$6,800 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 and certain children under 24 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

### Data Sources and Limitations

The IRS Statistics of Income (SOI) Division based these statistics on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically filed returns) filed during Calendar Year 2012. SOI stratified the returns in the sample 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.<sup>19</sup> Returns were then selected at rates ranging from 0.10 percent to 100 percent. The 2011 data are based on a sample of 333,106 returns and an estimated final population of 145,601,196 returns.<sup>20</sup> The corresponding sample and population for the 2010 data were based on a sample of 308,946 returns and an estimated population of 143,170,763 returns.

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 SOI Sampling Methodology and Data Limitations, later in this issue of the *SOI Bulletin*.

<sup>19</sup> 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)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

<sup>20</sup> This population includes an estimated 230,956 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.

## Figure J

### Alternative Minimum Tax Adjustments and Preferences, Tax Year 2011

- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of adjusted gross income (AGI))
- Deductions for State and local income, sales, real estate, personal property, and foreign taxes
- Home mortgage interest adjustment on the worksheet from the Form 6251, *Alternative Minimum Tax-Individuals*, instructions
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- 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, *U.S. Individual Income Tax Return*
- Tax-exempt interest from private activity bonds issued before 2009 and after August 7, 1986, or after 2010
- 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
- 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 alternative minimum tax (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 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 and cellulosic biofuel fuels credit and biodiesel and renewable diesel fuels credit included in taxable income (the amount is included as a negative)
- Adjustment for refigured tax shelter farm gains or 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 Individual Retirement Arrangement (IRA) distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)
- Deduction for alternative tax net operating loss

# Individual Income Tax Rates and Shares, 2011

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**Figure K**

## Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2011

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income [1]		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount			
	(1)	(2)			
<b>Total</b>	<b>0.01</b>	<b>0.12</b>	<b>0.14</b>	<b>0.16</b>	<b>0.16</b>
Under \$2,000 [2]	1.06	8.88	12.74	6.47	6.44
\$2,000 under \$4,000	1.45	8.11	9.99	31.35	31.35
\$4,000 under \$6,000	1.44	10.58	13.83	14.11	14.11
\$6,000 under \$8,000	1.39	3.72	4.19	4.13	4.13
\$8,000 under \$10,000	1.31	3.58	3.79	4.15	4.15
\$10,000 under \$12,000	1.35	2.42	2.57	3.22	3.22
\$12,000 under \$14,000	1.33	2.10	2.16	2.45	2.45
\$14,000 under \$16,000	1.35	1.98	2.02	2.29	2.29
\$16,000 under \$18,000	1.40	1.98	2.02	2.31	2.31
\$18,000 under \$20,000	1.44	1.94	1.99	2.30	2.30
\$20,000 under \$25,000	0.93	1.18	1.22	1.46	1.46
\$25,000 under \$30,000	1.00	1.16	1.21	1.47	1.47
\$30,000 under \$40,000	0.76	0.85	0.88	1.03	1.03
\$40,000 under \$50,000	0.87	0.93	0.97	1.08	1.08
\$50,000 under \$75,000	0.52	0.55	0.59	0.66	0.66
\$75,000 under \$100,000	0.78	0.80	0.84	0.88	0.88
\$100,000 under \$200,000	0.48	0.50	0.52	0.54	0.54
\$200,000 under \$500,000	0.57	0.56	0.58	0.58	0.58
\$500,000 under \$1,000,000	1.02	0.95	0.96	0.98	0.98
\$1,000,000 under \$1,500,000	1.31	1.32	1.35	1.36	1.36
\$1,500,000 under \$2,000,000	0.90	0.93	0.95	0.96	0.96
\$2,000,000 under \$5,000,000	0.59	0.53	0.55	0.56	0.56
\$5,000,000 under \$10,000,000	0.69	0.61	0.65	0.66	0.66
\$10,000,000 or more	0	0	0	0	0

[1] See the Income and Tax Concepts section of this article for an explanation of modified taxable income.

[2] Includes returns with adjusted gross deficit.

NOTE: Coefficient of variation (CVs) are used to measure the magnitude of the potential sampling error. For more information on CVs, see the section on SOI Sampling, Methodology, and Data Limitations, which appears later in this issue of the *SOI Bulletin*.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 1. All Individual Income Tax Returns: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2011**

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

Filing status and marginal tax rate classes [1]	Classified by the highest marginal rate at which tax was computed					
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated	
			At all rates	At marginal rate	At all rates	At marginal rate
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>						
<b>All tax rates</b>	<b>145,370,240</b>	<b>8,374,142,977</b>	<b>5,747,740,726</b>	<b>2,030,423,806</b>	<b>1,088,559,743</b>	<b>465,634,365</b>
0 percent	36,731,614	166,668,967	0	0	0	0
0 percent (capital gains)	1,011,818	28,938,071	10,181,380	10,181,380	0	0
10 percent	27,414,592	604,427,120	157,058,605	149,305,841	14,932,969	14,930,584
10 percent (Form 8814) [2]	14,990	-552,920	12,996	8,227	817	817
15 percent	42,146,398	2,006,917,608	1,213,839,356	695,305,991	156,150,313	104,295,899
15 percent (capital gains) [3]	7,322,651	624,655,214	418,480,830	128,346,395	52,571,990	19,251,959
25 percent	23,417,496	2,323,597,674	1,746,765,080	326,554,945	296,144,037	81,638,736
25 percent (capital gains)	107,019	23,999,954	19,911,442	2,725,549	3,400,751	681,387
28 percent	4,310,618	807,838,763	650,432,704	56,534,320	136,827,481	15,829,610
28 percent (capital gains)	61,288	15,848,194	13,159,695	1,528,264	2,418,131	427,914
33 percent	1,694,272	573,019,149	475,108,008	102,892,926	116,229,416	33,954,666
35 percent	922,346	1,195,104,424	1,039,763,489	554,356,113	309,262,609	194,024,640
Form 8615 [4]	215,138	3,680,760	3,027,141	2,683,853	621,231	598,153
<b>Joint returns and returns of surviving spouses</b>						
<b>All tax rates</b>	<b>53,422,790</b>	<b>5,423,991,755</b>	<b>3,884,261,730</b>	<b>1,303,677,377</b>	<b>764,845,809</b>	<b>319,411,070</b>
0 percent	8,777,954	13,822,524	0	0	0	0
0 percent (capital gains)	229,881	12,658,861	3,398,078	3,398,078	0	0
10 percent	7,388,904	259,950,633	66,516,251	62,005,747	6,201,711	6,200,575
10 percent (Form 8814) [2]	3,913	-472,340	6,806	2,046	203	203
15 percent	16,422,572	1,137,224,781	682,816,467	403,627,439	88,463,407	60,544,116
15 percent (capital gains) [3]	4,560,384	466,338,502	311,648,232	90,777,306	39,509,722	13,616,596
25 percent	11,290,721	1,478,726,027	1,097,173,049	172,940,972	184,130,234	43,235,243
25 percent (capital gains)	66,442	17,628,665	14,477,863	1,935,334	2,474,340	483,834
28 percent	2,563,314	563,095,524	447,401,052	30,659,661	92,442,779	8,584,705
28 percent (capital gains)	32,541	11,718,747	9,790,005	1,031,587	1,742,914	288,844
33 percent	1,307,484	462,555,897	380,977,628	79,888,362	92,083,276	26,363,159
35 percent	778,679	1,000,743,933	870,056,300	457,410,844	257,797,224	160,093,795
Form 8615 [4]	0	0	0	0	0	0
<b>Returns of married persons filing separately</b>						
<b>All tax rates</b>	<b>2,591,000</b>	<b>138,665,218</b>	<b>108,130,113</b>	<b>48,960,345</b>	<b>22,381,225</b>	<b>12,543,890</b>
0 percent	398,175	-9,032,983	0	0	0	0
0 percent (capital gains)	13,848	300,009	58,649	58,649	0	0
10 percent	355,174	5,829,437	1,499,226	1,438,264	143,893	143,826
10 percent (Form 8814) [2]	* 3	* -29,355	* 2	* 2	* [5]	* [5]
15 percent	982,568	33,176,906	20,128,077	11,776,144	2,601,643	1,766,422
15 percent (capital gains) [3]	102,096	11,706,969	8,173,663	5,633,241	1,112,810	844,986
25 percent	526,921	34,210,142	25,548,860	6,024,314	4,303,095	1,506,079
25 percent (capital gains)	825	369,232	329,518	63,563	55,701	15,891
28 percent	124,772	13,563,788	10,784,521	1,214,571	2,237,903	340,080
28 percent (capital gains)	2,329	406,606	294,739	31,775	52,964	8,897
33 percent	51,438	9,162,644	7,633,112	1,711,493	1,856,357	564,793
35 percent	32,851	39,001,822	33,679,746	21,008,330	10,016,859	7,352,916
Form 8615 [4]	0	0	0	0	0	0

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 1. All Individual Income Tax Returns: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2011—Continued**

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

Filing status and marginal tax rate classes [1]	Classified by the highest marginal rate at which tax was computed					
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated	
			At all rates	At marginal rate	At all rates	At marginal rate
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Returns of heads of households</b>						
<b>All tax rates</b>	<b>22,061,944</b>	<b>720,286,369</b>	<b>336,600,676</b>	<b>147,582,252</b>	<b>53,145,390</b>	<b>26,220,177</b>
0 percent	8,560,288	103,221,824	0	0	0	0
0 percent (capital gains)	14,215	499,384	104,890	104,890	0	0
10 percent	5,846,702	145,437,393	32,743,142	32,533,396	3,253,638	3,253,340
10 percent (Form 8814) [2]	8,193	-25,244	4,417	4,408	437	437
15 percent	5,668,594	252,016,251	139,031,522	70,156,765	17,411,127	10,523,515
15 percent (capital gains) [3]	298,875	19,633,132	12,368,098	3,191,891	1,560,638	478,784
25 percent	1,472,317	134,686,970	97,933,782	23,872,878	16,684,505	5,968,220
25 percent (capital gains)	5,204	933,163	771,985	89,994	128,608	22,499
28 percent	119,173	22,374,817	17,887,695	1,910,122	3,895,555	534,834
28 percent (capital gains)	1,636	306,374	248,351	67,739	53,171	18,967
33 percent	46,795	15,274,300	12,689,805	2,898,908	3,190,057	956,640
35 percent	19,952	25,928,005	22,816,989	12,751,260	6,967,654	4,462,941
Form 8615 [4]	0	0	0	0	0	0
<b>Returns of single persons</b>						
<b>All tax rates</b>	<b>67,294,506</b>	<b>2,091,199,636</b>	<b>1,418,748,208</b>	<b>530,203,832</b>	<b>248,187,320</b>	<b>107,459,229</b>
0 percent	18,995,197	58,657,601	0	0	0	0
0 percent (capital gains)	753,874	15,479,817	6,619,763	6,619,763	0	0
10 percent	13,823,812	193,209,658	56,299,986	53,328,434	5,333,727	5,332,843
10 percent (Form 8814) [2]	* 2,881	* -25,982	* 1,771	* 1,771	* 176	* 176
15 percent	19,072,664	584,499,671	371,863,289	209,745,642	47,674,135	31,461,846
15 percent (capital gains) [3]	2,361,296	126,976,611	86,290,837	28,743,957	10,388,821	4,311,594
25 percent	10,127,538	675,974,535	526,109,390	123,716,781	91,026,203	30,929,195
25 percent (capital gains)	34,547	5,068,893	4,332,077	636,659	742,103	159,165
28 percent	1,503,358	208,804,633	174,359,437	22,749,966	38,251,244	6,369,990
28 percent (capital gains)	24,783	3,416,467	2,826,600	397,162	569,083	111,205
33 percent	288,555	86,026,307	73,807,464	18,394,164	19,099,726	6,070,074
35 percent	90,864	129,430,664	113,210,454	63,185,679	34,480,872	22,114,988
Form 8615 [4]	215,138	3,680,760	3,027,141	2,683,853	621,231	598,153

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 1. All Individual Income Tax Returns: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2011—Continued**

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

Filing status and marginal tax rate classes [1]	Classified by the highest marginal rate at which tax was computed			
	Income tax after credits			Number of returns with alternative minimum tax
	Total	As a percentage of		
		Adjusted gross income less deficit	Modified taxable income	
	(7)	(8)	(9)	(10)
<b>All returns</b>				
<b>All tax rates</b>	<b>1,045,509,234</b>	<b>12.5</b>	<b>18.2</b>	<b>4,248,183</b>
0 percent	604,903	0.4	[6]	25,471
0 percent (capital gains)	91,320	0.3	0.9	7,410
10 percent	7,507,934	1.2	4.8	8,803
10 percent (Form 8814) [2]	5,254	[6]	40.4	150
15 percent	125,050,000	6.2	10.3	76,176
15 percent (capital gains) [3]	50,757,534	8.1	12.1	145,647
25 percent	286,347,413	12.3	16.4	636,546
25 percent (capital gains)	3,571,927	14.9	17.9	22,880
28 percent	140,050,530	17.3	21.5	1,339,241
28 percent (capital gains)	2,548,147	16.1	19.4	12,024
33 percent	125,209,273	21.9	26.4	1,454,094
35 percent	303,143,255	25.4	29.2	513,768
Form 8615 [4]	621,743	16.9	20.5	5,973
<b>Joint returns and returns of surviving spouses</b>				
<b>All tax rates</b>	<b>740,135,690</b>	<b>13.6</b>	<b>19.1</b>	<b>3,221,169</b>
0 percent	396,966	2.9	[6]	14,911
0 percent (capital gains)	71,226	0.6	2.1	4,121
10 percent	2,887,816	1.1	4.3	3,584
10 percent (Form 8814) [2]	3,564	[6]	52.4	145
15 percent	69,121,073	6.1	10.1	25,991
15 percent (capital gains) [3]	37,636,333	8.1	12.1	87,602
25 percent	175,983,194	11.9	16.0	390,132
25 percent (capital gains)	2,605,570	14.8	18.0	15,122
28 percent	95,117,865	16.9	21.3	1,049,248
28 percent (capital gains)	1,851,071	15.8	18.9	7,442
33 percent	100,027,563	21.6	26.3	1,165,765
35 percent	254,433,447	25.4	29.2	457,108
Form 8615 [4]	0	0.0	0.0	0
<b>Returns of married persons filing separately</b>				
<b>All tax rates</b>	<b>21,355,211</b>	<b>15.4</b>	<b>19.7</b>	<b>145,526</b>
0 percent	24,445	[6]	[6]	754
0 percent (capital gains)	1,634	0.5	2.8	218
10 percent	106,399	1.8	7.1	** 262
10 percent (Form 8814) [2]	* 2	* [6]	* 100.0	**
15 percent	2,289,060	6.9	11.4	4,237
15 percent (capital gains) [3]	1,166,713	10.0	14.3	7,304
25 percent	4,237,460	12.4	16.6	30,564
25 percent (capital gains)	65,306	17.7	19.8	463
28 percent	2,243,053	16.5	20.8	39,428
28 percent (capital gains)	63,867	15.7	21.7	1,332
33 percent	1,939,045	21.2	25.4	39,313
35 percent	9,218,227	23.6	27.4	21,651
Form 8615 [4]	0	0.0	0.0	0

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 1. All Individual Income Tax Returns: Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2011—Continued**

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

Filing status and marginal tax rate classes [1]	Classified by the highest marginal rate at which tax was computed			
	Income tax after credits			Number of returns with alternative minimum tax
	Total	As a percentage of		
		Adjusted gross income less deficit	Modified taxable income	
	(7)	(8)	(9)	(10)
<b>Returns of heads of households</b>				
<b>All tax rates</b>	<b>42,275,394</b>	<b>5.9</b>	<b>12.6</b>	<b>363,242</b>
0 percent	37,159	[7]	[6]	3,183
0 percent (capital gains)	649	0.1	0.6	89
10 percent	328,062	0.2	1.0	** 1,332
10 percent (Form 8814) [2]	1,682	[6]	38.1	**
15 percent	10,180,511	4.0	7.3	35,619
15 percent (capital gains) [3]	1,327,845	6.8	10.7	7,656
25 percent	15,964,686	11.9	16.3	160,390
25 percent (capital gains)	139,710	15.0	18.1	2,744
28 percent	4,240,271	19.0	23.7	98,621
28 percent (capital gains)	56,205	18.3	22.6	611
33 percent	3,522,804	23.1	27.8	44,885
35 percent	6,475,812	25.0	28.4	8,114
Form 8615 [4]	0	0.0	0.0	0
<b>Returns of single persons</b>				
<b>All tax rates</b>	<b>241,742,939</b>	<b>11.6</b>	<b>17.0</b>	<b>518,245</b>
0 percent	146,333	0.2	[6]	6,623
0 percent (capital gains)	17,810	0.1	0.3	2,982
10 percent	4,185,657	2.2	7.4	3,630
10 percent (Form 8814) [2]	* 6	* [6]	* 0.3	0
15 percent	43,459,356	7.4	11.7	10,330
15 percent (capital gains) [3]	10,626,644	8.4	12.3	43,086
25 percent	90,162,073	13.3	17.1	55,460
25 percent (capital gains)	761,341	15.0	17.6	4,551
28 percent	38,449,341	18.4	22.1	151,943
28 percent (capital gains)	577,005	16.9	20.4	2,640
33 percent	19,719,862	22.9	26.7	204,131
35 percent	33,015,770	25.5	29.2	26,896
Form 8615 [4]	621,743	16.9	20.5	5,973

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

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

[1] For an explanation of marginal tax rate, see Income and Tax Concepts section as well as footnote 4 of this article.

[2] Form 8814, *Parents' Election To Report Child's Interest and Dividends*, was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' 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, *Tax for Certain Children Who Have Investment Income of More Than \$1,900*, was filed for a child meeting certain age requirements, to report the child's investment income. The returns in this rate classification are not distributed by tax rate.

[5] Less than \$500.

[6] Percentage not computed.

[7] Less than 0.05%.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 2. All Individual Income Tax Returns: Tax Generated, by Rate and by Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income [1]	Tax generated at all rates [2]	Tax generated at specified rate		
					0 percent	0 percent (capital gains)	
					Number of returns	Number of returns	Income taxed at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total</b>	<b>145,370,240</b>	<b>5,746,218,265</b>	<b>5,747,740,726</b>	<b>1,088,559,743</b>	<b>36,731,614</b>	<b>10,720,286</b>	<b>52,739,474</b>
Under \$2,000	6,488,963	73,191	75,226	3,397	6,313,252	113,164	40,453
\$2,000 under \$4,000	4,402,111	263,268	263,273	22,049	4,174,038	79,767	48,953
\$4,000 under \$6,000	4,464,759	268,204	268,425	27,739	4,219,322	46,763	46,163
\$6,000 under \$8,000	4,797,750	1,423,606	1,423,845	142,543	3,717,858	60,451	47,747
\$8,000 under \$10,000	5,376,896	2,677,854	2,679,279	270,721	4,132,687	62,509	37,577
\$10,000 under \$12,000	5,121,146	5,851,535	5,858,024	588,198	2,447,329	160,608	94,494
\$12,000 under \$14,000	5,245,984	9,390,827	9,404,058	919,560	2,592,447	222,441	252,538
\$14,000 under \$16,000	5,132,336	14,592,345	14,601,612	1,448,679	2,368,965	193,708	267,145
\$16,000 under \$18,000	4,767,240	17,931,231	17,951,310	1,782,866	1,773,643	223,697	354,594
\$18,000 under \$20,000	4,539,183	22,640,887	22,665,145	2,330,015	1,487,708	213,462	462,105
\$20,000 under \$25,000	10,210,706	76,166,428	76,244,286	8,309,805	1,861,774	749,406	2,845,576
\$25,000 under \$30,000	8,987,613	102,798,293	102,892,486	11,992,911	796,979	706,775	1,757,097
\$30,000 under \$40,000	14,520,079	257,086,111	257,280,610	31,203,689	500,558	1,438,067	4,778,034
\$40,000 under \$50,000	10,983,973	287,033,032	287,236,270	36,522,280	143,767	1,299,351	5,639,379
\$50,000 under \$75,000	18,949,278	750,099,816	750,733,451	106,766,779	124,708	2,399,979	9,839,046
\$75,000 under \$100,000	11,926,401	713,973,873	714,440,098	106,680,677	34,993	1,920,861	9,332,735
\$100,000 under \$200,000	14,755,766	1,464,368,958	1,465,094,462	259,541,816	32,477	675,947	10,349,725
\$200,000 under \$500,000	3,801,641	864,337,084	865,153,113	199,627,814	6,415	107,683	4,228,313
\$500,000 under \$1,000,000	597,525	339,560,459	339,675,209	95,057,084	1,746	24,553	1,184,457
\$1,000,000 under \$1,500,000	134,907	139,654,173	139,567,667	41,001,556	423	7,743	387,396
\$1,500,000 under \$2,000,000	55,986	82,795,421	82,724,928	24,541,354	169	3,367	180,380
\$2,000,000 under \$5,000,000	79,363	204,277,506	203,982,022	59,999,131	247	6,027	333,666
\$5,000,000 under \$10,000,000	19,189	113,638,196	113,356,276	32,122,093	64	2,070	119,067
\$10,000,000 or more	11,445	275,315,967	274,169,650	67,656,986	44	1,887	112,835

Footnotes at end of table.



# Individual Income Tax Rates and Shares, 2011

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**Table 2. All Individual Income Tax Returns: Tax Generated, by Rate and by Size of Adjusted Gross Income, Tax Year 2011—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			10 percent (from Form 8814) [3]			15 percent [4]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>107,423,944</b>	<b>1,169,487,797</b>	<b>116,948,780</b>	<b>90,879</b>	<b>52,640</b>	<b>5,239</b>	<b>79,738,900</b>	<b>2,074,935,405</b>	<b>311,240,311</b>
Under \$2,000	84,285	32,686	3,269	3,407	2,030	201	0	0	0
\$2,000 under \$4,000	171,179	157,603	15,760	0	0	0	0	0	0
\$4,000 under \$6,000	211,391	140,323	14,032	* 1,006	* 225	* 22	0	0	0
\$6,000 under \$8,000	1,066,851	1,284,989	128,499	* 1,006	* 225	* 22	0	0	0
\$8,000 under \$10,000	1,222,117	2,511,752	251,175	* 2,296	* 638	* 63	* 2,012	* 858	* 129
\$10,000 under \$12,000	2,612,824	5,625,964	562,596	* 9	* 9	* 1	* 5,122	* 5,862	* 879
\$12,000 under \$14,000	2,585,760	9,079,915	907,992	* 1,005	* 225	* 22	7,195	7,957	1,194
\$14,000 under \$16,000	2,733,625	14,046,600	1,404,660	* 304	* 68	* 7	187,051	251,352	37,703
\$16,000 under \$18,000	2,962,824	17,130,602	1,713,060	0	0	0	165,541	412,966	61,945
\$18,000 under \$20,000	3,014,409	20,040,635	2,004,064	* 4,024	* 1,460	* 144	1,791,093	2,104,982	315,747
\$20,000 under \$25,000	8,149,193	54,081,705	5,408,171	* 3,059	* 2,433	* 243	4,588,396	19,233,172	2,884,976
\$25,000 under \$30,000	8,104,008	63,589,806	6,358,981	* 1,200	* 410	* 41	4,683,784	37,366,965	5,605,045
\$30,000 under \$40,000	13,902,694	133,483,990	13,348,399	* 4,751	* 2,780	* 276	9,698,105	118,860,063	17,829,009
\$40,000 under \$50,000	10,770,341	123,954,275	12,395,428	9,147	3,015	297	9,436,901	152,473,811	22,871,072
\$50,000 under \$75,000	18,732,815	246,631,356	24,663,136	8,291	2,262	222	18,220,681	410,180,261	61,527,039
\$75,000 under \$100,000	11,844,602	174,895,235	17,489,524	11,811	6,101	607	11,767,773	428,682,715	64,302,407
\$100,000 under \$200,000	14,643,528	229,433,617	22,943,362	20,856	11,580	1,153	14,591,272	683,161,089	102,474,163
\$200,000 under \$500,000	3,749,623	59,711,407	5,971,141	11,730	12,315	1,232	3,735,240	180,780,378	27,117,057
\$500,000 under \$1,000,000	579,267	9,207,804	920,780	3,813	3,222	322	577,015	27,920,075	4,188,011
\$1,000,000 under \$1,500,000	128,859	2,043,710	204,371	1,298	1,431	143	128,476	6,193,778	929,067
\$1,500,000 under \$2,000,000	53,073	833,127	83,313	572	655	66	52,906	2,528,732	379,310
\$2,000,000 under \$5,000,000	73,910	1,155,432	115,543	875	1,002	100	73,649	3,508,022	526,203
\$5,000,000 under \$10,000,000	17,193	267,535	26,754	250	320	32	17,134	812,837	121,926
\$10,000,000 or more	9,573	147,728	14,773	167	233	23	9,554	449,529	67,429

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 2. All Individual Income Tax Returns: Tax Generated, by Rate and by Size of Adjusted Gross Income, Tax Year 2011—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)			25 percent			25 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
<b>Total</b>	<b>11,551,423</b>	<b>377,505,706</b>	<b>56,626,112</b>	<b>30,490,089</b>	<b>936,276,377</b>	<b>234,069,094</b>	<b>198,173</b>	<b>5,140,829</b>	<b>1,285,232</b>
Under \$2,000	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	* 49	* 114	* 29	0	0	0
\$25,000 under \$30,000	0	0	0	1,778	3,935	984	0	0	0
\$30,000 under \$40,000	0	0	0	6,222	44,867	11,217	0	0	0
\$40,000 under \$50,000	290,870	363,894	54,589	1,795,022	4,736,764	1,184,191	* 3,029	* 925	* 232
\$50,000 under \$75,000	1,473,086	4,326,069	648,951	6,465,826	79,580,537	19,895,134	16,097	27,637	6,911
\$75,000 under \$100,000	1,260,211	5,210,350	781,576	4,488,590	95,458,950	23,864,738	8,310	56,527	14,134
\$100,000 under \$200,000	5,368,243	31,378,068	4,706,825	13,213,705	455,128,406	113,782,102	73,544	594,085	148,529
\$200,000 under \$500,000	2,429,772	48,338,683	7,250,860	3,673,576	244,566,206	61,141,552	63,702	1,216,424	304,115
\$500,000 under \$1,000,000	467,066	34,567,865	5,185,190	568,351	38,241,608	9,560,402	17,432	777,918	194,482
\$1,000,000 under \$1,500,000	114,395	20,090,015	3,013,503	126,310	8,480,987	2,120,247	5,354	301,040	75,261
\$1,500,000 under \$2,000,000	48,952	14,090,122	2,113,519	52,081	3,476,277	869,069	2,927	266,456	66,614
\$2,000,000 under \$5,000,000	70,301	45,356,969	6,803,547	72,391	4,821,308	1,205,327	4,969	761,051	190,263
\$5,000,000 under \$10,000,000	17,689	34,600,075	5,190,012	16,815	1,118,367	279,592	1,639	457,475	114,369
\$10,000,000 or more	10,837	139,183,597	20,877,540	9,372	618,050	154,513	1,170	681,289	170,322

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 2. All Individual Income Tax Returns: Tax Generated, by Rate and by Size of Adjusted Gross Income, Tax Year 2011—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			28 percent (capital gains)			33 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	
<b>Total</b>	<b>6,944,680</b>	<b>313,865,392</b>	<b>87,882,310</b>	<b>84,246</b>	<b>2,829,619</b>	<b>792,290</b>	<b>2,616,618</b>	<b>257,867,520</b>	<b>85,096,282</b>
Under \$2,000	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0	0	0	0
\$25,000 under \$30,000	* 48	* 1,741	* 487	0	0	0	* 48	* 423	* 140
\$30,000 under \$40,000	0	0	0	0	0	0	0	0	0
\$40,000 under \$50,000	* 12	* 329	* 92	* 996	* 569	* 159	0	0	0
\$50,000 under \$75,000	2,320	18,943	5,304	* 2,966	* 283	* 79	0	0	0
\$75,000 under \$100,000	151,625	719,978	201,594	11,519	2,228	623	361	2,803	925
\$100,000 under \$200,000	2,505,212	53,401,812	14,952,507	35,794	17,262	4,833	58,813	1,299,857	428,953
\$200,000 under \$500,000	3,453,688	198,613,359	55,611,741	20,484	138,153	38,681	1,740,809	121,798,360	40,193,459
\$500,000 under \$1,000,000	558,564	41,029,386	11,488,228	5,481	221,180	61,931	547,403	89,905,856	29,668,932
\$1,000,000 under \$1,500,000	124,584	9,157,086	2,563,984	2,387	128,196	35,895	122,726	20,414,692	6,736,848
\$1,500,000 under \$2,000,000	51,339	3,775,837	1,057,234	1,020	120,806	33,826	50,521	8,409,792	2,775,231
\$2,000,000 under \$5,000,000	71,321	5,242,729	1,467,964	1,983	558,365	156,342	70,248	11,746,919	3,876,483
\$5,000,000 under \$10,000,000	16,663	1,223,843	342,676	798	458,138	128,279	16,462	2,750,679	907,724
\$10,000,000 or more	9,305	680,350	190,498	818	1,184,439	331,643	9,227	1,538,139	507,586

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 2. All Individual Income Tax Returns: Tax Generated, by Rate and by Size of Adjusted Gross Income, Tax Year 2011—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			Form 8615 [5]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total</b>	<b>922,346</b>	<b>554,356,113</b>	<b>194,024,640</b>	<b>215,138</b>	<b>2,683,853</b>	<b>598,153</b>
Under \$2,000	0	0	0	993	57	14
\$2,000 under \$4,000	0	0	0	56,193	56,717	9,408
\$4,000 under \$6,000	0	0	0	34,090	81,713	15,556
\$6,000 under \$8,000	0	0	0	29,387	90,884	16,307
\$8,000 under \$10,000	0	0	0	23,457	128,454	20,871
\$10,000 under \$12,000	0	0	0	20,864	131,695	25,746
\$12,000 under \$14,000	0	0	0	6,135	63,423	10,743
\$14,000 under \$16,000	0	0	0	6,348	36,447	6,434
\$16,000 under \$18,000	0	0	0	5,758	53,148	8,225
\$18,000 under \$20,000	0	0	0	4,337	55,963	10,253
\$20,000 under \$25,000	0	0	0	5,129	81,285	16,439
\$25,000 under \$30,000	0	0	0	8,893	172,109	27,288
\$30,000 under \$40,000	0	0	0	4,024	110,877	14,526
\$40,000 under \$50,000	0	0	0	2,184	63,309	15,804
\$50,000 under \$75,000	0	0	0	2,214	127,058	19,408
\$75,000 under \$100,000	0	0	0	971	72,476	24,152
\$100,000 under \$200,000	556	9,914	3,470	2,619	309,046	95,382
\$200,000 under \$500,000	156,320	5,554,062	1,943,922	881	195,453	53,912
\$500,000 under \$1,000,000	504,681	96,265,736	33,693,008	512	350,101	95,785
\$1,000,000 under \$1,500,000	118,379	72,328,626	25,315,019	40	40,709	7,213
\$1,500,000 under \$2,000,000	48,821	49,017,737	17,156,208	16	25,007	6,960
\$2,000,000 under \$5,000,000	68,414	130,347,911	45,621,769	52	148,647	35,583
\$5,000,000 under \$10,000,000	16,096	71,314,497	24,960,074	36	233,445	50,656
\$10,000,000 or more	9,078	129,517,629	45,331,170	5	55,831	11,488

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

[1] For explanation of modified taxable income, see Income and Tax Concepts section of this article.

[2] For definition of tax generated, see the Explanation of Selected Terms section of this article.

[3] Form 8814, *Parents' Election To Report Child's Interest and Dividends*, was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

[5] Form 8615, *Tax for Certain Children Who Have Investment Income of More Than \$1900*, was filed for a child meeting certain age requirements, to report the child's investment income.

The returns in this rate classification are not distributed by tax rate.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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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 2011**

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

Tax rate classes	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately	
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All tax rates</b>	<b>108,638,626</b>	<b>5,747,740,726</b>	<b>1,088,568,164</b>	<b>44,644,836</b>	<b>3,884,261,730</b>	<b>764,843,897</b>	<b>2,192,825</b>	<b>108,130,113</b>
0 percent (capital gains)	10,720,286	52,739,474	0	5,918,251	30,796,034	0	133,944	605,743
10 percent	107,423,944	1,169,487,797	116,948,780	44,341,393	689,940,323	68,994,032	2,172,383	16,877,438
10 percent (Form 8814) [1]	90,879	52,640	5,239	64,225	39,932	3,978	3,475	2,606
15 percent	79,738,900	2,074,935,405	311,240,311	36,918,241	1,359,560,557	203,934,084	1,815,944	32,242,682
15 percent (capital gains) [2]	11,551,423	377,505,706	56,625,856	7,510,724	284,122,670	42,618,401	170,837	13,492,723
25 percent	30,490,089	936,276,377	234,069,094	16,023,498	621,562,374	155,390,594	738,604	14,347,423
25 percent (capital gains)	198,173	5,140,829	1,285,207	131,054	3,788,431	947,108	3,073	148,207
28 percent	6,944,680	313,865,392	87,882,310	4,659,051	225,077,042	63,021,572	209,361	4,881,532
28 percent (capital gains)	84,246	2,829,619	792,293	51,657	2,152,576	602,721	2,749	71,307
33 percent	2,616,618	257,867,520	85,096,282	2,086,163	209,810,947	69,237,612	84,290	4,452,121
35 percent	922,346	554,356,113	194,024,639	778,679	457,410,844	160,093,795	32,851	21,008,330
Form 8615 [3]	215,138	2,683,853	598,153	0	0	0	0	0

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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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 2011—Continued**

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

Tax rate classes	Returns of married persons filing separately—continued	Returns of heads of households			Returns of single persons		
	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>All tax rates</b>	<b>22,381,133</b>	<b>13,501,656</b>	<b>336,600,676</b>	<b>53,144,890</b>	<b>48,299,309</b>	<b>1,418,748,208</b>	<b>248,198,245</b>
0 percent (capital gains)	0	409,461	1,090,698	0	4,258,630	20,246,999	0
10 percent	1,687,744	13,473,932	125,198,594	12,519,859	47,436,236	337,471,441	33,747,144
10 percent (Form 8814) [1]	260	20,224	8,279	820	2,956	1,823	181
15 percent	4,836,402	7,626,192	131,774,693	19,766,204	33,378,523	551,357,473	82,703,621
15 percent (capital gains) [2]	2,023,909	308,733	8,235,092	1,235,264	3,561,130	71,655,221	10,748,283
25 percent	3,586,856	1,663,112	42,610,292	10,652,573	12,064,875	257,756,287	64,439,072
25 percent (capital gains)	37,052	6,657	132,153	33,038	57,389	1,072,038	268,009
28 percent	1,366,829	186,519	8,120,681	2,273,791	1,889,749	75,786,137	21,220,118
28 percent (capital gains)	19,966	1,804	72,959	20,428	28,036	532,777	149,178
33 percent	1,469,200	66,746	6,605,975	2,179,972	379,419	36,998,478	12,209,498
35 percent	7,352,916	19,952	12,751,260	4,462,941	90,864	63,185,679	22,114,988
Form 8615 [3]	0	0	0	0	215,138	2,683,853	598,153

[1] Form 8814, *Parents' Election To Report Child's Interest and Dividends*, was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

[3] Form 8615, *Tax for Certain Children Who Have Investment Income of More Than \$1,900*, was filed for a child meeting certain age requirements, to report the child's investment income. The returns in this rate classification are not distributed by tax rate.

NOTES: For explanation of modified taxable income, see Income and Tax Concepts section of this article. Details may not add to totals because of rounding.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011**

[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	Number of returns	Adjusted gross income less deficit	Modified taxable income [1]	Income tax before credits, regular tax computation		Tax generated		Tax differences due to alternative computations
				Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with regular tax computation only [2]</b>								
<b>Total</b>	<b>87,127,945</b>	<b>4,858,836,771</b>	<b>3,143,706,990</b>	<b>87,127,641</b>	<b>521,459,806</b>	<b>87,127,945</b>	<b>521,593,825</b>	<b>0</b>
Under \$5,000	190,767	-287,013	145,293	190,767	14,550	190,767	14,550	0
\$5,000 under \$10,000	2,275,781	18,350,940	3,621,900	2,275,781	362,550	2,275,781	362,613	0
\$10,000 under \$15,000	6,182,158	77,271,290	20,259,617	6,182,158	2,029,330	6,182,158	2,031,852	0
\$15,000 under \$20,000	6,896,281	120,920,086	44,906,781	6,896,281	4,617,004	6,896,281	4,622,982	0
\$20,000 under \$25,000	7,594,397	170,768,690	69,129,207	7,594,397	7,823,154	7,594,397	7,832,506	0
\$25,000 under \$30,000	7,474,966	205,190,988	94,087,468	7,474,966	11,147,332	7,474,966	11,159,536	0
\$30,000 under \$40,000	12,577,430	437,479,359	230,664,294	12,577,430	28,514,096	12,577,430	28,543,338	0
\$40,000 under \$50,000	9,367,581	418,999,124	247,590,720	9,367,581	32,126,685	9,367,581	32,164,350	0
\$50,000 under \$75,000	15,160,067	930,309,486	600,550,659	15,160,067	86,375,396	15,160,067	86,488,942	0
\$75,000 under \$100,000	8,886,724	767,115,548	531,030,670	8,886,724	80,246,530	8,886,724	80,346,412	0
\$100,000 under \$200,000	9,004,752	1,178,197,010	866,777,611	9,004,448	153,869,551	9,004,752	154,059,755	0
\$200,000 under \$500,000	1,352,784	369,271,035	294,471,128	1,352,784	69,236,979	1,352,784	69,489,187	0
\$500,000 under \$1,000,000	127,265	84,292,222	71,434,455	127,265	21,319,860	127,265	21,356,148	0
\$1,000,000 under \$1,500,000	19,637	23,487,204	20,171,868	19,637	6,532,582	19,637	6,501,106	0
\$1,500,000 under \$2,000,000	6,783	11,652,012	10,071,669	6,783	3,359,399	6,783	3,336,769	0
\$2,000,000 under \$5,000,000	8,649	24,938,324	21,628,995	8,649	7,429,614	8,649	7,328,677	0
\$5,000,000 under \$10,000,000	1,378	9,440,354	8,028,505	1,378	2,870,978	1,378	2,772,280	0
\$10,000,000 or more	547	11,440,111	9,136,150	547	3,584,215	547	3,182,820	0
<b>Returns with Form 8615 tax computation [3]</b>								
<b>Total</b>	<b>215,138</b>	<b>3,680,760</b>	<b>3,027,141</b>	<b>215,138</b>	<b>613,458</b>	<b>215,138</b>	<b>621,231</b>	<b>7,773</b>
Under \$5,000	73,268	241,119	162,565	73,268	16,274	73,268	17,957	1,683
\$5,000 under \$10,000	70,852	511,807	359,437	70,852	36,020	70,852	51,612	15,593
\$10,000 under \$15,000	29,224	339,419	256,302	29,224	27,424	29,224	41,532	14,109
\$15,000 under \$20,000	14,218	243,346	188,360	14,218	22,240	14,218	27,724	5,484
\$20,000 under \$25,000	* 5,129	* 116,448	* 87,685	* 5,129	* 10,976	* 5,129	* 16,733	* 5,757
\$25,000 under \$30,000	8,893	239,786	214,101	8,893	28,333	8,893	32,131	3,798
\$30,000 under \$40,000	* 4,024	* 144,362	* 134,370	* 4,024	* 18,450	* 4,024	* 17,113	* -1,337
\$40,000 under \$50,000	* 2,184	* 102,578	* 64,234	* 2,184	* 9,968	* 2,184	* 15,886	* 5,917
\$50,000 under \$75,000	* 2,214	* 138,598	* 128,952	* 2,214	* 23,903	* 2,214	* 19,408	* -4,495
\$75,000 under \$100,000	* 971	* 76,001	* 72,476	* 971	* 14,362	* 971	* 24,152	* 9,790
\$100,000 under \$200,000	* 2,619	* 373,420	* 309,222	* 2,619	* 70,191	* 2,619	* 95,382	* 25,192
\$200,000 under \$500,000	* 881	* 240,900	* 195,591	* 881	* 51,461	* 881	* 53,914	* 2,453
\$500,000 under \$1,000,000	512	374,505	350,178	512	110,967	512	95,785	-15,182
\$1,000,000 under \$1,500,000	* 40	* 41,189	* 40,709	* 40	* 13,332	* 40	* 7,213	* -6,118
\$1,500,000 under \$2,000,000	* 16	* 26,529	* 25,007	* 16	* 8,379	* 16	* 6,960	* -1,419
\$2,000,000 under \$5,000,000	52	156,514	148,647	52	50,842	52	35,583	-15,259
\$5,000,000 under \$10,000,000	36	250,310	233,473	36	80,909	36	50,658	-30,251
\$10,000,000 or more	* 5	* 63,929	* 55,832	* 5	* 19,428	* 5	* 11,488	* -7,940

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011—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	Number of returns	Adjusted gross income less deficit	Modified taxable income [1]	Income tax before credits, regular tax computation		Tax generated		Tax differences due to alternative computations
				Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with Schedule D tax computation</b>								
<b>Total</b>	<b>21,295,492</b>	<b>3,344,863,776</b>	<b>2,634,194,717</b>	<b>21,277,972</b>	<b>642,238,646</b>	<b>20,283,674</b>	<b>566,334,022</b>	<b>-75,904,623</b>
Under \$5,000	216,001	502,403	160,283	208,493	16,015	56,139	4,290	-11,725
\$5,000 under \$10,000	146,653	1,130,267	260,705	142,655	26,083	97,839	15,733	-10,350
\$10,000 under \$15,000	478,219	6,045,352	1,383,041	475,201	138,177	336,410	89,035	-49,142
\$15,000 under \$20,000	535,698	9,391,631	3,503,179	534,692	359,209	459,236	260,215	-98,994
\$20,000 under \$25,000	749,406	17,030,066	7,071,901	747,436	801,938	553,832	461,823	-340,115
\$25,000 under \$30,000	706,775	19,424,933	8,662,703	706,763	1,024,496	621,855	802,829	-221,667
\$30,000 under \$40,000	1,438,067	50,542,457	26,522,808	1,438,066	3,266,991	1,321,543	2,645,171	-621,820
\$40,000 under \$50,000	1,470,441	66,293,389	39,727,071	1,470,441	5,163,406	1,411,361	4,343,836	-819,570
\$50,000 under \$75,000	3,662,289	227,882,724	150,576,605	3,662,289	22,090,336	3,594,224	20,258,369	-1,831,967
\$75,000 under \$100,000	3,003,714	261,460,020	183,997,290	3,003,712	28,194,299	2,975,442	26,309,547	-1,884,752
\$100,000 under \$200,000	5,715,918	794,823,919	600,068,778	5,715,913	110,274,080	5,687,573	105,386,450	-4,887,630
\$200,000 under \$500,000	2,441,562	709,468,465	574,462,290	2,441,561	137,819,002	2,437,859	130,084,986	-7,734,016
\$500,000 under \$1,000,000	468,002	317,708,251	270,980,183	468,002	80,180,603	467,696	73,605,273	-6,575,330
\$1,000,000 under \$1,500,000	114,766	139,009,109	121,181,693	114,766	38,429,807	114,727	34,478,674	-3,951,133
\$1,500,000 under \$2,000,000	49,018	84,308,778	73,986,688	49,018	24,007,808	48,996	21,200,403	-2,807,405
\$2,000,000 under \$5,000,000	70,406	210,206,101	186,218,049	70,406	61,742,404	70,390	52,631,462	-9,110,942
\$5,000,000 under \$10,000,000	17,710	120,631,555	108,126,983	17,710	36,269,732	17,707	29,293,237	-6,976,495
\$10,000,000 or more	10,849	309,004,356	277,304,468	10,849	92,434,258	10,847	64,462,688	-27,971,570

Footnotes at end of table.



# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011—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	Taxes from special computation		Alternative minimum tax		Income tax before credits		Total tax credits	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Returns with regular tax computation only [2]</b>								
<b>Total</b>	<b>* 5,524</b>	<b>* 25,976</b>	<b>1,519,911</b>	<b>6,425,325</b>	<b>87,127,945</b>	<b>528,045,126</b>	<b>39,067,530</b>	<b>54,435,117</b>
Under \$5,000	0	0	* 108	* 2,281	190,767	16,831	6,349	770
\$5,000 under \$10,000	0	0	0	0	2,275,781	362,613	273,403	8,978
\$10,000 under \$15,000	0	0	* 1,054	* 950	6,182,158	2,032,802	2,468,920	437,457
\$15,000 under \$20,000	0	0	* 2,011	* 1,895	6,896,281	4,624,877	2,761,666	1,007,552
\$20,000 under \$25,000	0	0	* 2,102	* 2,671	7,594,397	7,835,177	3,784,961	1,938,022
\$25,000 under \$30,000	* 973	* 2,452	* 973	* 761	7,474,966	11,162,749	3,897,842	3,003,906
\$30,000 under \$40,000	* 536	* 300	* 1,696	* 6,479	12,577,430	28,550,117	5,876,334	6,229,014
\$40,000 under \$50,000	0	0	* 1,447	* 5,214	9,367,581	32,169,564	4,212,283	5,572,231
\$50,000 under \$75,000	* 996	* 279	29,695	27,662	15,160,067	86,516,882	6,848,773	12,114,858
\$75,000 under \$100,000	* 1,000	* 19	84,625	94,372	8,886,724	80,440,803	4,348,781	8,904,045
\$100,000 under \$200,000	* 2,020	* 22,926	417,668	803,543	9,004,752	154,886,224	4,191,897	8,508,691
\$200,000 under \$500,000	0	0	900,344	4,550,530	1,352,784	74,039,717	337,436	2,184,556
\$500,000 under \$1,000,000	0	0	73,145	782,154	127,265	22,138,302	42,054	1,576,482
\$1,000,000 under \$1,500,000	0	0	3,723	52,689	19,637	6,553,795	8,693	642,515
\$1,500,000 under \$2,000,000	0	0	543	13,042	6,783	3,349,811	3,123	406,177
\$2,000,000 under \$5,000,000	0	0	654	45,186	8,649	7,373,863	4,001	905,194
\$5,000,000 under \$10,000,000	0	0	86	12,530	1,378	2,784,810	701	399,981
\$10,000,000 or more	0	0	37	23,366	547	3,206,187	312	594,686
<b>Returns with Form 8615 tax computation [3]</b>								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,973</b>	<b>15,286</b>	<b>215,138</b>	<b>636,517</b>	<b>68,110</b>	<b>14,774</b>
Under \$5,000	0	0	0	0	73,268	17,957	20,137	669
\$5,000 under \$10,000	0	0	0	0	70,852	51,612	20,576	2,447
\$10,000 under \$15,000	0	0	* 214	* 45	29,224	41,577	10,604	1,022
\$15,000 under \$20,000	0	0	* 1,220	* 932	14,218	28,656	* 5,860	* 517
\$20,000 under \$25,000	0	0	* 1,106	* 1,293	* 5,129	* 18,026	* 1,106	* 142
\$25,000 under \$30,000	0	0	* 1,411	* 452	8,893	32,583	* 2,533	* 335
\$30,000 under \$40,000	0	0	0	0	* 4,024	* 17,113	0	0
\$40,000 under \$50,000	0	0	* 1,211	* 4,128	* 2,184	* 20,014	* 1,211	* 97
\$50,000 under \$75,000	0	0	* 221	* 668	* 2,214	* 20,076	* 2,214	* 267
\$75,000 under \$100,000	0	0	0	0	* 971	* 24,152	* 971	* 25
\$100,000 under \$200,000	0	0	* 299	* 3,415	* 2,619	* 98,797	* 1,620	* 1,680
\$200,000 under \$500,000	0	0	* 138	* 1,485	* 881	* 55,399	* 881	* 1,105
\$500,000 under \$1,000,000	0	0	* 130	* 748	512	96,533	* 310	* 3,437
\$1,000,000 under \$1,500,000	0	0	0	0	* 40	* 7,213	0	0
\$1,500,000 under \$2,000,000	0	0	0	0	* 16	* 6,960	* 8	* 340
\$2,000,000 under \$5,000,000	0	0	* 11	* 451	52	36,033	46	390
\$5,000,000 under \$10,000,000	0	0	** 12	** 1,669	36	51,944	30	1,245
\$10,000,000 or more	0	0	**	**	* 5	* 11,872	* 3	* 1,055

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011—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	Taxes from special computation		Alternative minimum tax		Income tax before credits		Total tax credits	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Returns with Schedule D tax computation</b>								
<b>Total</b>	<b>3,138</b>	<b>6,158</b>	<b>2,696,828</b>	<b>23,406,928</b>	<b>20,291,086</b>	<b>589,747,108</b>	<b>10,482,394</b>	<b>19,095,919</b>
Under \$5,000	0	0	0	0	56,139	4,290	12,531	101
\$5,000 under \$10,000	0	0	0	0	97,839	15,733	15,914	294
\$10,000 under \$15,000	0	0	0	0	336,410	89,035	137,458	16,693
\$15,000 under \$20,000	0	0	* 1,106	* 1,198	459,236	261,413	171,236	34,320
\$20,000 under \$25,000	0	0	* 1,005	* 934	553,832	462,757	245,515	60,483
\$25,000 under \$30,000	0	0	* 104	* 169	621,855	802,998	256,854	78,095
\$30,000 under \$40,000	* 996	* 161	* 457	* 1,257	1,321,551	2,646,590	543,438	260,784
\$40,000 under \$50,000	0	0	* 2,258	* 3,247	1,411,566	4,347,084	656,489	409,471
\$50,000 under \$75,000	* 996	* 548	6,200	19,361	3,594,863	20,278,277	1,683,196	1,388,029
\$75,000 under \$100,000	0	0	22,596	53,414	2,976,854	26,362,961	1,634,138	1,917,318
\$100,000 under \$200,000	* 300	* 6	362,882	829,834	5,690,406	106,216,289	3,226,660	3,756,397
\$200,000 under \$500,000	* 755	* 5,415	1,875,220	12,393,738	2,439,883	142,484,139	1,367,724	2,086,861
\$500,000 under \$1,000,000	* 81	* 7	342,748	4,800,950	467,928	78,406,230	326,010	1,546,590
\$1,000,000 under \$1,500,000	** 10	** 21	39,556	989,648	114,751	35,468,343	86,835	979,485
\$1,500,000 under \$2,000,000	0	0	13,748	515,446	49,015	21,715,849	37,831	591,267
\$2,000,000 under \$5,000,000	**	**	19,572	1,213,987	70,401	53,845,450	56,354	1,621,534
\$5,000,000 under \$10,000,000	0	0	5,294	722,874	17,709	30,016,111	14,705	985,436
\$10,000,000 or more	**	**	4,082	1,860,870	10,848	66,323,558	9,507	3,362,761

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011—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	Income tax after credits		Total income tax				
	Number of returns	Amount	Number of returns	Amount	As a percentage of		Average income tax (dollars)
					Modified taxable income	Adjusted gross income	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>Returns with regular tax computation only [2]</b>							
<b>Total</b>	<b>71,887,249</b>	<b>473,610,009</b>	<b>71,888,356</b>	<b>473,610,682</b>	<b>15.1</b>	<b>9.7</b>	<b>5,436</b>
Under \$5,000	185,531	16,060	185,531	16,060	11.1	[4]	84
\$5,000 under \$10,000	2,009,479	353,635	2,009,479	353,635	9.8	1.9	155
\$10,000 under \$15,000	4,730,234	1,595,345	4,730,234	1,595,345	7.9	2.1	258
\$15,000 under \$20,000	4,861,757	3,617,325	4,861,757	3,617,387	8.1	3.0	525
\$20,000 under \$25,000	4,843,771	5,897,155	4,843,771	5,897,155	8.5	3.5	777
\$25,000 under \$30,000	4,734,496	8,158,843	4,735,602	8,159,452	8.7	4.0	1,092
\$30,000 under \$40,000	9,204,920	22,321,103	9,204,920	22,321,103	9.7	5.1	1,775
\$40,000 under \$50,000	7,888,608	26,597,333	7,888,608	26,597,333	10.7	6.3	2,839
\$50,000 under \$75,000	14,200,447	74,402,024	14,200,447	74,402,024	12.4	8.0	4,908
\$75,000 under \$100,000	8,748,237	71,536,757	8,748,237	71,536,757	13.5	9.3	8,050
\$100,000 under \$200,000	8,971,106	146,377,533	8,971,106	146,377,533	16.9	12.4	16,256
\$200,000 under \$500,000	1,346,359	71,855,161	1,346,359	71,855,161	24.4	19.5	53,117
\$500,000 under \$1,000,000	125,918	20,561,820	125,918	20,561,820	28.8	24.4	161,567
\$1,000,000 under \$1,500,000	19,345	5,911,280	19,346	5,911,284	29.3	25.2	301,028
\$1,500,000 under \$2,000,000	6,663	2,943,634	6,663	2,943,634	29.2	25.3	433,972
\$2,000,000 under \$5,000,000	8,498	6,468,669	8,498	6,468,669	29.9	25.9	747,909
\$5,000,000 under \$10,000,000	1,347	2,384,829	1,347	2,384,829	29.7	25.3	1,730,645
\$10,000,000 or more	533	2,611,500	533	2,611,500	28.6	22.8	4,774,223
<b>Returns with Form 8615 tax computation [3]</b>							
<b>Total</b>	<b>212,013</b>	<b>621,743</b>	<b>212,013</b>	<b>621,743</b>	<b>20.5</b>	<b>16.9</b>	<b>2,890</b>
Under \$5,000	71,156	17,288	71,156	17,288	10.6	7.2	236
\$5,000 under \$10,000	69,846	49,166	69,846	49,166	13.7	9.6	694
\$10,000 under \$15,000	29,224	40,555	29,224	40,555	15.8	11.9	1,388
\$15,000 under \$20,000	14,218	28,139	14,218	28,139	14.9	11.6	1,979
\$20,000 under \$25,000	* 5,129	* 17,885	* 5,129	* 17,885	* 20.4	* 15.4	* 3,487
\$25,000 under \$30,000	8,893	32,248	8,893	32,248	15.1	13.4	3,626
\$30,000 under \$40,000	* 4,024	* 17,113	* 4,024	* 17,113	* 12.7	* 11.9	* 4,253
\$40,000 under \$50,000	* 2,184	* 19,917	* 2,184	* 19,917	* 31.0	* 19.4	* 9,120
\$50,000 under \$75,000	* 2,214	* 19,809	* 2,214	* 19,809	* 15.4	* 14.3	* 8,947
\$75,000 under \$100,000	* 971	* 24,127	* 971	* 24,127	* 33.3	* 31.7	* 24,848
\$100,000 under \$200,000	* 2,619	* 97,117	* 2,619	* 97,117	* 31.4	* 26.0	* 37,082
\$200,000 under \$500,000	* 876	* 54,294	* 876	* 54,294	* 27.8	* 22.5	* 61,628
\$500,000 under \$1,000,000	511	93,095	511	93,095	26.6	24.9	181,826
\$1,000,000 under \$1,500,000	* 40	* 7,213	* 40	* 7,213	* 17.7	* 17.5	* 180,325
\$1,500,000 under \$2,000,000	* 16	* 6,619	* 16	* 6,619	* 26.5	* 25.0	* 413,688
\$2,000,000 under \$5,000,000	52	35,644	52	35,644	24.0	22.8	685,462
\$5,000,000 under \$10,000,000	36	50,698	36	50,698	21.7	20.3	1,408,278
\$10,000,000 or more	* 5	* 10,817	* 5	* 10,817	* 19.4	* 16.9	* 2,163,400

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 4a. Returns with Modified Taxable Income: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011—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	Income tax after credits		Total income tax				
	Number of returns	Amount	Number of returns	Amount	As a percentage of		Average income tax (dollars)
					Modified taxable income	Adjusted gross income	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>Returns with Schedule D tax computation</b>							
<b>Total</b>	<b>19,571,652</b>	<b>570,651,189</b>	<b>19,571,652</b>	<b>570,651,552</b>	<b>21.7</b>	<b>17.1</b>	<b>26,797</b>
Under \$5,000	56,139	4,188	56,139	4,188	2.6	0.8	19
\$5,000 under \$10,000	93,857	15,439	93,857	15,439	5.9	1.4	105
\$10,000 under \$15,000	277,910	72,342	277,910	72,342	5.2	1.2	151
\$15,000 under \$20,000	406,965	227,094	406,965	227,094	6.5	2.4	424
\$20,000 under \$25,000	481,745	402,274	481,745	402,274	5.7	2.4	537
\$25,000 under \$30,000	558,698	724,903	558,698	724,903	8.4	3.7	1,026
\$30,000 under \$40,000	1,178,020	2,385,806	1,178,020	2,385,806	9.0	4.7	1,659
\$40,000 under \$50,000	1,288,015	3,937,613	1,288,015	3,937,613	9.9	5.9	2,678
\$50,000 under \$75,000	3,468,667	18,890,248	3,468,667	18,890,248	12.5	8.3	5,158
\$75,000 under \$100,000	2,932,797	24,445,643	2,932,797	24,445,643	13.3	9.3	8,138
\$100,000 under \$200,000	5,663,110	102,459,892	5,663,110	102,459,892	17.1	12.9	17,925
\$200,000 under \$500,000	2,436,497	140,397,278	2,436,497	140,397,278	24.4	19.8	57,503
\$500,000 under \$1,000,000	467,101	76,859,640	467,101	76,859,640	28.4	24.2	164,229
\$1,000,000 under \$1,500,000	114,498	34,488,858	114,498	34,488,858	28.5	24.8	300,515
\$1,500,000 under \$2,000,000	48,888	21,124,582	48,888	21,124,582	28.6	25.1	430,956
\$2,000,000 under \$5,000,000	70,241	52,223,916	70,241	52,224,280	28.0	24.8	741,759
\$5,000,000 under \$10,000,000	17,677	29,030,675	17,677	29,030,675	26.8	24.1	1,639,225
\$10,000,000 or more	10,824	62,960,797	10,824	62,960,797	22.7	20.4	5,803,373

\* 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] For explanation of modified taxable income, see Income and Tax Concepts section of this article.

[2] Includes returns with Schedule J, *Income Averaging for Farmers and Fishermen*, and foreign-earned income tax computations.

[3] For more details on returns with Form 8615 tax computation, see Table 4b.

[4] Percentage not computed.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 4b. Returns with Form 8615 Tax Computation: Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Number of returns	Income tax before credits, regular tax computation	Tax generated with Schedule D computation [1]	Tax differences due to regular tax computation vs. with Schedule D computation	Tax generated with Form 8615 computation	Tax differences due to Form 8615 computation vs. with Schedule D computation
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>215,138</b>	<b>613,458</b>	<b>466,368</b>	<b>-147,090</b>	<b>621,231</b>	<b>154,863</b>
Under \$5,000	73,268	16,274	13,783	-2,491	17,957	4,174
\$5,000 under \$10,000	70,852	36,020	29,635	-6,385	51,612	21,977
\$10,000 under \$15,000	29,224	27,424	25,287	-2,137	41,532	16,245
\$15,000 under \$20,000	14,218	22,240	18,490	-3,750	27,724	9,234
\$20,000 under \$25,000	* 5,129	* 10,976	* 10,182	* -794	* 16,733	* 6,551
\$25,000 under \$30,000	8,893	28,333	24,104	-4,229	32,131	8,027
\$30,000 under \$40,000	* 4,024	* 18,450	* 18,329	* -121	* 17,113	* -1,216
\$40,000 under \$50,000	* 2,184	* 9,968	* 9,352	* -616	* 15,886	* 6,534
\$50,000 under \$75,000	* 2,214	* 23,903	* 8,308	* -15,595	* 19,408	* 11,100
\$75,000 under \$100,000	* 971	* 14,362	* 13,777	* -585	* 24,152	* 10,375
\$100,000 under \$200,000	* 2,619	* 70,191	* 61,545	* -8,646	* 95,382	* 33,837
\$200,000 under \$500,000	* 881	* 51,461	* 39,842	* -11,619	* 53,914	* 14,072
\$500,000 under \$1,000,000	512	110,967	87,017	-23,950	95,785	8,768
\$1,000,000 under \$1,500,000	* 40	* 13,332	* 6,558	* -6,774	* 7,213	* 655
\$1,500,000 under \$2,000,000	* 16	* 8,379	* 6,583	* -1,796	* 6,960	* 377
\$2,000,000 under \$5,000,000	52	50,842	34,211	-16,631	35,583	1,372
\$5,000,000 under \$10,000,000	36	80,909	49,004	-31,905	50,658	1,654
\$10,000,000 or more	* 5	* 19,428	* 10,364	* -9,064	* 11,488	* 1,124

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

[1] For returns that did not have Schedule D worksheet, the regular tax computation was used to calculate tax generated.

NOTES: Form 8615, *Tax for Certain Children Who Have Investment Income of More Than \$1,900*, was filed for a child meeting certain age requirements, to report the child's investment income. Detail may not add to totals because of rounding.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 5. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI) and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 2001–2011**

[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)
<b>Number of returns:</b>							
2001	100	119,371	1,193,709	5,968,544	11,937,089	29,842,722	59,685,443
2002	119,850,561	119,851	1,198,506	5,992,528	11,985,056	29,962,640	59,925,281
2003	120,758,947	120,759	1,207,589	6,037,947	12,075,895	30,189,737	60,379,474
2004	122,509,974	122,510	1,225,100	6,125,499	12,250,997	30,627,494	61,254,987
2005	124,673,055	124,673	1,246,731	6,233,653	12,467,306	31,168,264	62,336,528
2006	128,441,165	128,441	1,284,412	6,422,058	12,844,117	32,110,291	64,220,583
2007	[1] 132,654,911	132,654	1,326,549	6,632,746	13,265,491	33,163,728	66,327,456
2008	132,891,770	132,892	1,328,918	6,644,589	13,289,177	33,222,943	66,445,885
2009	132,619,936	132,620	1,326,199	6,630,997	13,261,994	33,154,984	66,309,968
2010	135,033,492	135,033	1,350,335	6,751,675	13,503,349	33,758,373	67,516,746
2011	136,585,712	136,586	1,365,857	6,829,286	13,658,571	34,146,428	68,292,856
<b>Adjusted gross income floor on percentiles (current dollars):</b>							
2001	N/A	1,393,718	306,635	132,082	96,151	59,026	31,418
2002	N/A	1,245,352	296,194	130,750	95,699	59,066	31,299
2003	N/A	1,317,088	305,939	133,741	97,470	59,896	31,447
2004	N/A	1,617,918	339,993	140,758	101,838	62,794	32,622
2005	N/A	1,938,175	379,261	149,216	106,864	64,821	33,484
2006	N/A	2,124,625	402,603	157,390	112,016	67,291	34,417
2007	N/A	2,251,017	426,439	164,883	116,396	69,559	35,541
2008	N/A	1,867,652	392,513	163,512	116,813	69,813	35,340
2009	N/A	1,469,393	351,968	157,342	114,181	68,216	34,156
2010	N/A	1,634,386	369,691	161,579	116,623	69,126	34,338
2011	N/A	1,717,675	388,905	167,728	120,136	70,492	34,823
<b>Adjusted gross income floor on percentiles (constant dollars): [2]</b>							
2001	N/A	1,028,574	226,299	97,477	70,960	43,562	23,187
2002	N/A	905,052	215,257	95,022	69,549	42,926	22,746
2003	N/A	935,432	217,286	94,987	69,226	42,540	22,335
2004	N/A	1,119,666	235,289	97,410	70,476	43,456	22,576
2005	N/A	1,297,306	253,856	99,877	71,529	43,388	22,412
2006	N/A	1,377,837	261,091	102,069	72,643	43,639	22,320
2007	N/A	1,419,305	268,877	103,962	73,390	43,858	22,409
2008	N/A	1,133,972	238,320	99,279	70,925	42,388	21,457
2009	N/A	895,425	214,484	95,882	69,580	41,570	20,814
2010	N/A	979,848	221,637	96,870	69,918	41,442	20,586
2011	N/A	998,068	225,976	97,460	69,806	40,960	20,234
<b>Adjusted gross income (millions of dollars):</b>							
2001	6,116,274	492,437	1,064,928	1,933,563	2,599,650	3,933,186	5,235,273
2002	5,982,260	420,987	960,352	1,812,094	2,472,326	3,811,534	5,114,828
2003	6,156,994	465,594	1,030,178	1,907,837	2,586,777	3,961,657	5,286,949
2004	6,734,554	615,494	1,278,879	2,243,098	2,968,169	4,423,150	5,826,206
2005	7,365,689	783,762	1,560,659	2,623,077	3,400,596	4,940,249	6,412,897
2006	7,969,813	895,044	1,761,119	2,918,422	3,759,733	5,412,038	6,980,130
2007	8,621,963	1,030,091	1,971,021	3,223,396	4,128,240	5,898,437	7,571,084
2008	8,206,158	825,898	1,656,771	2,867,730	3,772,889	5,554,583	7,228,036
2009	7,578,641	601,504	1,304,627	2,439,146	3,317,402	5,057,761	6,678,194
2010	8,039,779	742,989	1,517,146	2,716,199	3,631,364	5,430,952	7,095,680
2011	8,317,188	737,251	1,555,701	2,818,879	3,774,978	5,640,585	7,356,627

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 5. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI) and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 2001–2011—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)
<b>Total income tax (millions of dollars):</b>							
[3]							
2001	884,931	138,735	293,968	462,288	563,525	721,756	841,587
2002	794,282	119,894	262,820	419,871	513,320	656,602	760,808
2003	745,514	114,559	251,146	399,176	483,792	617,015	715,163
2004	829,096	141,937	300,802	467,165	558,007	694,983	797,040
2005	931,693	176,152	361,264	549,068	647,115	792,545	898,262
2006	1,020,438	196,358	401,610	607,088	715,108	872,385	985,657
2007	1,111,872	220,636	442,633	666,021	782,903	952,964	1,074,502
2008	1,028,669	187,200	385,857	597,246	711,873	880,244	996,815
2009	863,486	146,030	313,826	502,274	603,504	749,022	842,286
2010	949,144	169,734	354,810	560,649	670,319	826,796	926,782
2011	1,042,571	168,222	365,518	588,967	711,663	892,616	1,012,460
<b>Average tax rate (percentage):</b> [4]							
2001	14.47	28.17	27.60	23.91	21.68	18.35	16.08
2002	13.28	28.48	27.37	23.17	20.76	17.23	14.87
2003	12.11	24.60	24.38	20.92	18.70	15.57	13.53
2004	12.31	23.06	23.52	20.83	18.80	15.71	13.68
2005	12.65	22.48	23.15	20.93	19.03	16.04	14.01
2006	12.80	21.94	22.80	20.80	19.02	16.12	14.12
2007	12.90	21.42	22.46	20.66	18.96	16.16	14.19
2008	12.54	22.67	23.29	20.83	18.87	15.85	13.79
2009	11.39	24.28	24.05	20.59	18.19	14.81	12.61
2010	11.81	22.84	23.39	20.64	18.46	15.22	13.06
2011	12.54	22.82	23.50	20.89	18.85	15.82	13.76
<b>Adjusted gross income share (percentage):</b>							
2001	100.00	8.05	17.41	31.61	42.50	64.31	85.60
2002	100.00	7.04	16.05	30.29	41.33	63.71	85.50
2003	100.00	7.56	16.73	30.99	42.01	64.34	85.87
2004	100.00	9.14	18.99	33.31	44.07	65.68	86.51
2005	100.00	10.64	21.19	35.61	46.17	67.07	87.06
2006	100.00	11.23	22.10	36.62	47.17	67.91	87.58
2007	100.00	11.95	22.86	37.39	47.88	68.41	87.81
2008	100.00	10.06	20.19	34.95	45.98	67.69	88.08
2009	100.00	7.94	17.21	32.18	43.77	66.74	88.12
2010	100.00	9.24	18.87	33.78	45.17	67.55	88.26
2011	100.00	8.86	18.70	33.89	45.39	67.82	88.45
<b>Total income tax share (percentage):</b>							
2001	100.00	15.68	33.22	52.24	63.68	81.56	95.10
2002	100.00	15.09	33.09	52.86	64.63	82.67	95.79
2003	100.00	15.37	33.69	53.54	64.89	82.76	95.93
2004	100.00	17.12	36.28	56.35	67.30	83.82	96.13
2005	100.00	18.91	38.78	58.93	69.46	85.07	96.41
2006	100.00	19.24	39.36	59.49	70.08	85.49	96.59
2007	100.00	19.84	39.81	59.90	70.41	85.71	96.64
2008	100.00	18.20	37.51	58.06	69.20	85.57	96.90
2009	100.00	16.91	36.34	58.17	69.89	86.74	97.54
2010	100.00	17.88	37.38	59.07	70.62	87.11	97.64
2011	100.00	16.14	35.06	56.49	68.26	85.62	97.11

N/A—Not applicable.

[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] For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2011 the CPI-U = 224.939.

[3] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from Form 4970, *Tax on Accumulation Distribution of Trusts*.

[4] The average tax rate was computed by dividing total income tax (see footnote 2) by adjusted gross income.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 6. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (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 2001–2011**

[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)
<b>Number of returns:</b>						
2001	119,370,886	59,685,443	89,528,165	107,433,797	113,402,342	118,177,177
2002	119,850,561	59,925,281	89,887,921	107,865,505	113,858,033	118,652,055
2003	120,758,947	60,379,474	90,569,210	108,683,052	114,721,000	119,551,358
2004	122,509,974	61,254,987	91,882,481	110,258,977	116,384,475	121,284,874
2005	124,673,055	62,336,528	93,504,791	112,205,750	118,439,402	123,426,324
2006	128,441,165	64,220,583	96,330,874	115,597,049	122,019,107	127,156,753
2007	[1] 132,654,911	66,327,456	99,491,183	119,389,420	126,022,165	131,328,362
2008	132,891,770	66,445,885	99,668,828	119,602,593	126,247,182	131,562,852
2009	132,619,936	66,309,968	99,464,952	119,357,942	125,988,939	131,293,737
2010	135,033,492	67,516,746	101,275,119	121,530,143	128,281,817	133,683,157
2011	136,585,712	68,292,856	102,439,284	122,927,141	129,756,426	135,219,855
<b>Adjusted gross income (millions of dollars):</b>						
2001	6,116,274	881,001	2,183,088	3,516,624	4,182,711	5,051,346
2002	5,982,260	867,431	2,170,726	3,509,933	4,170,166	5,021,907
2003	6,156,994	870,045	2,195,336	3,570,217	4,249,157	5,126,816
2004	6,734,554	908,348	2,311,404	3,766,385	4,491,456	5,455,674
2005	7,365,689	952,792	2,425,440	3,965,094	4,742,612	5,805,030
2006	7,969,813	989,682	2,557,775	4,210,079	5,051,390	6,208,693
2007	8,621,963	1,050,879	2,723,525	4,493,722	5,398,566	6,650,942
2008	8,206,158	978,122	2,651,575	4,433,269	5,338,428	6,549,387
2009	7,578,641	900,447	2,520,880	4,261,239	5,139,495	6,274,014
2010	8,039,779	944,099	2,608,826	4,408,415	5,323,580	6,522,633
2011	8,317,188	960,561	2,676,602	4,542,210	5,498,309	6,761,487
<b>Total income tax (millions of dollars): [2]</b>						
2001	884,931	43,344	163,175	321,406	422,643	590,963
2002	794,282	33,474	137,679	280,962	374,411	531,462
2003	745,514	30,351	128,499	261,722	346,338	494,368
2004	829,096	32,054	134,114	271,089	361,932	528,294
2005	931,693	33,431	139,143	284,578	382,625	570,430
2006	1,020,438	34,781	148,053	305,330	413,350	618,828
2007	1,111,872	37,371	158,909	328,969	445,851	669,239
2008	1,028,669	31,857	148,425	316,797	431,423	642,812
2009	863,486	21,200	114,465	259,982	361,213	549,660
2010	949,144	22,363	122,347	278,824	388,495	594,333
2011	1,042,571	30,109	149,953	330,907	453,605	677,052
<b>Average tax rate (percentage): [3]</b>						
2001	14.47	4.92	7.47	9.14	10.10	11.70
2002	13.28	3.86	6.34	8.00	8.98	10.58
2003	12.11	3.49	5.85	7.33	8.15	9.64
2004	12.31	3.53	5.80	7.20	8.06	9.68
2005	12.65	3.51	5.74	7.18	8.07	9.83
2006	12.80	3.51	5.79	7.25	8.18	9.97
2007	12.90	3.56	5.83	7.32	8.26	10.06
2008	12.54	3.26	5.60	7.15	8.08	9.81
2009	11.39	2.35	4.54	6.10	7.03	8.76
2010	11.81	2.37	4.69	6.32	7.30	9.11
2011	12.54	3.13	5.60	7.29	8.25	10.01

Footnotes at end of table.



# Individual Income Tax Rates and Shares, 2011

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**Table 6. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (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 2001–2011—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
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income share (percentage):</b>						
2001	100.00	14.40	35.69	57.50	68.39	82.59
2002	100.00	14.50	36.29	58.67	69.71	83.95
2003	100.00	14.13	35.66	57.99	69.01	83.27
2004	100.00	13.49	34.32	55.93	66.69	81.01
2005	100.00	12.94	32.93	53.83	64.39	78.81
2006	100.00	12.42	32.09	52.83	63.38	77.90
2007	100.00	12.19	31.59	52.12	62.61	77.14
2008	100.00	11.92	32.31	54.02	65.05	79.81
2009	100.00	11.88	33.26	56.23	67.82	82.79
2010	100.00	11.74	32.45	54.83	66.22	81.13
2011	100.00	11.55	32.18	54.61	66.11	81.30
<b>Total income tax share (percentage):</b>						
2001	100.00	4.90	18.44	36.32	47.76	66.78
2002	100.00	4.21	17.33	35.37	47.14	66.91
2003	100.00	4.07	17.24	35.11	46.46	66.31
2004	100.00	3.87	16.18	32.70	43.65	63.72
2005	100.00	3.59	14.93	30.54	41.07	61.23
2006	100.00	3.41	14.51	29.92	40.51	60.64
2007	100.00	3.36	14.29	29.59	40.10	60.19
2008	100.00	3.10	14.43	30.80	41.94	62.49
2009	100.00	2.46	13.26	30.11	41.83	63.66
2010	100.00	2.36	12.89	29.38	40.93	62.62
2011	100.00	2.89	14.38	31.74	43.51	64.94

[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] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from Form 4970, *Tax on Accumulation Distribution of Trusts*.

[3] The average tax rate was computed by dividing total income tax (see footnote 1) by adjusted gross income.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 7. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2011**

[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)
<b>Number of returns:</b>						
2001	119,370,886	1,193,709	5,968,544	11,937,089	29,842,722	59,685,443
2002	119,850,561	1,198,506	5,992,528	11,985,056	29,962,640	59,925,281
2003	120,758,947	1,207,589	6,037,947	12,075,895	30,189,737	60,379,474
2004	122,509,974	1,225,100	6,125,499	12,250,997	30,627,494	61,254,987
2005	124,673,055	1,246,731	6,233,653	12,467,306	31,168,264	62,336,528
2006	128,441,165	1,284,412	6,422,058	12,844,117	32,110,291	64,220,583
2007	[1] 132,654,911	1,326,549	6,632,746	13,265,491	33,163,728	66,327,456
2008	132,891,770	1,328,918	6,644,589	13,289,177	33,222,943	66,445,885
2009	132,619,936	1,326,199	6,630,997	13,261,994	33,154,984	66,309,968
2010	135,033,492	1,350,335	6,751,675	13,503,349	33,758,373	67,516,746
2011	136,585,712	1,365,857	6,829,286	13,658,571	34,146,428	68,292,856
<b>Income floor on percentiles (current dollars):</b>						
2001	N/A	338,608	136,580	97,538	58,195	31,185
2002	N/A	328,275	136,465	97,466	58,491	31,065
2003	N/A	340,175	138,852	99,177	59,298	31,207
2004	N/A	377,837	147,206	104,106	61,878	32,284
2005	N/A	418,709	157,306	109,543	63,929	33,035
2006	N/A	452,917	167,342	114,981	66,401	33,971
2007	N/A	479,542	174,409	119,564	68,487	34,989
2008	N/A	444,522	171,470	119,542	68,594	34,754
2009	N/A	394,632	163,619	115,951	66,785	33,573
2010	N/A	424,734	169,181	118,957	67,412	33,800
2011	N/A	437,881	174,843	121,947	68,747	34,243
<b>Income floor on percentiles (constant dollars): [2]</b>						
2001	N/A	249,895	100,797	71,984	42,948	23,015
2002	N/A	238,572	99,175	70,833	42,508	22,576
2003	N/A	241,602	98,616	70,438	42,115	22,164
2004	N/A	261,479	101,873	72,046	42,822	22,342
2005	N/A	280,260	105,292	73,322	42,790	22,112
2006	N/A	293,720	108,523	74,566	43,062	22,030
2007	N/A	302,359	109,968	75,387	43,182	22,061
2008	N/A	269,898	104,111	72,582	41,648	21,101
2009	N/A	240,483	99,707	70,659	40,698	20,459
2010	N/A	254,637	101,427	71,317	40,415	20,264
2011	N/A	254,434	101,594	70,858	39,946	19,897
<b>Income (millions of dollars):</b>						
2001	6,233,411	1,126,600	2,055,927	2,736,337	4,066,156	5,347,736
2002	6,128,227	1,029,459	1,947,021	2,628,978	3,968,247	5,253,569
2003	6,295,969	1,095,179	2,035,669	2,734,385	4,109,106	5,416,608
2004	6,901,138	1,353,085	2,393,943	3,144,051	4,603,186	5,984,157
2005	7,554,985	1,643,926	2,798,561	3,604,646	5,149,426	6,596,968
2006	8,207,438	1,865,450	3,138,777	4,014,270	5,674,201	7,213,785
2007	8,865,843	2,078,818	3,456,946	4,398,760	6,176,514	7,813,242
2008	8,425,973	1,769,982	3,094,388	4,030,296	5,813,865	7,449,613
2009	7,742,849	1,409,003	2,630,069	3,531,099	5,264,934	6,844,285
2010	8,281,575	1,664,610	2,976,275	3,919,743	5,714,330	7,335,054
2011	8,509,433	1,672,919	3,042,302	4,024,445	5,880,550	7,548,603

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 7. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2011—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
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total income tax (millions of dollars): [3]</b>						
2001	884,931	284,927	455,272	557,726	717,266	840,233
2002	794,282	253,551	411,671	507,083	652,529	759,423
2003	745,514	242,869	392,561	478,771	613,326	713,728
2004	829,096	290,915	459,555	552,298	691,364	795,814
2005	931,693	352,361	540,674	640,865	788,316	896,842
2006	1,020,438	389,673	596,816	707,802	867,486	983,924
2007	1,111,872	429,288	654,793	774,831	947,875	1,072,649
2008	1,028,669	371,962	586,042	703,879	874,955	995,045
2009	863,486	301,881	492,834	595,962	743,117	840,401
2010	949,144	341,053	549,474	662,135	821,104	925,107
2011	1,042,571	352,457	578,263	703,715	886,998	1,010,560
<b>Average tax rate (percentage): [4]</b>						
2001	14.20	25.29	22.14	20.38	17.64	15.71
2002	12.96	24.63	21.14	19.29	16.44	14.46
2003	11.84	22.18	19.28	17.51	14.93	13.18
2004	12.01	21.50	19.20	17.57	15.02	13.30
2005	12.33	21.43	19.32	17.78	15.31	13.59
2006	12.43	20.89	19.01	17.63	15.29	13.64
2007	12.54	20.65	18.94	17.61	15.35	13.73
2008	12.21	21.02	18.94	17.46	15.05	13.36
2009	11.15	21.43	18.74	16.88	14.11	12.28
2010	11.46	20.49	18.46	16.89	14.37	12.61
2011	12.25	21.07	19.01	17.49	15.08	13.39
<b>Income share (percentage):</b>						
2001	100.00	18.07	32.98	43.90	65.23	85.79
2002	100.00	16.80	31.77	42.90	64.75	85.73
2003	100.00	17.39	32.33	43.43	65.27	86.03
2004	100.00	19.61	34.69	45.56	66.70	86.71
2005	100.00	21.76	37.04	47.71	68.16	87.32
2006	100.00	22.73	38.24	48.91	69.13	87.89
2007	100.00	23.45	38.99	49.61	69.67	88.13
2008	100.00	21.01	36.72	47.83	69.00	88.41
2009	100.00	18.20	33.97	45.60	68.00	88.39
2010	100.00	20.10	35.94	47.33	69.00	88.57
2011	100.00	19.66	35.75	47.29	69.11	88.71
<b>Total income tax share (percentage):</b>						
2001	100.00	32.20	51.45	63.02	81.05	94.95
2002	100.00	31.92	51.83	63.84	82.15	95.61
2003	100.00	32.58	52.66	64.22	82.27	95.74
2004	100.00	35.09	55.43	66.61	83.39	95.99
2005	100.00	37.82	58.03	68.78	84.61	96.26
2006	100.00	38.19	58.49	69.36	85.01	96.42
2007	100.00	38.61	58.89	69.69	85.25	96.47
2008	100.00	36.16	56.97	68.43	85.06	96.73
2009	100.00	34.96	57.08	69.02	86.06	97.33
2010	100.00	35.93	57.89	69.76	86.51	97.47
2011	100.00	33.81	55.47	67.50	85.08	96.93

N/A—Not applicable.

[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] For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2011 the CPI-U = 224.939.

[3] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from Form 4970, *Tax on Accumulation Distribution of Trusts*.

[4] The average tax rate was computed by dividing total income tax (see footnote 2) by income.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# Individual Income Tax Rates and Shares, 2011

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**Table 8. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2011**

[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)
<b>Number of returns:</b>						
2001	119,370,886	59,685,443	89,528,165	107,433,797	113,402,342	118,177,177
2002	119,850,561	59,925,281	89,887,921	107,865,505	113,858,033	118,652,055
2003	120,758,947	60,379,474	90,569,210	108,683,052	114,721,000	119,551,358
2004	122,509,974	61,254,987	91,882,481	110,258,977	116,384,475	121,284,874
2005	124,673,055	62,336,528	93,504,791	112,205,750	118,439,402	123,426,324
2006	128,441,165	64,220,583	96,330,874	115,597,049	122,019,107	127,156,753
2007	[1] 132,654,911	66,327,456	99,491,183	119,389,420	126,022,165	131,328,362
2008	132,891,770	66,445,885	99,668,828	119,602,593	126,247,182	131,562,852
2009	132,619,936	66,309,968	99,464,952	119,357,942	125,988,939	131,293,737
2010	135,033,492	67,516,746	101,275,119	121,530,143	128,281,817	133,683,157
2011	136,585,712	68,292,856	102,439,284	122,927,141	129,756,426	135,219,855
<b>Income (millions of dollars):</b>						
2001	6,233,411	885,674	2,167,255	3,497,074	4,177,484	5,106,811
2002	6,128,227	874,658	2,159,980	3,499,249	4,181,206	5,098,768
2003	6,295,969	879,361	2,186,863	3,561,585	4,260,301	5,200,790
2004	6,901,138	916,982	2,297,953	3,757,088	4,507,195	5,548,053
2005	7,554,985	958,018	2,405,559	3,950,339	4,756,424	5,911,059
2006	8,207,438	993,653	2,533,238	4,193,168	5,068,661	6,341,988
2007	8,865,843	1,052,601	2,689,329	4,467,083	5,408,897	6,787,025
2008	8,425,973	976,360	2,612,108	4,395,677	5,331,585	6,655,991
2009	7,742,849	898,564	2,477,914	4,211,749	5,112,779	6,333,846
2010	8,281,575	946,521	2,567,245	4,361,832	5,305,300	6,616,966
2011	8,509,433	960,831	2,628,883	4,484,989	5,467,131	6,836,514
<b>Total income tax (millions of dollars): [2]</b>						
2001	884,931	44,696	167,665	327,205	429,658	600,004
2002	794,282	34,859	141,753	287,199	382,611	540,731
2003	745,514	31,787	132,197	266,743	352,953	502,645
2004	829,096	33,281	137,728	276,798	369,542	538,182
2005	931,693	34,851	143,378	290,829	391,019	579,332
2006	1,020,438	36,515	152,952	312,634	423,622	630,765
2007	1,111,872	39,222	163,996	337,038	457,079	682,584
2008	1,028,669	33,623	153,714	324,790	442,627	656,707
2009	863,486	23,084	120,370	267,525	370,648	561,605
2010	949,144	24,036	128,040	287,009	399,669	608,091
2011	1,042,571	32,008	155,573	338,859	464,307	690,114
<b>Average tax rate (percentage): [3]</b>						
2001	14.20	5.05	7.74	9.36	10.29	11.75
2002	12.96	3.99	6.56	8.21	9.15	10.61
2003	11.84	3.61	6.05	7.49	8.28	9.66
2004	12.01	3.63	5.99	7.37	8.20	9.70
2005	12.33	3.64	5.96	7.36	8.22	9.80
2006	12.43	3.67	6.04	7.46	8.36	9.95
2007	12.54	3.73	6.10	7.54	8.45	10.06
2008	12.21	3.44	5.88	7.39	8.30	9.87
2009	11.15	2.57	4.86	6.35	7.25	8.87
2010	11.46	2.54	4.99	6.58	7.53	9.19
2011	12.25	3.33	5.92	7.56	8.49	10.09

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2011

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**Table 8. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2011—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
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income share (percentage):</b>						
2001	100.00	14.21	34.77	56.10	67.02	81.93
2002	100.00	14.27	35.25	57.10	68.23	83.20
2003	100.00	13.97	34.73	56.57	67.67	82.61
2004	100.00	13.29	33.30	54.44	65.31	80.39
2005	100.00	12.68	31.84	52.29	62.96	78.24
2006	100.00	12.11	30.87	51.09	61.76	77.27
2007	100.00	11.87	30.33	50.39	61.01	76.55
2008	100.00	11.59	31.00	52.17	63.28	78.99
2009	100.00	11.61	32.00	54.40	66.03	81.80
2010	100.00	11.43	31.00	52.67	64.06	79.90
2011	100.00	11.29	30.89	52.71	64.25	80.34
<b>Total income tax share (percentage):</b>						
2001	100.00	5.05	18.95	36.98	48.55	67.80
2002	100.00	4.39	17.85	36.16	48.17	68.08
2003	100.00	4.26	17.73	35.78	47.34	67.42
2004	100.00	4.01	16.61	33.39	44.57	64.91
2005	100.00	3.74	15.39	31.22	41.97	62.18
2006	100.00	3.58	14.99	30.64	41.51	61.81
2007	100.00	3.53	14.75	30.31	41.11	61.39
2008	100.00	3.27	14.94	31.57	43.03	63.84
2009	100.00	2.67	13.94	30.98	42.92	65.04
2010	100.00	2.53	13.49	30.24	42.11	64.07
2011	100.00	3.07	14.92	32.50	44.53	66.19

[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] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from Form 4970, *Tax on Accumulation Distribution of Trusts*.

[3] The average tax rate was computed by dividing total income tax (see footnote 1) by income.

Source: IRS, Statistics of Income Division, Individual Income Tax Rates and Shares, December 2013

# High-Income Tax Returns for 2011

by Justin Bryan

The Tax Reform Act of 1976 requires annual publication of data on individual income tax returns reporting incomes of \$200,000 or more, including the number of such returns reporting no income tax liability and the importance of various tax provisions in making these returns nontaxable.<sup>1</sup> This article presents detailed data for high-income returns for 2011 and summary data for the period 1977 to 2010. Detailed data for the years 1974 through 2010 were published previously. (See the References section for more details.)

Two income concepts are used in this article to classify tax returns as high income: the statutory concept of adjusted gross income (AGI), and the “expanded income” concept.<sup>2</sup> The expanded income concept uses items reported on tax returns to obtain a more comprehensive measure of income than AGI. Specifically, expanded income is AGI *plus* tax-exempt interest, nontaxable Social Security benefits, the foreign-earned income exclusion, and items of “tax preference” for alternative minimum tax (AMT) purposes *less* unreimbursed employee business expenses, moving expenses, investment interest expense to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor.<sup>3,4,5</sup> Although expanded income is a more comprehensive measure of income than AGI, for some taxpayers the subtractions from AGI to arrive at expanded income exceed the additions, resulting in expanded income that is less than AGI.

There are also two tax concepts in this article used to classify returns as taxable or nontaxable: “U.S. income tax” and “worldwide income tax.” The first concept, U.S. income tax, is total Federal income tax liability, which includes the AMT, *less* all credits against income tax

and does not include payroll or self-employment taxes. To be considered taxable, a return had to have a positive income tax liability after accounting for all credits (including refundable credits). A nontaxable return, on the other hand, could either have a zero or negative income tax liability after accounting for all credits (including refundable credits). Since the Federal income tax applies to worldwide income and allows a credit (subject to certain limits) for income taxes paid to foreign governments, a return could be classified as nontaxable under the U.S. income tax concept even though income taxes had been paid to a foreign government. The second tax concept, worldwide income tax, addresses this circumstance by adding back the allowable foreign tax credit and foreign taxes paid on excluded foreign-earned income to U.S. income tax.<sup>6,7</sup> The sum of these two items is believed to be a reasonable proxy for foreign taxes actually paid.

For 2011, the number of expanded-income returns over \$200,000 increased 9.4 percent to almost 4.8 million returns. Of these, 15,000 returns had no worldwide income tax liability. This was a 6.7-percent decline in the number of returns with no worldwide income tax liability from 2010, and the second decrease in a row since reaching an all-time high of 19,551 returns in 2009. (For comparison, the total number returns filed increased 1.7 percent from 2009 to 2010 and again from 2010 to 2011.) Tax-exempt interest was the primary reason for nontaxability on more than half (58.2 percent) of these returns. The \$200,000 threshold was fixed in statute in 1976 and not adjusted for inflation. In 2011 dollars, one would need to have \$790,647 of income to have the same purchasing powers as having \$200,000 of income in 1976. Using an inflation-adjusted threshold, there were roughly 440,000 high expanded-income returns, a 1.5-percent increase from 2010. However, the number of expanded-income returns with no worldwide income tax using an inflation-adjusted threshold showed an increase of 7.8 percent, from 820 to 884 returns. This was still substantially down from the all-time high of 1,252 returns in 2009.

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<sup>1</sup> The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

<sup>2</sup> The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (98 Stat. at 815) eliminated the requirement to use the last two income concepts.

<sup>3</sup> The definition of adjustments to AGI to obtain the expanded income given in the text is for the current year. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.

<sup>4</sup> See Notes to Appendix A, note A4.

<sup>5</sup> Tax-exempt interest had to be reported on the individual income tax return starting with Tax Year 1987 and is included in expanded income starting with that year. Beginning with Tax Year 1991, tax-exempt interest was incorporated into the criteria used for sampling returns for Statistics of Income, thus increasing the reliability of the estimates of expanded income.

<sup>6</sup> See Appendix B for a discussion of the tax concepts. In data published for years prior to 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income—Individual Income Tax Returns* (see Reference section), the “U.S. income tax” concept was described as “total income tax,” and the “worldwide income tax” concept was described as “modified total income tax.”

<sup>7</sup> The inclusion of foreign taxes paid on excluded foreign-earned income, beginning with Tax Year 1990, represents an improvement in the worldwide income tax concept. However, it does represent a slight break in the year-to-year comparability of data for worldwide income tax. However, the number of returns with foreign taxes paid on excluded foreign-earned income is extremely small compared to the number of returns with the foreign tax credit.

# High-Income Tax Returns for 2011

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## Detailed Data for 2011

Tables 1 through 12 present data based on income tax returns for 2011, mainly those with income of \$200,000 or more (measured in current-year dollars) of AGI or expanded income. Most of the data are shown for taxable and nontaxable returns, both separately and combined. In summary, the tables show:

- The numbers of returns under the two tax concepts, cross-classified by broad AGI and expanded-income size classes (Tables 1 and 2);
- The distributions of taxable income as a percentage of AGI and expanded income (Tables 3 and 4);
- The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax credits, as well as the relationship between the two income concepts (Tables 5 and 6);
- The frequencies with which various deductions and tax credits are the most important and second most important items in reducing (or eliminating) income tax (Tables 7 and 8);
- The frequencies with which various itemized deductions, tax credits, and tax preference items occur as certain percentages of income (Tables 9 and 10); and
- The distributions of effective tax rates, i.e., income tax under each definition as a percentage of income, by broad income-size classes (Tables 11 and 12).

The odd-numbered tables use the U.S. income tax concept to classify returns as taxable or nontaxable, whereas the even-numbered tables use the worldwide income tax concept.

## Number of High-Income Returns

For 2011, some 4.7 million individual income tax returns with an AGI of \$200,000 or more accounted for 3.2 percent of all returns for the year, while 4.8 million returns with an expanded income of \$200,000 or more accounted for 3.3 percent (Tables 1 and 2). This represents a 9.4-percent increase in the number of high-income returns for both measures from 2010.

In the top panel of Figure A, the \$200,000 threshold for high-income returns is measured in current-year

(nominal) dollars. Because it is fixed in nominal terms, as time passes, more and more tax returns have had incomes that exceed this threshold simply due to inflation. Therefore, to facilitate comparison of tax returns across time, the nominal threshold is adjusted for inflation in the bottom panel of Figure A. This panel shows what the \$200,000 threshold in 1976 would be each year after adjusting for inflation, and the implications of making that adjustment.<sup>8</sup> For Tax Year 2011, this inflation-adjusted threshold was \$790,647.

From 1977 to 2011, the number of returns reporting incomes of \$200,000 or more generally increased annually, making up a larger share of all tax returns each year. The exceptions to this reflect the economic down-turns in Tax Years 2001, 2002, 2008, and 2009. For these years, both the number of high-income returns and their share of all tax returns decreased. The general trend of a rise in the number of returns and their respective share of all tax returns is similar when using the inflation-adjusted income threshold. However, the increases are much smaller, and the number of returns above the inflation-adjusted threshold decreased in additional years, e.g., Tax Years 1980, 1981, 1989, 1991, and 1993. Many of these years also coincided with economic downturns.

The difference in the number of high-income returns between the two income concepts significantly decreased beginning with 1987, when AGI began to include 100 percent of long-term capital gains. This change in the definition of AGI made it more comparable to the expanded income concept. In addition, due to the inclusion of tax-exempt interest in expanded income in 1987, expanded income for years after 1986 is not strictly comparable to expanded income for years before 1987.

Under the expanded-income concept, the total number of high-income returns above the inflation-adjusted threshold for 2011 was roughly 440,000 or 7.5 times the number for 1977. In comparison, without adjusting for inflation, the number of high-income returns for 2011 was 70.4 times as large as for 1977. (The total number of returns in 2011 was 1.7 times greater than the number of returns in 1977.) For 2011, the share of returns that were high expanded income, using the inflation-adjusted threshold, decreased marginally to 0.303 percent from 0.304 percent in 2010. In contrast, using the expanded-income definition and a nominal \$200,000 threshold, the share of filers above this threshold increased from 3.0 percent in 2010 to 3.3 percent in 2011. Figure B shows, using the expanded-income definition,

<sup>8</sup> Inflation-adjusted dollars are based on the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics. The consumer price index approximates buying patterns of typical urban consumers. The annual index is the average of the monthly indices.

**Figure A**

## All Returns and Returns with Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Income Concept, Tax Years 1977–2011

Tax year	All returns	\$200,000 income threshold measured in current dollars			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)
1977	86,634,640	53,403	67,580	0.062	0.078
1978	89,771,551	68,506	85,137	0.076	0.095
1979	92,694,302	93,731	122,231	0.101	0.132
1980	93,902,459	117,250	149,826	0.125	0.160
1981	95,396,123	138,136	175,092	0.145	0.184
1982	95,337,432	169,367	207,291	0.178	0.217
1983	96,321,310	198,608	249,319	0.206	0.259
1984	99,438,708	243,760	310,042	0.245	0.312
1985	101,660,287	296,507	370,340	0.292	0.364
1986	103,045,170	374,363	529,460	0.363	0.514
1987	106,996,270	539,967	557,848	0.505	0.521
1988	109,708,280	725,345	737,659	0.661	0.672
1989	112,135,673	786,063	814,152	0.701	0.726
1990	113,717,138	834,957	860,940	0.734	0.757
1991	114,730,123	846,707	892,178	0.738	0.778
1992	113,604,503	954,747	989,522	0.840	0.871
1993	114,601,819	993,326	1,043,213	0.867	0.910
1994	115,943,131	1,109,498	1,153,829	0.957	0.995
1995	118,218,327	1,272,508	1,319,382	1.076	1.116
1996	120,351,208	1,523,407	1,572,114	1.266	1.306
1997	122,421,991	1,807,900	1,854,031	1.477	1.514
1998	124,770,662	2,085,211	2,132,301	1.671	1.709
1999	127,075,145	2,429,942	2,479,556	1.912	1.951
2000	129,373,500	2,771,577	2,807,804	2.142	2.170
2001	130,255,237	2,567,220	2,605,021	1.971	2.000
2002	130,076,443	2,414,128	2,464,515	1.856	1.895
2003	130,423,626	2,536,439	2,573,133	1.945	1.973
2004	132,226,042	3,021,435	3,067,602	2.285	2.320
2005	134,372,678	3,566,125	3,584,012	2.654	2.667
2006	138,394,754	4,064,883	4,094,953	2.937	2.959
2007	142,978,806	4,535,623	4,576,315	3.172	3.201
2008	142,450,569	4,375,660	4,416,986	3.072	3.101
2009	140,494,127	3,924,489	3,975,288	2.793	2.830
2010	142,892,051	4,296,307	4,347,756	3.007	3.043
2011	145,370,240	4,700,056	4,758,256	3.233	3.273

Footnotes at end of figure.

the share of returns above the nominal \$200,000 threshold and the inflation-adjusted threshold.

Based on AGI, the number of returns for 2011 above the inflation-adjusted threshold was just over 430,000 or 9.4 times the number for 1977. In comparison, the number of high returns above the nominal \$200,000 threshold was 88.0 times as large as for 1977. For Tax Year 2011, the share of returns above the inflation-adjusted threshold

increased marginally to 0.296 percent from 0.295 percent in 2010.

### Nontaxable High-Income Returns

Tables 1 and 2 also show the number of all returns, taxable returns, and nontaxable returns, cross classified by broad AGI and expanded-income size classes. Most returns fall in the same broad income-size class under both



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**Figure A—Continued**

## All Returns and Returns with Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Income Concept, Tax Years 1977–2011—Continued

Tax year	Current dollar income threshold equal to \$200,000 in 1976 dollars (whole dollars) [1]	\$200,000 inflation-adjusted income threshold			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(6)	(7)	(8)	(9)	(10)
1977	213,005	45,931	58,991	0.053	0.068
1978	229,174	49,388	62,556	0.055	0.070
1979	255,184	55,542	76,479	0.060	0.083
1980	289,631	52,512	71,704	0.056	0.076
1981	319,508	50,880	71,146	0.053	0.075
1982	339,192	59,411	81,297	0.062	0.085
1983	350,088	67,310	93,977	0.070	0.098
1984	365,202	80,800	116,389	0.081	0.117
1985	378,207	95,740	134,715	0.094	0.133
1986	385,237	119,550	191,596	0.116	0.186
1987	399,297	161,408	169,942	0.151	0.159
1988	415,817	235,051	241,201	0.214	0.220
1989	435,852	217,685	228,530	0.194	0.204
1990	459,400	216,716	228,659	0.191	0.201
1991	478,735	183,442	195,743	0.160	0.171
1992	493,146	213,783	227,354	0.188	0.200
1993	507,909	201,236	212,853	0.176	0.186
1994	520,914	204,532	214,673	0.176	0.185
1995	535,677	237,770	248,077	0.201	0.210
1996	551,494	278,342	288,194	0.231	0.239
1997	564,148	335,040	345,869	0.274	0.283
1998	572,934	385,183	396,207	0.309	0.318
1999	585,589	436,118	446,583	0.343	0.351
2000	605,272	482,396	492,589	0.373	0.381
2001	622,495	391,901	400,906	0.301	0.308
2002	632,337	345,892	356,402	0.266	0.274
2003	646,749	356,727	367,012	0.274	0.281
2004	663,972	436,583	445,934	0.330	0.337
2005	686,467	519,216	527,126	0.386	0.392
2006	708,612	569,893	581,199	0.412	0.420
2007	728,794	606,026	618,154	0.424	0.432
2008	756,777	487,656	498,470	0.342	0.350
2009	754,084	372,665	383,354	0.265	0.273
2010	766,453	421,604	433,924	0.295	0.304
2011	790,647	430,127	440,529	0.296	0.303

[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers using 1976 as the base year. See footnote 8 of this article for further details.

NOTES: This figure is based on U.S. Individual Income Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

income concepts, but the number of nontaxable returns is generally greater in each income class over \$50,000 when income is measured by expanded income rather than by AGI.

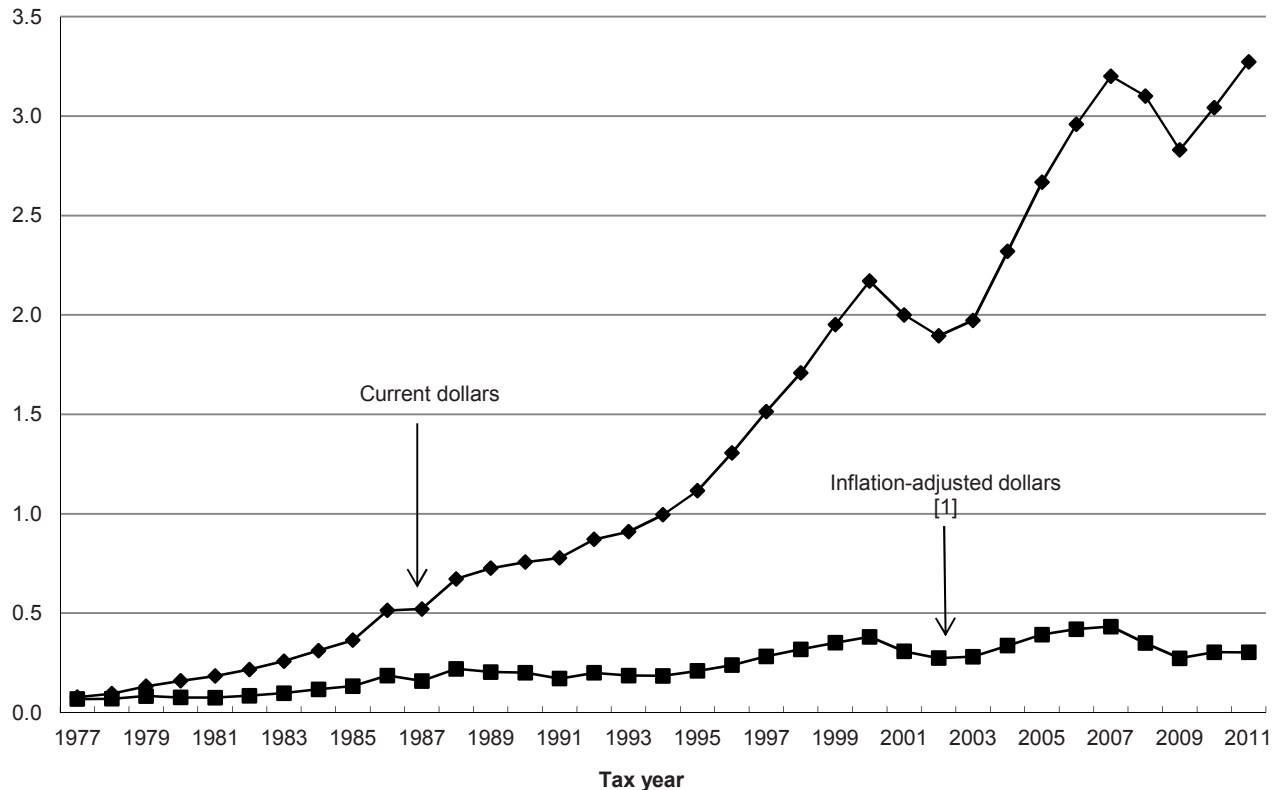
Table 1 and the top panel of Figure C show that of the 4.7 million income tax returns with an AGI of

\$200,000 or more, 19,563 showed no U.S. income tax liability. They also show that of the 4.8 million tax returns with expanded income of \$200,000 or more, 32,902 had no U.S. income tax liability and of the 4.6 million returns with incomes of \$200,000 or more as measured by both AGI and expanded income, 16,582 returns had

**Figure B**

**Returns with Expanded Income of \$200,000 or More: Percentage of All Returns, Measured in Current and Inflation-Adjusted Dollars, Tax Years 1977-2011**

Percentage of returns



[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers using 1976 as the base year. See footnote 8 of this article for further details.

NOTES: This figure is based on U.S. Individual Income Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

no U.S. income tax liability. This represents a 2.9-percent increase for high-AGI returns and 1.4-percent increase for high-expanded returns with no U.S. income tax from 2010. Additionally, for 2010, of the 4.3 million returns with an AGI of \$200,000 or more, 19,003 returns had no U.S. income tax liability, and of the 4.3 million returns with expanded income of \$200,000 or more, 32,441 had no U.S. income tax liability.

Table 2 and the top panel of Figure C also show that of the 4.7 million returns with an AGI of \$200,000 or more, 7,557 returns showed no worldwide income tax liability. They also show that of the 4.8 million tax returns with expanded income of \$200,000 or more, 15,000 had no worldwide income tax liability and of the 4.6 million returns with incomes of \$200,000 or more as measured

by both AGI and expanded income, 4,700 returns had no worldwide income tax. This represents a 6.1-percent decrease for high-AGI returns and 6.7-percent decrease for high-expanded returns with no worldwide tax from 2010. For 2010, there were 8,046 returns with an AGI of \$200,000 or more that had no worldwide income tax liability and 16,082 returns with expanded income of \$200,000 or more that had no worldwide income tax liability.

The lower panel of Figure C shows the number and share of returns above the inflation-adjusted threshold (measured using either AGI or expanded income) that had no U.S. income tax or no worldwide income tax. Measured using AGI, 2,327 returns above the inflation-adjusted threshold had no U.S. income tax liability in

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**Figure C**

## Nontaxable Returns with Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Tax and Income Concept, Tax Years 1977–2011

Tax year	\$200,000 income threshold measured in current dollars							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1977	60	85	37	64	0.112	0.126	0.069	0.095
1978	98	105	60	67	0.143	0.123	0.088	0.079
1979	70	114	28	64	0.075	0.093	0.030	0.052
1980	143	198	56	114	0.122	0.132	0.048	0.076
1981	226	304	79	114	0.164	0.174	0.057	0.065
1982	262	299	109	153	0.155	0.144	0.064	0.074
1983	447	579	321	437	0.225	0.232	0.162	0.175
1984	532	325	471	271	0.218	0.105	0.193	0.087
1985	612	613	442	454	0.206	0.166	0.149	0.123
1986	659	595	437	379	0.176	0.112	0.117	0.072
1987	857	472	740	364	0.159	0.085	0.137	0.065
1988	822	397	731	309	0.113	0.054	0.101	0.042
1989	1,081	779	987	691	0.138	0.096	0.126	0.085
1990	1,219	1,183	1,114	1,087	0.146	0.137	0.133	0.126
1991	1,253	1,933	1,131	1,740	0.148	0.217	0.134	0.195
1992	909	1,896	823	1,799	0.095	0.192	0.086	0.182
1993	1,022	2,392	932	1,950	0.103	0.229	0.094	0.187
1994	1,137	2,574	1,061	2,161	0.102	0.223	0.096	0.187
1995	998	2,676	896	1,746	0.078	0.203	0.070	0.132
1996	1,044	1,820	950	1,660	0.069	0.116	0.062	0.106
1997	1,189	1,814	1,048	1,562	0.066	0.098	0.058	0.084
1998	1,467	2,224	1,283	1,914	0.070	0.104	0.062	0.090
1999	1,605	2,525	1,398	2,174	0.066	0.102	0.058	0.088
2000	2,328	2,766	2,022	2,320	0.084	0.099	0.073	0.083
2001	3,385	4,910	2,875	4,119	0.132	0.188	0.112	0.158
2002	2,959	5,650	2,551	4,922	0.123	0.229	0.106	0.200
2003	2,824	5,839	2,416	4,934	0.111	0.227	0.095	0.192
2004	2,833	5,028	2,420	4,101	0.094	0.164	0.080	0.134
2005	7,389	10,680	4,224	5,420	0.207	0.298	0.118	0.151
2006	8,252	11,014	4,123	4,322	0.203	0.269	0.101	0.106
2007	11,600	14,794	5,497	5,197	0.256	0.323	0.121	0.114
2008	22,257	31,539	12,326	17,127	0.509	0.714	0.282	0.388
2009	20,752	35,061	10,080	19,551	0.529	0.882	0.257	0.492
2010	19,003	32,441	8,046	16,082	0.442	0.746	0.187	0.370
2011	19,563	32,902	7,557	15,000	0.416	0.691	0.161	0.315

Footnotes at end of figure.

2011, up 8.2 percent from the previous year. Additionally, 633 returns showed no worldwide income tax liability, up 1.9 percent from 2010. Measured using expanded income, 2,754 returns above the inflation-adjusted threshold had no U.S. income tax liability, a 9.2-percent increase from the number of returns for 2010. Additionally, 884 returns showed no worldwide income tax liability, up 7.8 percent from the previous year.

Moving from the nominal \$200,000 threshold to an inflation-adjusted threshold does not generally change substantially the share of high-income returns that are nontaxable. Using AGI and a nominal \$200,000 threshold, 0.4 percent of high-income returns had no U.S. income tax, and 0.2 percent had no worldwide tax in 2011. In comparison, using an inflation-adjusted threshold, 0.5 percent of high-income returns had no U.S. income tax

**Figure C—Continued**

**Nontaxable Returns with Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Tax and Income Concept, Tax Years 1977–2011—Continued**

Tax year	\$200,000 inflation-adjusted income threshold [1]							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1977	54	75	32	56	0.118	0.127	0.070	0.095
1978	62	70	31	39	0.126	0.112	0.063	0.062
1979	38	71	15	39	0.068	0.093	0.027	0.051
1980	56	71	22	39	0.107	0.099	0.042	0.054
1981	53	87	21	55	0.104	0.122	0.041	0.077
1982	58	68	27	36	0.098	0.084	0.045	0.044
1983	138	135	113	108	0.205	0.144	0.168	0.115
1984	170	78	160	66	0.210	0.067	0.198	0.057
1985	190	155	137	99	0.198	0.115	0.143	0.073
1986	201	189	138	120	0.168	0.099	0.115	0.063
1987	312	126	271	85	0.193	0.074	0.168	0.050
1988	277	141	251	116	0.118	0.058	0.107	0.048
1989	293	128	269	106	0.135	0.056	0.124	0.046
1990	339	169	307	137	0.156	0.074	0.142	0.060
1991	301	305	273	277	0.164	0.156	0.149	0.142
1992	171	288	148	264	0.080	0.127	0.069	0.116
1993	180	323	160	300	0.089	0.152	0.080	0.141
1994	227	345	209	329	0.111	0.161	0.102	0.153
1995	202	281	174	252	0.085	0.113	0.073	0.102
1996	236	275	213	254	0.085	0.095	0.077	0.088
1997	256	247	222	214	0.076	0.071	0.066	0.062
1998	290	289	251	253	0.075	0.073	0.065	0.064
1999	351	343	296	293	0.080	0.077	0.068	0.066
2000	464	365	390	290	0.096	0.074	0.081	0.059
2001	694	648	567	519	0.177	0.162	0.145	0.129
2002	520	616	437	530	0.150	0.173	0.126	0.149
2003	407	567	339	485	0.114	0.154	0.095	0.132
2004	350	396	301	344	0.080	0.089	0.069	0.077
2005	1,166	1,236	625	624	0.225	0.234	0.120	0.118
2006	1,257	1,111	512	306	0.221	0.191	0.090	0.053
2007	1,524	1,369	565	314	0.251	0.221	0.093	0.051
2008	3,001	2,861	1,436	1,116	0.615	0.574	0.294	0.224
2009	2,268	2,841	874	1,252	0.609	0.741	0.235	0.327
2010	2,151	2,520	621	820	0.510	0.581	0.147	0.189
2011	2,327	2,754	633	884	0.541	0.625	0.147	0.201

[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers using 1976 as the base year. See footnote 8 of this article for further details.

NOTES: This figure is based on U.S. Individual Income Tax Returns. See Figure H for the derivation of U.S. income tax and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits were factored in to determine tax liability. In order to maintain historical comparability, Tax Years 2007 and 2008 data were recalculated using the new criteria. However, 2007 and 2008 tables, published earlier, do not reflect these changes. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

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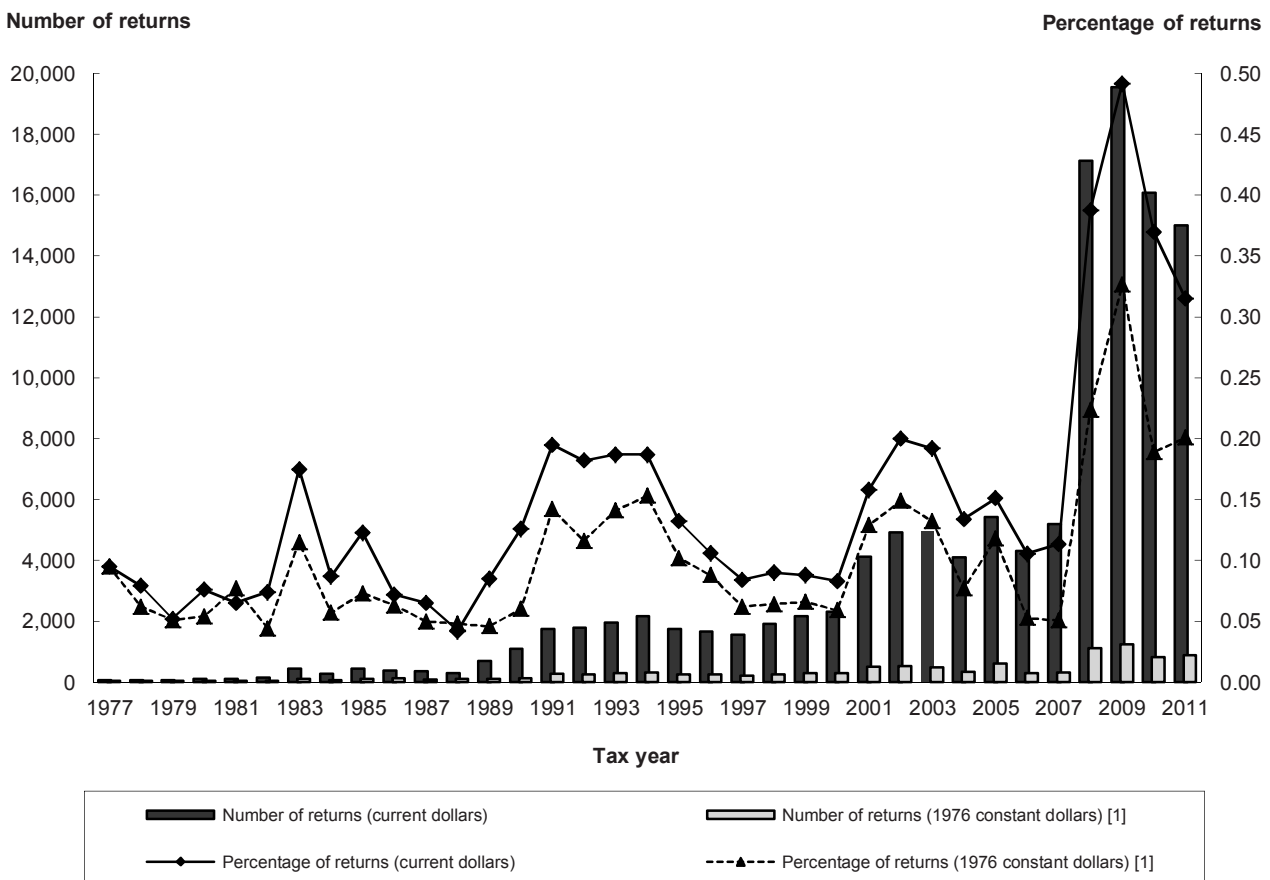
and 0.1 percent had no worldwide tax. Similarly, when using expanded income and a nominal \$200,000 threshold, 0.7 percent of high-income returns had no U.S. income tax, and 0.3 percent had no worldwide tax in 2011, while an inflation-adjusted threshold showed that 0.6 percent had no U.S. income tax and 0.2 percent had no worldwide tax.

Figure D shows for 1977 through 2011 the number of returns with expanded income of \$200,000 or more

with no worldwide income tax (left-scale) and their proportion of all high expanded-income returns (right-scale). These data are shown for returns exceeding the nominal \$200,000 threshold and the returns exceeding the inflation-adjusted threshold. In this figure, the spread between the two percentage lines was small for the late 1970s, showed an increase for the early 1980s, and then narrowed before widening again after 1988. The spread generally narrowed after 1993 but has increased or stayed

**Figure D**

**Returns with Expanded Income of \$200,000 or More: Number and Percentage of Returns with No Worldwide Income Tax, Measured in Current and Inflation-Adjusted Dollars, Tax Years 1977–2011**



[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers using 1976 as the base year. See footnote 8 of this article for further details.

NOTES: This figure is based on U.S. Individual Income Tax Returns. See Figure H for the derivation of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. In order to maintain historical comparability, Tax Years 2007 and 2008 data were recalculated using the new criteria. However, 2007 and 2008 tables, published earlier, do not reflect these changes. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

fairly consistent from 2002 to 2007. From 2007 to 2010, the spread widened considerably before narrowing in 2011. The gap (more than 0.1 percentage points) for 2011 was still high compared with most of the years in this study.

Note that because the number of nontaxable returns with expanded income of \$200,000 or more is based on samples, year-to-year differences in the number and percentages of nontaxable returns with expanded income of \$200,000 or more may represent sampling variability, in addition to actual changes in the number of such returns. Beginning with Tax Year 1991, nontaxable returns with expanded income of \$200,000 or more were sampled at higher rates, which reduced the sampling variability of these returns and, therefore, provided improved estimates. Thus, the data for returns prior to 1991 are not entirely comparable with data for more recent years.

## Reasons for Nontaxability

It is possible for certain itemized deductions and certain exclusions from income to lead to nontaxability by themselves, but high-income returns are more often nontaxable for a combination of reasons, none of which alone would result in nontaxability. Moreover, some items, either singly or in combination, may eliminate “regular tax” liability (i.e., income tax excluding the AMT, but cannot eliminate an AMT liability, since these items give rise to adjustments or preferences for AMT purposes).

Because they do not generate AMT adjustments or preferences, tax-exempt bond interest, itemized deductions for interest expenses, miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor, casualty or theft losses, and medical expenses (exceeding 10 percent of AGI) could, by themselves, produce nontaxability.

Due to the AMT exemption of \$74,450 on joint returns (\$48,450 on single and head-of-household returns and \$37,225 on returns of married taxpayers filing separately), a return could have been nontaxable even though it included some items that produced AMT adjustments or preferences.<sup>9</sup> Further, since the starting point for “alternative minimum taxable income” was taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative due to itemized deductions and

personal exemptions exceeding AGI, such that the taxpayer’s AMT adjustments and preferences are less than the sum of the AMT exclusion and the amount by which regular taxable income is below zero. Note that, because of the AMT, taxpayers may have found it beneficial to report additional deduction items on their tax returns, even if the items did not produce a benefit for regular tax purposes.

Tables 7 and 8 classify tax returns by items having the largest and second largest effects in reducing or eliminating income tax. For returns on which each of the largest effects was identified, the tables show each of the second largest effects.<sup>10</sup> For example, Table 7 shows that on taxable returns with some U.S. income tax and expanded income of \$200,000 or more, the taxes paid deduction was the most important item 57.3 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 60.3 percent of the time, and the charitable contributions deduction was the second most important item 24.8 percent of the time. The foreign tax credit was the largest reason for nontaxability for both AGI (55.5 percent of the time) and expanded income returns with no income tax (42.8 percent of the time). However, in determining worldwide tax, this no longer has an effect (by definition).

On returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in eliminating tax, on 58.2 percent of returns, was the exclusion for State and local Government interest (“tax-exempt interest”) (Table 8). For these returns, the itemized deduction for taxes paid was the second most important item 25.3 percent of the time, and the deduction for medical and dental expenses was the second most important reason 18.5 percent of the time.

Table 8 also shows that the four categories with the largest effect in reducing taxes on high adjusted-gross-income returns with no worldwide income tax were the total miscellaneous deductions (2,272 returns, or 30.1 percent of the 7,557 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); medical and dental expense deduction (1,222 returns, or 16.2 percent); charitable contributions deduction (1,104 returns, or 14.6 percent); and partnership and S corporation net losses (764 returns, or 10.1 percent). Figure E also shows these effects.

For high expanded-income returns with no worldwide income tax, four categories that most frequently had

<sup>9</sup> The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status. But, since taxpayers will have some AMT liability in the phaseout range, the phaseout income is not relevant for nontaxable, high-income returns.

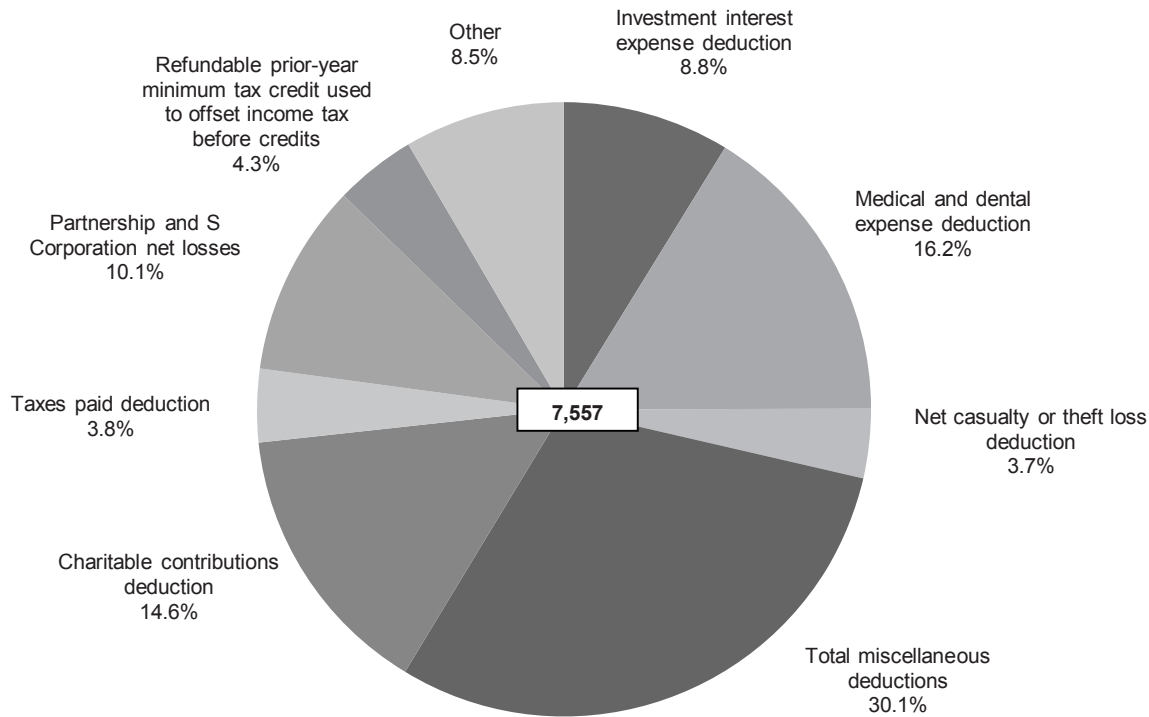
<sup>10</sup> Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

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**Figure E**

**Returns with No Worldwide Income Tax and with Adjusted Gross Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2011**



NOTES: Detail may not add to 100 percent because of rounding. This figure is based on U.S. Individual Income Tax Returns. See Figure H for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

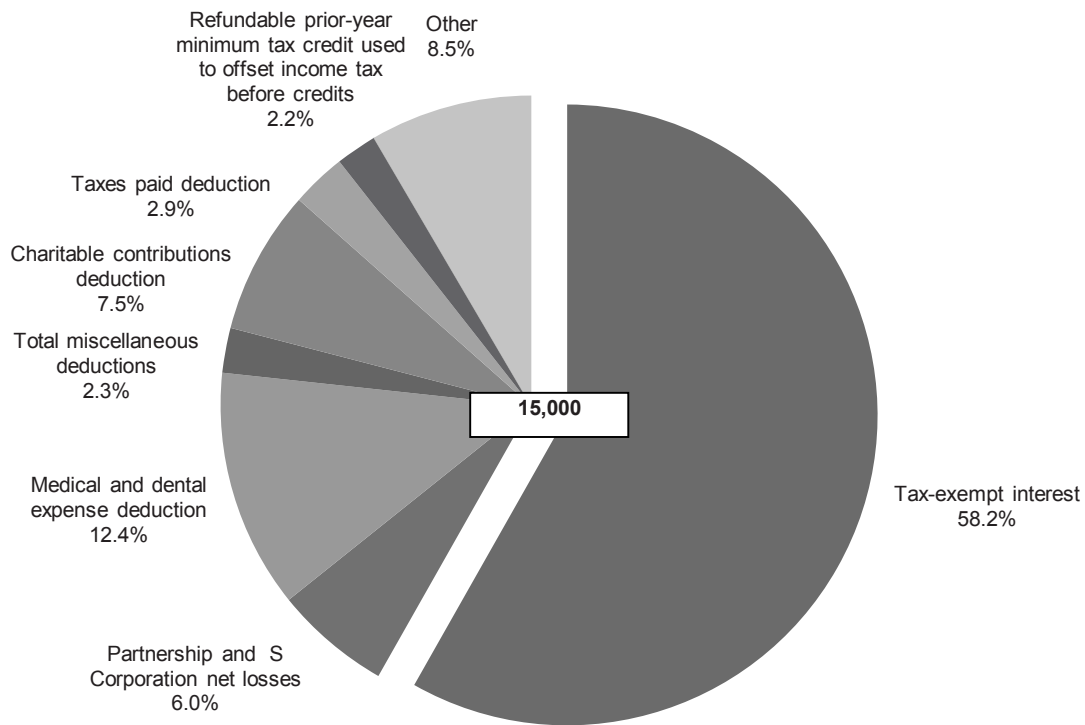
the largest effect in reducing taxes were: 1) tax-exempt interest (8,728 returns, or 58.2 percent of the 15,000 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); 2) medical and dental expense deductions (1,866 returns, or 12.4 percent); 3) charitable contributions deduction (1,126 returns, or 7.5 percent); and 4) partnership and S corporation net losses (907 returns, or 6.0 percent). Figure F also shows these effects.

Table 8 also shows that the items that most frequently had the second largest effect in reducing regular tax liability for high expanded-income returns with no worldwide tax were the deduction for taxes paid (3,423 returns, or 22.8 percent) and charitable contributions (2,056 returns, or 13.7 percent).

Tables 9 and 10 present another way of illustrating the importance of various tax provisions in reducing or eliminating income tax by showing the number of times that various items reduced income by different percentages of income. Also, unlike Tables 7 and 8, these tables cover only nontaxable returns, i.e., returns showing no income tax liability. Table 9 shows high-income returns with no U.S. income tax, and Table 10 shows high-income returns with no worldwide income tax. The items include the various categories of itemized deductions, deduction equivalents of four different types of tax credits, and total tax preferences excluded from income. For example, for high expanded-income returns with no worldwide income tax (Table 10), the itemized deduction for medical and dental expenses exceeded 100 percent

**Figure F**

**Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2011**



NOTES: Detail may not add to 100 percent because of rounding. This figure is based on U.S. Individual Income Tax Returns. See Figure H for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.  
Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

of expanded income on 257 of the 15,000 returns, but there were no medical and dental expense deductions on 6,848 returns.

### Distribution of Tax Levels

Tables 3 and 4 show the distributions of high-income returns by the ratios of “adjusted” taxable income to either AGI or expanded income. Taxable income was adjusted for these tables by subtracting the deduction equivalents of tax credits and other items from taxable income.<sup>11</sup> Thus, the tables show the extent to which AGI or expanded income, respectively, is reduced before taxes are imposed on the remaining income. The tables also illustrate three important facts about high-income tax

returns. The following examples are drawn from the “expanded income” columns in Table 4 for worldwide tax:

- Only a small portion of all high-income taxpayers did not pay any income taxes (0.3 percent).
- Another group of high-income taxpayers—small, but larger than the nontaxable group—was able to offset a very substantial fraction of income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income. Such taxpayers may be called “nearly nontaxables.” About 0.8 percent of high expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce their

<sup>11</sup> See Appendix B for a description of how the deduction equivalent of credits was computed.



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adjustable taxable income to less than 25 percent of their expanded income.

- Overall, most high-income taxpayers were subject to tax on a large share of their income and, consequently, reported very substantial amounts of tax (66.5 percent of high expanded-income taxpayers had adjusted taxable income equal to 80 percent or more of expanded income; and 95.6 percent had adjusted taxable income equal to 50 percent or more of expanded income).

Tables 11 and 12 show the distributions of tax returns by tax burden. These two tables classify all tax returns by both size of income and effective tax rate, i.e., income tax as a percentage of either adjusted gross income or expanded income. The tables illustrate the wide dispersion of effective tax rates for high-income returns. For example, Table 12 shows that, while 2.4 percent of returns with adjusted gross income of \$200,000 or more had either no worldwide income tax or worldwide income tax of less than 10 percent of adjusted gross income, 20.2 percent had effective tax rates of 25 percent or more. Also, 31.5 percent had effective tax rates between 20 and 25 percent. In contrast, only 2.8 percent of taxpayers with AGI between \$100,000 and \$200,000 had effective tax rates of 20 percent or more, including 0.2 percent with effective tax rates of 25 percent or more.

## Characteristics of Tax Returns

Tables 5 and 6 show, in the aggregate, the frequencies and amounts of the types of income, the items of tax preference, and the various deductions, credits, and income taxes shown on high-income returns. By comparing the columns for nontaxable returns with those for taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, returns without worldwide income tax under the expanded-income concept (Table 6) were much more likely (85.7 percent) than taxable returns (28.9 percent) to have tax-exempt interest, and when they did, the average amount (\$261,475 for nontaxable returns) was much higher (\$32,783 for all taxable returns). Similarly, nontaxable returns were much less likely to have any income from salaries and wages. Only 30.4 percent of the nontaxable returns had wages. In contrast, 88.4 percent of all high-income returns had wages.

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## Appendix A: Income Concepts

Congress wanted data on high-income taxpayers classified by an income concept that was more comprehensive than adjusted gross income (AGI), but that was based entirely on items already reported on income tax returns. To derive such an income concept, it was necessary to begin with a broad, inclusive concept of income. AGI must then be compared to this broad income concept, and the differences (both additions and subtractions) that can be determined from items reported on tax returns identified.

This appendix begins by defining “Haig-Simons income,” a very broad concept of income used by economists and others as a standard. AGI is then compared to Haig-Simons income, and the major differences between the two income concepts are listed. The next section defines “expanded income,” a more comprehensive income measure than AGI, based entirely on tax return data, and the final section explains in some detail the adjustment to income for investment expenses.

### Haig-Simons Income

The broadest measure of annual income generally used by economists and others is defined as the value of a

household’s consumption plus the change, if any, in its net worth. This income concept is referred to as Haig-Simons income, or H-S income, after the two economists who wrote extensively about it [A1]. The H-S income of a household that consumed \$25,000 and saved \$2,000 in a year would be \$27,000. Alternatively, the H-S income of a household that consumed \$25,000 and had no additions to savings, but had assets that declined in value by \$1,000 in a year, would be \$24,000.

H-S income consists of three broad components: labor income, capital income (income from assets), and income from transfer payments. The major elements of each of these three components are as follows:

*Labor income*—This includes all forms of employee compensation (including wages and salaries), employee fringe benefits (such as employer-provided health insurance and accrued pension benefits or contributions), and the employer share of payroll taxes (such as Social Security taxes). Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income (such as pension benefits) would be counted in the year it was earned, rather than in the year it was received.

*Capital income*—This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether or not realized), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms and is net of real, economic depreciation and all other expenses (which could exceed capital income).

*Transfer payments*—These include payments in cash (such as Social Security benefits, workers’ compensation, unemployment benefits, Aid to Families with Dependent Children (AFDC), and noncash benefits (such as Medicare, Medicaid, and food stamps).

For purposes of tax analysis, H-S income should be measured on a pre-tax basis, the amount that would be earned if there were no Federal income tax in place. Most items of income are unaffected, or little affected, by the income tax and so these are reported on a pre-tax basis. However, certain income items from tax-preferred sources may be reduced because of their preferential treatment. An example is interest from tax-exempt State and local Government bonds. The interest rate on tax-exempt bonds is generally lower than the interest rate on taxable bonds of the same maturity and risk, with the difference approximately equal to the tax rate of the typical investor in tax-exempt bonds. Thus, investors in tax-exempt bonds are effectively paying a tax, referred to

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as an “implicit tax,” and tax-exempt interest as reported is measured on an after-tax, rather than a pre-tax, basis. Income from all tax-preferred sources should be “grossed up” by implicit taxes to measure H-S income properly.

## Adjusted Gross Income

AGI is the statutory definition of income for Federal income tax purposes. AGI differs from H-S income by excluding some components of H-S income and by allowing accelerated business deductions and deductions unrelated to income, but also by disallowing or limiting certain expenses of earning income and certain losses. In addition, AGI is not “grossed up” for implicit taxes.

The components of H-S income excluded from AGI include most employee fringe benefits, the employer share of payroll taxes, accrued but deferred employee compensation, accrued but unrealized real capital gains, the rental value of consumer durables, most Social Security benefits, most other cash transfers, all noncash transfers, and the real income of borrowers due to inflation [A2].

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRAs), the portion of Social Security contributions for self-employed workers that is analogous to the employer share of such contributions for employees, and contributions to medical savings accounts.

AGI generally exceeds H-S income to the extent that expenses of earning income and losses are limited or disallowed. Most of the expenses of earning income are deductible from AGI in calculating taxable income, but only if the taxpayer “itemizes” deductions and then, in some cases, only to the extent that the sum of all such items exceeds 2 percent of AGI. Expenses incurred in the production of income that are itemized deductions include certain expenses of employees (such as union dues; expenditures for items used on the job but not reimbursed by the employer; and the employees’ travel, meal, and entertainment expenses); and expenses attributable to a taxpayer’s (passive) investments (as opposed to active participation in a trade or business, for example), including, but not limited to, interest expense incurred in connection with investments in securities [A3]. Note that there are limits on certain types of deductible

expenses. In particular, deductible meal and entertainment expenses are limited to 50 percent of total meal and entertainment expenses.

Although net capital losses reduce economic income, only the first \$3,000 of net realized capital losses may be deducted in computing AGI. Any additional realized losses must be carried forward to future years. In a somewhat similar manner, passive losses (from investments in a trade or business in which the taxpayer does not materially participate) can also reduce economic income, but, in computing AGI, they can only be deducted from passive income from other, similar investments (although a larger amount may be deducted when the losses are from rental real estate activities).

AGI can also exceed H-S income because of differences in the timing of income between the two concepts. For example, a taxpayer may realize more capital gains in a year than he or she accrues in capital gains. Since AGI includes only realizations of capital gains, whereas H-S income includes only accruals, AGI in this circumstance would exceed H-S income.

Finally, just as AGI understates the income of borrowers due to inflation, it overstates the income of lenders, who include bond owners and owners of bank deposits.

## Expanded Income

Expanded income is meant to be a measure of income that is conceptually closer to H-S income than AGI, but which is derived entirely from items already reported on income tax returns. Figure G shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI was changed by legislation several times since 1977, and certain reporting requirements also changed, the adjustments differ over the years, as indicated for each item [A4]. Most of these adjustments are relatively straightforward, but the adjustment for investment requires some explanation.

## Investment Expenses

In measuring H-S income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments, without limit. Investment expenses in excess of investment income would then represent net economic losses. However, such a liberal deduction for investment-related expenses is not necessarily correct when not all income items have been included currently. (Investment income includes interest, dividends, and capital gains.)

If all income has not been included currently, full deduction of investment expenses might represent a

## Figure G

### Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977–2011

#### Adjusted gross income (AGI)

- PLUS:
- o Excluded capital gains (tax years prior to 1987)
  - o Tax-exempt interest (1987 and later tax years)
  - o Nontaxable Social Security benefits (1987 and later tax years)
  - o Tax preferences for alternative minimum tax purposes [A5]
  - o Foreign-earned income exclusion (1990 and later tax years)
- MINUS:
- o Unreimbursed employee business expenses [A4]
  - o Nondeductible rental losses (Tax Year 1987)
  - o Moving expense deduction (Tax Years 1987 through 1993) [A4]
  - o Investment interest expense deduction to the extent it does not exceed investment income
  - o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)

#### EQUALS: o Expanded income

NOTE: Footnotes to this figure are included with the footnotes to Appendix A: Income Concepts, which also includes an explanation of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

mismatching of receipts and expenses and might result in understating income. For example, if a taxpayer-borrowed funds to purchase securities, net income would be understated if the taxpayer deducted all interest payments on the loan, but did not include as income any accrued gains on the securities. A similar mismatching of income and expenses would occur if investment expenses that should properly be capitalized were deducted when paid. In these instances, a more accurate measure of income might be obtained by postponing the deduction of the expense until the income was recognized for tax purposes.

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and non-income-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets, and therefore, ought to be deductible against the gross receipts from such taxable assets. As a result of these problems, it has been necessary to set arbitrary limits on the amount of investment expenses that are deductible in calculating expanded income.

Investment expenses that have not been deducted in determining AGI generally can appear on a Federal

individual income tax return in two places. Investment interest expense is taken into account in the calculation of the itemized deduction for interest paid. Deductible investment interest expense is a separate part of the total interest deduction. Other investment expenses, such as management fees, are included in the miscellaneous category of itemized deductions [A5]. Beginning with 1987, most types of income-producing expenses included as miscellaneous itemized deductions are only deductible to the extent that their total exceeds 2 percent of AGI. To determine expenses that should be deductible in calculating an approximation of H-S income, investment expenses have been defined as deductible investment interest expense. Other investment expenses could not be separated from the remainder of miscellaneous deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do not exceed investment income, they are generally allowed as a deduction in the computation of deductible investment interest expense and thus expanded income. Investment interest expenses that do exceed investment income are not deductible in calculating expanded income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly measured income. However, in some instances, limiting investment expenses to investment income may overstate income by disallowing genuine investment losses.

#### Notes to Appendix A

[A1] Haig, Robert M. (ed.), *The Federal Income Tax*, Columbia University Press, 1921, and Simons, Henry C., *Personal Income Taxation*, University of Chicago Press, 1938.

[A2] Borrowers receive income due to inflation because the real value of debt is reduced by inflation. Even though inflation may be anticipated and reflected in interest rates, tax deductions for nominal interest payments overstate interest costs because part of these payments represent a return of principal to the lender, rather than interest.

[A3] See references and footnote A4.

[A4] For 1977, 50 percent of net long-term capital gains were included in AGI. During 1978, the inclusion ratio was changed to 40 percent. This inclusion ratio remained unchanged through 1986.

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Beginning with 1987, there was no exclusion allowed for capital gains in computing AGI, and, thus, this adjustment was not made in computing expanded income for returns for years after 1986.

Beginning in 1987, taxpayers were required to report on their Federal income tax returns the amount of their tax-exempt interest income from State and local government bonds. Since 1987, tax-exempt interest has been included in expanded income.

Taxpayers are also required to report Social Security benefits. Since 1988, nontaxable Social Security benefits have been included in expanded income. However, if none of a particular taxpayer's Social Security benefits are taxable, then gross Social Security benefits are not required to be shown on the income tax return. In such instances, which generally only affect lower- and middle-income taxpayers, Social Security benefits are not included in expanded income.

The subtraction of unreimbursed employee business expense and the moving expense deduction is to make the concept of expanded income comparable to years prior to 1987. All current-year moving expenses beginning with Tax Year 1994 were deducted in the calculation of AGI as a statutory adjustment.

Due to subtracting nonlimited miscellaneous deductions and not subtracting the nondeductible rental loss for 1989, the expanded income concept for 1989 is not strictly comparable to expanded income for 1988. Nor is the expanded income concept for 1990 strictly comparable to expanded income for 1989 because of the addition of the foreign-earned income exclusion. Specific details on the definition of expanded income for any given year are available in the reports and publications found under the References section.

[A5] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from S Corporations, only the net amounts of which are included in adjusted gross income.

## Appendix B: Tax Concepts

This appendix discusses in more detail two tax concepts used in this article. The first section provides a brief summary of the U.S. taxation of worldwide income and the foreign tax credit. The two tax concepts used in this article are then defined in the next section. This section is followed by an explanation of the deduction equivalent of credits and other items. A final section discusses the possible implications of the use of unaudited tax return data for this article.

### U.S. Taxation of Worldwide Income and the Foreign Tax Credit

Citizens and residents of the United States, regardless of where they physically reside, must generally include in income for Federal income tax purposes income from all geographic sources. Thus, for example, dividends and interest received from a foreign corporation or income earned working abroad is subject to Federal income tax in the same manner as income received from sources inside the United States [B1]. Income from sources outside the United States may also be subject to tax by foreign governments.

To reduce, if not eliminate, the possibility of double taxation of the foreign-source income of U.S. citizens and residents, the Federal income tax allows a credit for income taxes paid to foreign governments. This foreign tax credit is generally limited to the amount of (pre-credit) U.S. tax liability attributable to foreign-source income. This limit prevents the foreign tax credit from offsetting the U.S. tax on U.S.-source income.

As a result of taxing citizens and residents on a worldwide basis but allowing a foreign tax credit, some Federal income tax returns may report substantial income but little or no U.S. tax liability after credits. This may occur, for example, if a taxpayer has income only from foreign sources, for example, the taxpayer may live abroad the entire year and have no income-producing assets in the United States. It may also occur if a taxpayer has foreign-source income that exceeds a net loss from U.S. sources and pays income taxes comparable to the U.S. tax to a foreign government [B2].

For taxpayers with income from foreign sources, these procedures understate the taxpayers' true worldwide income tax liabilities and effective income tax rates. For such taxpayers, it does not seem appropriate to classify U.S. income tax credits for foreign tax payments as reducing tax liabilities. This is particularly true for tax filers who appear to be nontaxable because they do not have any U.S. tax liability, but who have paid foreign

income taxes. A more accurate measure of overall income tax burden, as well as the numbers of nontaxable returns, can be obtained by considering all income taxes—U.S. as well as foreign. Thus, a second tax concept, worldwide income tax, has been used in addition to the traditional U.S. income tax.

## Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., returns showing an income tax liability) or nontaxable (i.e., returns showing no income tax liability) and to measure the tax burdens on taxable returns: U.S. income tax and worldwide income tax. Worldwide income tax is defined for purposes of this article as U.S. income tax, *plus* the foreign tax credits reported on the U.S. income tax return and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, *Foreign Tax Credit*). The amount of the foreign tax credits and foreign taxes paid on excluded foreign-earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax is shown in Figure H.

## Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations

To compare the importance of various exclusions, deductions, tax credits, and special tax computations (such as the alternative minimum tax on tax preferences), the different types of items must be placed on the same basis.

One way of doing so is to calculate the size of the deduction that would reduce (or increase) income tax by the same amount as a tax credit or special computation. This amount is called the “deduction equivalent” of the tax credit or special computation.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the “deduction equivalent of all tax credits” is equal to the difference between “taxable income that would yield income tax before credits” and “taxable income that would yield income tax after credits.”

Using this method of equating the value of deductions, exclusions, credits, and special tax computations, the order in which the various credits and special tax computations are calculated may affect the value of their deduction equivalents. Because the tax rate schedules are progressive, with successive increments to income taxed at successively higher tax rates, the deduction equivalent of the credit converted last to a deduction equivalent will be larger (for the same amount of a credit) than the item converted first, unless all relevant taxable income amounts are within a single tax-rate bracket.

The deduction equivalents of tax credits shown in Tables 9 and 10 were computed by assuming that deductions and exclusions reduce taxes before credits. As a result, the deduction equivalent of tax credits may be overstated.

## Unaudited Data

Tax return data used for Statistics of Income have been tabulated as they were reported on tax returns filed with the Internal Revenue Service (IRS). Certain obvious arithmetic errors have been corrected and certain adjustments have been made to achieve consistent statistical definitions. Otherwise, the data have not been altered. In particular, the data do not reflect any changes that either may have or could have been made because of IRS audits. While this is true of data throughout the entire Statistics of Income program, it is particularly relevant for high-income tax returns. Because of the greater complexity of these returns, there is a higher probability of error and more scope for disagreement about the proper interpretation of tax laws.

The fact that the data have been drawn from unaudited returns is of even greater importance for those high-income returns that are nontaxable. Almost any audit changes would make such returns taxable. Even where the tax consequences are minor, such returns

## Figure H

### Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2011

Tax at regular rates (tax generated)

PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
PLUS:	Alternative minimum tax (Form 6251)
EQUALS:	Income tax before credits
MINUS:	Tax credits
EQUALS:	U.S. income tax
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign-earned income (Form 1116)
EQUALS:	Worldwide income tax

NOTE: See Appendix B: Tax Concepts for further discussion of the information in this figure.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

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could be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

## Notes to Appendix B

[B1] An exception is that certain income earned abroad may be excluded from AGI. Any foreign taxes paid on such income are not creditable against U.S. income tax. The tables in this article include such excluded income in expanded income. Foreign taxes paid on such income are reflected in worldwide income tax, as discussed later.

[B2] Although the foreign tax credit is an item of tax preference for AMT purposes, taxpayers below the

AMT exclusion thresholds, or with preferences or deductions not subject to AMT, could completely offset pre-credit U.S. income tax liability with foreign tax credits.

[B3] Where foreign tax rates exceed U.S. rates, foreign tax credits will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign tax liabilities understates worldwide income tax liability. In other cases, when foreign tax credits are for taxes paid on income from previous years, use of foreign tax credits as a proxy may overstate or understate worldwide taxes on current-year income.

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**Table 1. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2011**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total</b>	<b>145,370,240</b>	<b>95,038,739</b>	<b>30,875,679</b>	<b>14,755,766</b>	<b>4,700,056</b>
Under \$50,000 [1]	92,994,879	92,243,992	733,304	14,288	3,294
\$50,000 under \$100,000	32,820,012	2,714,946	29,689,590	411,587	3,888
\$100,000 under \$200,000	14,797,094	75,496	442,822	14,203,386	75,390
\$200,000 or more	4,758,256	4,305	9,962	126,504	4,617,485
<b>Returns with U.S. income tax</b>					
<b>Total</b>	<b>91,694,201</b>	<b>43,016,900</b>	<b>29,356,039</b>	<b>14,640,768</b>	<b>4,680,493</b>
Under \$50,000 [1]	41,429,731	40,823,597	598,926	5,813	1,395
\$50,000 under \$100,000	30,896,754	2,158,954	28,331,535	402,737	3,528
\$100,000 under \$200,000	14,642,362	33,474	419,115	14,115,105	74,668
\$200,000 or more	4,725,354	875	6,463	117,113	4,600,903
<b>Returns without U.S. income tax</b>					
<b>Total</b>	<b>53,676,039</b>	<b>52,021,839</b>	<b>1,519,640</b>	<b>114,998</b>	<b>19,563</b>
Under \$50,000 [1]	51,565,148	51,420,396	134,378	8,476	1,899
\$50,000 under \$100,000	1,923,258	555,992	1,358,055	8,850	360
\$100,000 under \$200,000	154,732	42,021	23,708	88,281	722
\$200,000 or more	32,902	3,430	3,499	9,391	16,582

[1] Includes returns with adjusted gross deficit or with negative expanded income.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014



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**Table 2. Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2011**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total</b>	<b>145,370,240</b>	<b>95,038,739</b>	<b>30,875,679</b>	<b>14,755,766</b>	<b>4,700,056</b>
Under \$50,000 [1]	92,994,879	92,243,992	733,304	14,288	3,294
\$50,000 under \$100,000	32,820,012	2,714,946	29,689,590	411,587	3,888
\$100,000 under \$200,000	14,797,094	75,496	442,822	14,203,386	75,390
\$200,000 or more	4,758,256	4,305	9,962	126,504	4,617,485
<b>Returns with worldwide income tax</b>					
<b>Total</b>	<b>91,971,767</b>	<b>43,193,582</b>	<b>29,419,852</b>	<b>14,665,834</b>	<b>4,692,499</b>
Under \$50,000 [1]	41,579,560	40,971,882	600,460	5,813	1,406
\$50,000 under \$100,000	30,967,969	2,175,549	28,386,123	402,758	3,539
\$100,000 under \$200,000	14,680,981	45,005	426,021	14,135,186	74,770
\$200,000 or more	4,743,256	1,146	7,249	122,077	4,612,784
<b>Returns without worldwide income tax</b>					
<b>Total</b>	<b>53,398,473</b>	<b>51,845,157</b>	<b>1,455,827</b>	<b>89,932</b>	<b>7,557</b>
Under \$50,000 [1]	51,415,319	51,272,111	132,845	8,476	1,888
\$50,000 under \$100,000	1,852,042	539,397	1,303,468	8,829	349
\$100,000 under \$200,000	116,112	30,491	16,802	68,200	620
\$200,000 or more	15,000	3,159	2,713	4,428	4,700

[1] Includes returns with adjusted gross deficit or with negative expanded income.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

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**Table 3. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>4,700,056</b>	<b>100.0</b>	<b>100.0</b>	<b>4,758,256</b>	<b>100.0</b>	<b>100.0</b>
<b>Returns without U.S. income tax</b>	<b>19,563</b>	<b>0.4</b>	<b>0.4</b>	<b>32,902</b>	<b>0.7</b>	<b>0.7</b>
<b>Returns with U.S. income tax: Total</b>	<b>4,680,493</b>	<b>99.6</b>	<b>N/A</b>	<b>4,725,354</b>	<b>99.3</b>	<b>N/A</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Over 0 under 5 percent	10,182	0.2	0.2	14,722	0.3	0.3
5 under 10 percent	8,464	0.2	0.4	12,157	0.3	0.6
10 under 15 percent	9,667	0.2	0.6	13,393	0.3	0.8
15 under 20 percent	8,968	0.2	0.8	13,230	0.3	1.1
20 under 25 percent	9,271	0.2	1.0	13,982	0.3	1.4
25 under 30 percent	13,324	0.3	1.3	17,554	0.4	1.8
30 under 35 percent	17,205	0.4	1.6	24,768	0.5	2.3
35 under 40 percent	20,873	0.4	2.1	28,909	0.6	2.9
40 under 45 percent	35,926	0.8	2.8	47,852	1.0	3.9
45 under 50 percent	53,439	1.1	4.0	61,966	1.3	5.2
50 under 60 percent	134,535	2.9	6.8	157,773	3.3	8.5
60 under 70 percent	292,910	6.2	13.1	315,812	6.6	15.2
70 under 80 percent	945,536	20.1	33.2	934,918	19.6	34.8
80 percent or more	3,120,194	66.4	99.6	3,068,319	64.5	99.3

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

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**Table 4. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>4,700,056</b>	<b>100.0</b>	<b>100.0</b>	<b>4,758,256</b>	<b>100.0</b>	<b>100.0</b>
<b>Returns without worldwide income tax</b>	<b>7,557</b>	<b>0.2</b>	<b>0.2</b>	<b>15,000</b>	<b>0.3</b>	<b>0.3</b>
<b>Returns with worldwide income tax: Total</b>	<b>4,692,499</b>	<b>99.8</b>	<b>N/A</b>	<b>4,743,256</b>	<b>99.7</b>	<b>N/A</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Over 0 under 5 percent	2,801	0.1	0.1	4,295	0.1	0.1
5 under 10 percent	3,724	0.1	0.1	5,853	0.1	0.2
10 under 15 percent	5,708	0.1	0.3	8,286	0.2	0.4
15 under 20 percent	5,353	0.1	0.4	9,057	0.2	0.6
20 under 25 percent	4,943	0.1	0.5	9,005	0.2	0.8
25 under 30 percent	9,951	0.2	0.7	12,321	0.3	1.0
30 under 35 percent	11,262	0.2	0.9	17,847	0.4	1.4
35 under 40 percent	16,787	0.4	1.3	25,309	0.5	1.9
40 under 45 percent	32,895	0.7	2.0	40,333	0.8	2.8
45 under 50 percent	49,479	1.1	3.0	59,880	1.3	4.0
50 under 60 percent	129,220	2.7	5.8	149,128	3.1	7.2
60 under 70 percent	280,981	6.0	11.8	307,545	6.5	13.6
70 under 80 percent	932,037	19.8	31.6	928,335	19.5	33.1
80 percent or more	3,207,357	68.2	99.8	3,166,061	66.5	99.7

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

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**Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages	4,185,382	1,286,806,053	4,171,931	1,281,543,140	13,451	5,262,913
Business or profession:						
Net income	844,546	95,292,604	841,750	94,880,051	2,796	412,553
Net loss	288,774	7,234,502	287,437	7,076,556	1,337	157,946
Farm:						
Net income	35,494	3,902,881	35,330	3,889,802	164	13,079
Net loss	86,835	4,148,573	86,375	4,069,765	460	78,808
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,368,831	442,388,224	1,365,537	441,252,546	3,294	1,135,678
Net loss	429,451	37,700,819	425,548	35,822,027	3,904	1,878,792
Sales of capital assets:						
Net gain	1,481,714	329,725,089	1,475,531	326,978,213	6,183	2,746,876
Net loss	1,629,659	4,137,161	1,622,906	4,118,958	6,753	18,203
Sales of property other than capital assets:						
Net gain	203,826	9,541,027	202,321	9,455,853	1,505	85,174
Net loss	269,477	5,724,095	267,781	5,544,811	1,696	179,284
Taxable interest received	4,162,518	56,810,611	4,146,505	55,598,027	16,013	1,212,585
Tax-exempt interest	1,292,685	38,577,651	1,287,329	38,035,209	5,356	542,442
Dividends	3,268,142	106,163,239	3,254,953	104,498,142	13,189	1,665,097
Qualified dividends	3,108,104	83,036,741	3,096,358	81,724,975	11,746	1,311,766
Pensions and annuities in adjusted gross income	1,029,849	52,282,184	1,026,747	52,136,161	3,103	146,023
Rent:						
Net income	512,921	24,903,005	510,439	24,768,068	2,482	134,937
Net loss, total (deductible and nondeductible)	645,591	12,228,809	642,182	12,064,069	3,409	164,740
Nondeductible rental loss	527,498	8,796,940	524,887	8,719,331	2,611	77,610
Royalty:						
Net income	312,991	14,480,115	310,821	14,360,571	2,171	119,544
Net loss	13,096	113,528	12,996	112,136	100	1,392
Estate or trust:						
Net income	111,485	15,714,758	110,843	15,642,706	641	72,053
Net loss	17,069	1,390,277	16,790	1,271,248	280	119,028
State income tax refunds	1,651,651	8,649,413	1,648,992	8,573,283	2,659	76,130
Alimony received	8,192	972,899	8,163	968,930	29	3,968
Social Security benefits in adjusted gross income	738,353	17,243,497	734,467	17,156,926	3,886	86,571
Social Security benefits (nontaxable)	738,909	3,052,760	734,967	3,036,385	3,942	16,375
Unemployment compensation	158,569	1,365,602	158,366	1,363,816	203	1,786
Other income	603,672	16,498,227	599,890	16,261,010	3,782	237,217
Other loss	50,725	1,846,887	48,887	1,773,154	1,838	73,734
Foreign-earned income exclusion	44,608	3,827,939	39,407	3,327,800	5,201	500,139
<b>Total income</b>	<b>4,700,056</b>	<b>2,473,854,144</b>	<b>4,680,493</b>	<b>2,462,424,135</b>	<b>19,563</b>	<b>11,430,008</b>
Statutory adjustments, total	1,910,138	41,482,500	1,904,457	41,374,921	5,681	107,580
Payments to Individual Retirement Arrangements	119,916	1,037,522	119,452	1,033,794	464	3,728
Payments to self-employed retirement (Keogh) plans	396,013	13,206,094	395,635	13,193,647	378	12,447
Moving expenses adjustment	53,338	337,844	53,175	336,115	163	1,728
<b>Adjusted gross income</b>	<b>4,700,056</b>	<b>2,432,371,643</b>	<b>4,680,493</b>	<b>2,421,049,214</b>	<b>19,563</b>	<b>11,322,429</b>
Investment interest expense deduction	610,945	10,736,250	606,290	9,734,865	4,655	1,001,385
Total tax preferences excluded from adjusted gross income [2]	1,305,575	40,939,844	1,299,993	40,408,514	5,583	531,330
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	27,266	2,460,835	26,867	2,457,211	399	3,624
Passive activity loss (alternative minimum tax adjustment)	568,884	442,191	566,088	477,320	2,797	-35,128

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded income</b>	<b>4,699,922</b>	<b>2,452,220,985</b>	<b>4,680,493</b>	<b>2,442,455,963</b>	<b>19,429</b>	<b>9,765,023</b>
Exemption amount	4,697,976	51,023,219	4,678,453	50,841,181	19,523	182,037
Itemized deductions:						
Total per adjusted gross income concept	4,499,341	362,261,769	4,485,326	357,032,166	14,015	5,229,603
Charitable contributions deduction	4,187,587	73,090,750	4,176,603	72,291,680	10,983	799,070
Interest paid deduction:						
Total per adjusted gross income concept	3,715,551	76,968,929	3,705,153	75,726,240	10,398	1,242,688
Total home mortgage interest	3,549,018	65,939,263	3,540,370	65,699,120	8,648	240,143
Medical and dental expense deduction	125,525	3,291,062	123,201	2,951,450	2,324	339,613
Net casualty or theft loss deduction	5,350	494,863	5,038	340,374	312	154,489
Taxes paid deduction	4,494,722	181,131,808	4,481,765	180,421,009	12,957	710,799
Net limited miscellaneous deductions per adjusted gross income concept	691,904	16,285,167	687,277	15,893,427	4,627	391,740
Non-limited miscellaneous deductions	238,843	11,027,515	235,048	9,435,432	3,795	1,592,083
Excess of exemptions and deductions over adjusted gross income	9,111	2,784,008	4,543	1,818,457	4,567	965,550
Taxable income	4,690,935	2,019,578,806	4,675,950	2,012,754,336	14,985	6,824,470
Tax at regular rates	4,686,856	520,009,234	4,673,715	518,184,856	13,141	1,824,377
Alternative minimum tax (Form 6251)	3,283,697	28,385,106	3,282,611	28,370,797	1,086	14,310
Income tax before credits	4,693,824	548,399,783	4,680,493	546,561,096	13,330	1,838,687
Tax credits, total	2,297,518	17,903,297	2,284,188	16,064,611	13,330	1,838,687
Child care credit	417,985	223,866	417,799	223,801	186	65
Minimum tax credit	82,065	361,891	81,464	349,107	601	12,784
Foreign tax credit	1,639,420	14,532,014	1,627,452	12,786,614	11,968	1,745,400
General business credit	200,646	1,882,042	199,743	1,865,778	903	16,264
Refundable prior-year minimum tax credit used to offset income tax before credits	162,409	454,979	161,660	413,595	749	41,384
All other refundable credits used to offset income tax before credits	6,606	31,414	6,577	16,355	29	15,058
U.S. total income tax	4,680,493	530,496,852	4,680,493	530,496,852	0	0
Taxable income which would yield:						
Income tax before credits	4,693,824	1,915,374,336	4,680,493	1,909,233,834	13,330	6,140,501
Income tax after credits	4,680,492	1,861,011,337	4,680,492	1,861,011,337	0	0
U.S. total income tax	4,680,493	1,861,012,400	4,680,493	1,861,012,400	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>4,700,056</b>	<b>2,432,371,643</b>	<b>4,680,493</b>	<b>2,421,049,214</b>	<b>19,563</b>	<b>11,322,429</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,305,575	40,939,844	1,299,993	40,408,514	5,583	531,330
Social Security benefits (nontaxable)	738,909	3,052,760	734,967	3,036,385	3,942	16,375
Foreign-earned income exclusion	44,608	3,827,939	39,407	3,327,800	5,201	500,139
minus: Investment interest expense deduction	610,945	10,736,250	606,290	9,734,865	4,655	1,001,385
Non-limited miscellaneous deductions	238,843	11,027,515	235,048	9,435,432	3,795	1,592,083
Unreimbursed employee business expenses	876,119	6,207,436	874,946	6,195,654	1,173	11,782
<b>Equals: Expanded income</b>	<b>4,699,922</b>	<b>2,452,220,985</b>	<b>4,680,493</b>	<b>2,442,455,963</b>	<b>19,429</b>	<b>9,765,023</b>

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages	4,193,641	1,285,761,302	4,173,824	1,279,277,523	19,817	6,483,780
Business or profession:						
Net income	850,836	95,408,204	847,037	94,938,832	3,800	469,373
Net loss	289,606	7,296,603	287,556	7,127,773	2,050	168,829
Farm:						
Net income	36,214	3,929,992	36,020	3,916,618	194	13,373
Net loss	86,211	4,108,782	85,607	4,018,786	604	89,996
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,383,771	442,724,284	1,379,001	441,642,133	4,769	1,082,151
Net loss	444,213	37,857,087	437,586	36,024,470	6,627	1,832,617
Sales of capital assets:						
Net gain	1,507,629	329,576,673	1,498,237	327,356,463	9,392	2,220,210
Net loss	1,682,933	4,288,915	1,668,382	4,248,779	14,551	40,136
Sales of property other than capital assets:						
Net gain	210,522	9,613,560	208,135	9,525,335	2,386	88,226
Net loss	273,962	5,685,996	271,271	5,494,529	2,691	191,466
Taxable interest received	4,231,099	57,556,213	4,203,050	56,520,816	28,049	1,035,398
Tax-exempt interest	1,382,875	48,275,741	1,367,216	44,719,179	15,658	3,556,562
Dividends	3,345,008	109,601,291	3,320,464	107,419,173	24,544	2,182,118
Qualified dividends	3,183,787	85,483,206	3,161,605	83,807,228	22,181	1,675,978
Pensions and annuities in adjusted gross income	1,076,896	54,484,609	1,070,988	54,271,097	5,908	213,512
Rent:						
Net income	524,394	25,171,229	520,757	25,025,818	3,637	145,411
Net loss, total (deductible and nondeductible)	650,551	12,259,095	645,318	12,069,910	5,232	189,185
Nondeductible rental loss	529,025	8,792,133	525,501	8,699,088	3,523	93,045
Royalty:						
Net income	324,341	14,586,252	320,434	14,481,309	3,907	104,943
Net loss	13,206	116,673	13,043	112,123	163	4,550
Estate or trust:						
Net income	117,854	15,795,364	116,504	15,718,761	1,350	76,602
Net loss	17,987	1,389,049	17,543	1,278,267	444	110,782
State income tax refunds	1,658,280	8,718,053	1,653,753	8,632,239	4,527	85,813
Alimony received	8,199	973,497	8,163	968,930	36	4,566
Social Security benefits in adjusted gross income	806,431	18,862,977	797,000	18,656,572	9,431	206,405
Social Security benefits (nontaxable)	807,045	3,339,686	797,512	3,301,440	9,532	38,246
Unemployment compensation	155,172	1,349,834	154,950	1,347,508	222	2,326
Other income	617,716	16,710,546	611,747	16,455,325	5,969	255,221
Other loss	62,875	2,106,376	59,579	2,014,550	3,296	91,826
Foreign-earned income exclusion	75,416	6,869,371	64,617	5,734,131	10,799	1,135,240
<b>Total income</b>	<b>4,758,255</b>	<b>2,475,313,434</b>	<b>4,725,354</b>	<b>2,464,444,063</b>	<b>32,901</b>	<b>10,869,371</b>
Statutory adjustments, total	1,922,336	41,692,513	1,914,347	41,558,887	7,989	133,626
Payments to Individual Retirement Arrangements	122,881	1,068,356	122,149	1,062,739	732	5,617
Payments to self-employed retirement (Keogh) plans	398,613	13,257,996	398,129	13,241,783	484	16,213
Moving expenses adjustment	53,349	346,675	53,121	344,517	228	2,158
<b>Adjusted gross income</b>	<b>4,758,255</b>	<b>2,433,620,922</b>	<b>4,725,354</b>	<b>2,422,885,176</b>	<b>32,901</b>	<b>10,735,746</b>
Investment interest expense deduction	619,250	9,586,690	612,910	9,340,585	6,340	246,105
Total tax preferences excluded from adjusted gross income [2]	1,396,057	50,744,256	1,380,197	47,186,684	15,860	3,557,572
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,095	2,551,042	27,591	2,544,449	504	6,593
Passive activity loss (alternative minimum tax adjustment)	583,552	492,947	578,905	497,294	4,648	-4,348
<b>Expanded income</b>	<b>4,758,256</b>	<b>2,473,541,692</b>	<b>4,725,354</b>	<b>2,458,473,004</b>	<b>32,902</b>	<b>15,068,688</b>

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Exemption amount	4,755,857	51,273,152	4,723,008	50,979,871	32,849	293,281
Itemized deductions:						
Total per adjusted gross income concept	4,530,923	357,591,882	4,508,310	353,756,141	22,613	3,835,741
Total per expanded income concept	4,530,661	338,980,327	4,508,109	335,525,699	22,552	3,454,628
Charitable contributions deduction	4,216,624	73,697,155	4,197,899	72,772,626	18,725	924,530
Interest paid deduction:						
Total per adjusted gross income concept	3,704,822	75,340,205	3,690,467	74,801,812	14,355	538,393
Total per expanded income concept	3,535,712	65,753,516	3,524,356	65,461,227	11,356	292,288
Total home mortgage interest	3,528,113	65,461,741	3,516,823	65,170,659	11,290	291,082
Medical and dental expense deduction	152,916	3,925,269	143,997	3,301,944	8,920	623,324
Net casualty or theft loss deduction	5,406	498,934	5,054	340,527	352	158,407
Taxes paid deduction	4,525,646	181,888,820	4,504,412	180,960,889	21,235	927,931
Net limited miscellaneous deductions per adjusted gross income concept	680,307	16,125,647	668,757	15,588,415	11,550	537,232
Non-limited miscellaneous deductions	218,986	6,143,372	216,175	6,016,732	2,811	126,641
Excess of exemptions and deductions over adjusted gross income	13,890	2,907,500	5,248	1,891,531	8,642	1,015,969
Taxable income	4,744,357	2,025,080,746	4,720,106	2,017,556,142	24,252	7,524,603
Tax at regular rates	4,736,186	521,133,357	4,717,073	519,141,823	19,113	1,991,534
Alternative minimum tax (Form 6251)	3,274,919	28,338,456	3,273,486	28,323,183	1,433	15,273
Income tax before credits	4,744,893	549,477,255	4,725,354	547,470,448	19,539	2,006,807
Tax credits, total	2,358,567	18,391,545	2,339,028	16,384,738	19,539	2,006,807
Child care credit	409,877	220,064	409,554	219,948	323	115
Minimum tax credit	85,862	362,199	85,048	349,246	814	12,952
Foreign tax credit	1,704,819	15,006,897	1,687,028	13,095,679	17,791	1,911,218
General business credit	202,857	1,884,768	201,895	1,868,589	962	16,179
Refundable prior-year minimum tax credit used to offset income tax before credits	164,742	457,129	163,800	414,906	942	42,223
All other refundable credits used to offset income tax before credits	8,266	32,441	8,239	17,395	27	15,046
U.S. total income tax	4,725,354	531,086,077	4,725,354	531,086,077	0	0
Taxable income which would yield:						
Income tax before credits	4,744,893	1,920,611,685	4,725,354	1,913,696,839	19,539	6,914,847
Income tax after credits	4,725,353	1,864,158,726	4,725,353	1,864,158,726	0	0
U.S. total income tax	4,725,354	1,864,159,789	4,725,354	1,864,159,789	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>4,758,255</b>	<b>2,433,620,922</b>	<b>4,725,354</b>	<b>2,422,885,176</b>	<b>32,901</b>	<b>10,735,746</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,396,057	50,744,256	1,380,197	47,186,684	15,860	3,557,572
Social Security benefits (nontaxable)	807,045	3,339,686	797,512	3,301,440	9,532	38,246
Foreign-earned income exclusion	75,416	6,869,371	64,617	5,734,131	10,799	1,135,240
minus: Investment interest expense deduction	619,250	9,586,690	612,910	9,340,585	6,340	246,105
Non-limited miscellaneous deductions	218,986	6,143,372	216,175	6,016,732	2,811	126,641
Unreimbursed employee business expenses	827,362	5,283,560	825,603	5,271,677	1,759	11,883
<b>Equals: Expanded income</b>	<b>4,758,256</b>	<b>2,473,541,692</b>	<b>4,725,354</b>	<b>2,458,473,004</b>	<b>32,902</b>	<b>15,068,688</b>

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages	4,185,382	1,286,806,053	4,181,864	1,286,197,406	3,518	608,647
Business or profession:						
Net income	844,546	95,292,604	843,398	95,206,565	1,147	86,039
Net loss	288,774	7,234,502	287,959	7,120,899	815	113,603
Farm:						
Net income	35,494	3,902,881	35,365	3,890,925	129	11,956
Net loss	86,835	4,148,573	86,562	4,084,192	273	64,381
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,368,831	442,388,224	1,366,866	442,002,911	1,965	385,313
Net loss	429,451	37,700,819	426,823	36,277,932	2,628	1,422,888
Sales of capital assets:						
Net gain	1,481,714	329,725,089	1,478,487	328,145,939	3,227	1,579,150
Net loss	1,629,659	4,137,161	1,626,947	4,129,463	2,713	7,698
Sales of property other than capital assets:						
Net gain	203,826	9,541,027	202,781	9,482,427	1,045	58,600
Net loss	269,477	5,724,095	268,362	5,614,528	1,115	109,567
Taxable interest received	4,162,518	56,810,611	4,155,856	55,963,935	6,662	846,676
Tax-exempt interest	1,292,685	38,577,651	1,289,210	38,125,956	3,475	451,695
Dividends	3,268,142	106,163,239	3,262,562	105,486,466	5,580	676,773
Qualified dividends	3,108,104	83,036,741	3,102,755	82,562,577	5,349	474,164
Pensions and annuities in adjusted gross income	1,029,849	52,282,184	1,027,922	52,204,873	1,927	77,310
Rent:						
Net income	512,921	24,903,005	511,632	24,836,496	1,288	66,509
Net loss, total (deductible and nondeductible)	645,591	12,228,809	644,276	12,129,798	1,315	99,011
Nondeductible rental loss	527,498	8,796,940	526,670	8,762,941	827	33,999
Royalty:						
Net income	312,991	14,480,115	311,588	14,429,677	1,403	50,438
Net loss	13,096	113,528	13,027	112,444	69	1,084
Estate or trust:						
Net income	111,485	15,714,758	111,012	15,678,892	473	35,867
Net loss	17,069	1,390,277	16,839	1,332,365	231	57,912
State income tax refunds	1,651,651	8,649,413	1,650,154	8,595,114	1,497	54,299
Alimony received	8,192	972,899	8,176	971,262	16	1,637
Social Security benefits in adjusted gross income	738,353	17,243,497	735,259	17,173,720	3,093	69,777
Social Security benefits (nontaxable)	738,909	3,052,760	735,813	3,040,394	3,095	12,365
Unemployment compensation	158,569	1,365,602	158,447	1,364,482	122	1,120
Other income	603,672	16,498,227	601,815	16,428,443	1,858	69,783
Other loss	50,725	1,846,887	50,584	1,827,862	141	19,025
Foreign-earned income exclusion	44,608	3,827,939	44,601	3,827,512	7	427
<b>Total income</b>	<b>4,700,056</b>	<b>2,473,854,144</b>	<b>4,692,499</b>	<b>2,469,899,393</b>	<b>7,557</b>	<b>3,954,751</b>
Statutory adjustments, total	1,910,138	41,482,500	1,906,907	41,430,302	3,232	52,198
Payments to Individual Retirement Arrangements	119,916	1,037,522	119,761	1,036,072	155	1,450
Payments to self-employed retirement (Keogh) plans	396,013	13,206,094	395,875	13,202,072	138	4,022
Moving expenses adjustment	53,338	337,844	53,324	337,685	14	158
<b>Adjusted gross income</b>	<b>4,700,056</b>	<b>2,432,371,643</b>	<b>4,692,499</b>	<b>2,428,469,090</b>	<b>7,557</b>	<b>3,902,553</b>
Investment interest expense deduction	610,945	10,736,250	607,856	9,828,932	3,088	907,318
Total tax preferences excluded from adjusted gross income [2]	1,305,575	40,939,844	1,301,913	40,498,681	3,662	441,164
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	27,266	2,460,835	26,954	2,458,889	313	1,945
Passive activity loss (alternative minimum tax adjustment)	568,884	442,191	567,167	473,146	1,718	-30,954
<b>Expanded income</b>	<b>4,699,922</b>	<b>2,452,220,985</b>	<b>4,692,499</b>	<b>2,450,314,288</b>	<b>7,423</b>	<b>1,906,698</b>

Footnotes at end of table.



# High-Income Tax Returns for 2011

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**Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Exemption amount	4,697,976	51,023,219	4,690,431	50,955,549	7,545	67,670
Itemized deductions:						
Total per adjusted gross income concept	4,499,341	362,261,769	4,491,810	357,824,978	7,531	4,436,791
Charitable contributions deduction	4,187,587	73,090,750	4,181,293	72,566,413	6,294	524,337
Interest paid deduction:						
Total per adjusted gross income concept	3,715,551	76,968,929	3,710,220	75,919,970	5,331	1,048,959
Total home mortgage interest	3,549,018	65,939,263	3,544,766	65,798,164	4,252	141,099
Medical and dental expense deduction	125,525	3,291,062	123,503	2,961,388	2,022	329,674
Net casualty or theft loss deduction	5,350	494,863	5,050	346,121	300	148,742
Taxes paid deduction	4,494,722	181,131,808	4,487,292	180,606,936	7,430	524,873
Net limited miscellaneous deductions per adjusted gross income concept	691,904	16,285,167	688,637	15,963,127	3,267	322,040
Non-limited miscellaneous deductions	238,843	11,027,515	235,680	9,489,053	3,163	1,538,461
Excess of exemptions and deductions over adjusted gross income	9,111	2,784,008	4,579	1,837,866	4,531	946,142
Taxable income	4,690,935	2,019,578,806	4,687,919	2,019,235,813	3,016	342,993
Tax at regular rates	4,686,856	520,009,234	4,685,682	519,953,375	1,174	55,859
Alternative minimum tax (Form 6251)	3,283,697	28,385,106	3,283,099	28,376,047	599	9,059
Income tax before credits	4,693,824	548,399,783	4,692,462	548,334,865	1,361	64,918
Tax credits, total	2,297,518	17,903,297	2,296,157	17,838,379	1,361	64,918
Child care credit	417,985	223,866	417,962	223,855	23	11
Minimum tax credit	82,065	361,891	81,747	352,815	318	9,076
Foreign tax credit	0	0	0	0	0	0
General business credit	200,646	1,882,042	200,082	1,873,508	563	8,534
Refundable prior-year minimum tax credit used to offset income tax before credits	162,409	454,979	161,934	417,702	476	37,277
All other refundable credits used to offset income tax before credits	6,606	31,414	6,594	24,256	* 12	* 7,158
Worldwide total income tax	4,692,499	546,040,430	4,692,499	546,040,430	0	0
Foreign taxes paid	1,639,970	15,543,578	1,639,970	15,543,578	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	35,562	1,011,564	35,562	1,011,564	0	0
Taxable income which would yield:						
Income tax before credits	4,693,824	1,915,374,336	4,692,462	1,915,123,184	1,361	251,152
Income tax after credits	4,692,499	1,907,934,377	4,692,499	1,907,934,377	0	0
Worldwide total income tax	4,692,499	1,907,935,425	4,692,499	1,907,935,425	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>4,700,056</b>	<b>2,432,371,643</b>	<b>4,692,499</b>	<b>2,428,469,090</b>	<b>7,557</b>	<b>3,902,553</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,305,575	40,939,844	1,301,913	40,498,681	3,662	441,164
Social Security benefits (nontaxable)	738,909	3,052,760	735,813	3,040,394	3,095	12,365
Foreign-earned income exclusion	44,608	3,827,939	44,601	3,827,512	7	427
minus: Investment interest expense deduction	610,945	10,736,250	607,856	9,828,932	3,088	907,318
Non-limited miscellaneous deductions	238,843	11,027,515	235,680	9,489,053	3,163	1,538,461
Unreimbursed employee business expenses	876,119	6,207,436	875,589	6,203,405	531	4,031
<b>Equals: Expanded income</b>	<b>4,699,922</b>	<b>2,452,220,985</b>	<b>4,692,499</b>	<b>2,450,314,288</b>	<b>7,423</b>	<b>1,906,698</b>

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages	4,193,641	1,285,761,302	4,189,077	1,285,143,204	4,564	618,098
Business or profession:						
Net income	850,836	95,408,204	849,317	95,320,199	1,519	88,005
Net loss	289,606	7,296,603	288,246	7,180,663	1,360	115,940
Farm:						
Net income	36,214	3,929,992	36,066	3,918,082	148	11,910
Net loss	86,211	4,108,782	85,842	4,034,546	369	74,235
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,383,771	442,724,284	1,380,659	442,405,421	3,112	318,863
Net loss	444,213	37,857,087	439,190	36,466,686	5,023	1,390,400
Sales of capital assets:						
Net gain	1,507,629	329,576,673	1,502,238	328,535,829	5,391	1,040,844
Net loss	1,682,933	4,288,915	1,674,296	4,264,036	8,638	24,879
Sales of property other than capital assets:						
Net gain	210,522	9,613,560	208,700	9,553,492	1,822	60,068
Net loss	273,962	5,685,996	271,993	5,567,313	1,969	118,683
Taxable interest received	4,231,099	57,556,213	4,216,574	56,860,159	14,526	696,055
Tax-exempt interest	1,382,875	48,275,741	1,370,018	44,913,952	12,857	3,361,789
Dividends	3,345,008	109,601,291	3,331,343	108,471,752	13,665	1,129,539
Qualified dividends	3,183,787	85,483,206	3,170,712	84,689,692	13,074	793,514
Pensions and annuities in adjusted gross income	1,076,896	54,484,609	1,072,683	54,355,522	4,212	129,087
Rent:						
Net income	524,394	25,171,229	522,402	25,099,035	1,991	72,194
Net loss, total (deductible and nondeductible)	650,551	12,259,095	648,430	12,153,076	2,120	106,019
Nondeductible rental loss	529,025	8,792,133	527,899	8,751,718	1,125	40,415
Royalty:						
Net income	324,341	14,586,252	321,436	14,551,477	2,905	34,775
Net loss	13,206	116,673	13,079	112,478	127	4,195
Estate or trust:						
Net income	117,854	15,795,364	116,737	15,756,345	1,117	39,019
Net loss	17,987	1,389,049	17,599	1,338,972	388	50,077
State income tax refunds	1,658,280	8,718,053	1,655,333	8,654,864	2,947	63,189
Alimony received	8,199	973,497	8,178	971,462	21	2,035
Social Security benefits in adjusted gross income	806,431	18,862,977	798,189	18,681,674	8,242	181,303
Social Security benefits (nontaxable)	807,045	3,339,686	798,797	3,307,544	8,247	32,142
Unemployment compensation	155,172	1,349,834	155,062	1,348,542	110	1,291
Other income	617,716	16,710,546	614,436	16,639,822	3,280	70,724
Other loss	62,875	2,106,376	62,548	2,097,788	327	8,588
Foreign-earned income exclusion	75,416	6,869,371	75,144	6,822,933	272	46,437
<b>Total income</b>	<b>4,758,255</b>	<b>2,475,313,434</b>	<b>4,743,256</b>	<b>2,472,644,772</b>	<b>14,999</b>	<b>2,668,662</b>
Statutory adjustments, total	1,922,336	41,692,513	1,917,660	41,625,488	4,676	67,024
Payments to Individual Retirement Arrangements	122,881	1,068,356	122,629	1,066,267	252	2,088
Payments to self-employed retirement (Keogh) plans	398,613	13,257,996	398,408	13,251,448	205	6,548
Moving expenses adjustment	53,349	346,675	53,337	346,583	12	92
<b>Adjusted gross income</b>	<b>4,758,255</b>	<b>2,433,620,922</b>	<b>4,743,256</b>	<b>2,431,019,284</b>	<b>14,999</b>	<b>2,601,638</b>
Investment interest expense deduction	619,250	9,586,690	614,785	9,393,869	4,465	192,821
Total tax preferences excluded from adjusted gross income [2]	1,396,057	50,744,256	1,383,039	47,380,999	13,018	3,363,257
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,095	2,551,042	27,694	2,546,272	402	4,769
Passive activity loss (alternative minimum tax adjustment)	583,552	492,947	580,319	493,269	3,234	-323
<b>Expanded income</b>	<b>4,758,256</b>	<b>2,473,541,692</b>	<b>4,743,256</b>	<b>2,467,806,387</b>	<b>15,000</b>	<b>5,735,305</b>

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2011—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Exemption amount	4,755,857	51,273,152	4,740,882	51,149,856	14,975	123,295
Itemized deductions:						
Total per adjusted gross income concept	4,530,923	357,591,882	4,516,962	354,560,355	13,961	3,031,527
Total per expanded income concept	4,530,661	338,980,327	4,516,701	336,243,347	13,961	2,736,980
Charitable contributions deduction	4,216,624	73,697,155	4,204,020	73,064,199	12,604	632,956
Interest paid deduction:						
Total per adjusted gross income concept	3,704,822	75,340,205	3,697,115	74,979,877	7,707	360,328
Total per expanded income concept	3,535,712	65,753,516	3,530,191	65,586,008	5,521	167,507
Total home mortgage interest	3,528,113	65,461,741	3,522,627	65,294,745	5,486	166,996
Medical and dental expense deduction	152,916	3,925,269	144,765	3,319,474	8,152	605,794
Net casualty or theft loss deduction	5,406	498,934	5,070	346,191	336	152,744
Taxes paid deduction	4,525,646	181,888,820	4,511,738	181,169,096	13,909	719,724
Net limited miscellaneous deductions per adjusted gross income concept	680,307	16,125,647	670,907	15,664,828	9,400	460,819
Non-limited miscellaneous deductions	218,986	6,143,372	216,861	6,044,098	2,125	99,274
Excess of exemptions and deductions over adjusted gross income	13,890	2,907,500	5,357	1,908,617	8,533	998,883
Taxable income	4,744,357	2,025,080,746	4,737,897	2,024,647,157	6,460	433,589
Tax at regular rates	4,736,186	521,133,357	4,734,865	521,077,497	1,321	55,859
Alternative minimum tax (Form 6251)	3,274,919	28,338,456	3,274,076	28,328,681	843	9,775
Income tax before credits	4,744,893	549,477,255	4,743,148	549,411,621	1,745	65,634
Tax credits, total	2,358,567	18,391,545	2,356,822	18,325,911	1,745	65,634
Child care credit	409,877	220,064	409,842	220,045	35	19
Minimum tax credit	85,862	362,199	85,501	353,188	361	9,011
Foreign tax credit	0	0	0	0	0	0
General business credit	202,857	1,884,768	202,316	1,876,762	540	8,006
Refundable prior-year minimum tax credit used to offset income tax before credits	164,742	457,129	164,087	419,015	654	38,114
All other refundable credits used to offset income tax before credits	8,266	32,441	8,257	25,296	* 9	* 7,145
Worldwide total income tax	4,743,256	547,496,672	4,743,256	547,496,672	0	0
Foreign taxes paid	1,705,570	16,410,595	1,705,570	16,410,595	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	50,440	1,403,698	50,440	1,403,698	0	0
Taxable income which would yield:						
Income tax before credits	4,744,893	1,920,611,685	4,743,148	1,920,353,495	1,745	258,191
Income tax after credits	4,743,256	1,914,382,550	4,743,256	1,914,382,550	0	0
Worldwide total income tax	4,743,256	1,914,383,598	4,743,256	1,914,383,598	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>4,758,255</b>	<b>2,433,620,922</b>	<b>4,743,256</b>	<b>2,431,019,284</b>	<b>14,999</b>	<b>2,601,638</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,396,057	50,744,256	1,383,039	47,380,999	13,018	3,363,257
Social Security benefits (nontaxable)	807,045	3,339,686	798,797	3,307,544	8,247	32,142
Foreign-earned income exclusion	75,416	6,869,371	75,144	6,822,933	272	46,437
minus: Investment interest expense deduction	619,250	9,586,690	614,785	9,393,869	4,465	192,821
Non-limited miscellaneous deductions	218,986	6,143,372	216,861	6,044,098	2,125	99,274
Unreimbursed employee business expenses	827,362	5,283,560	826,535	5,280,426	828	3,134
<b>Equals: Expanded income</b>	<b>4,758,256</b>	<b>2,473,541,692</b>	<b>4,743,256</b>	<b>2,467,806,387</b>	<b>15,000</b>	<b>5,735,305</b>

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

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables.

Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>4,577,487</b>	<b>100.0</b>	<b>952,888</b>	<b>20.8</b>	<b>21,561</b>	<b>0.5</b>	<b>2,768,969</b>	<b>60.5</b>
Interest paid deduction	1,768,333	38.6	0	0.0	4,043	18.8	1,631,172	58.9
Investment interest expense deduction [1]	39,277	0.9	3,484	0.4	0	0.0	27,177	1.0
Taxes paid deduction	1,345,413	29.4	861,766	90.4	11,768	54.6	0	0.0
Charitable contributions deduction	880,117	19.2	55,947	5.9	2,063	9.6	784,516	28.3
Medical and dental expense deduction	20,596	0.4	1,839	0.2	409	1.9	13,585	0.5
Net casualty or theft loss deduction	950	[2]	340	[2]	3	[2]	546	[2]
Total miscellaneous deductions	166,804	3.6	15,847	1.7	1,076	5.0	124,897	4.5
Foreign tax credit	68,887	1.5	371	[2]	451	2.1	48,644	1.8
General business credit	25,037	0.5	1,747	0.2	94	0.4	18,456	0.7
Refundable prior-year minimum tax credit used to offset income tax before credits	10,478	0.2	338	[2]	11	0.1	8,611	0.3
All other refundable tax credits used to offset income tax before credits	624	[2]	0	0.0	0	0.0	4	[2]
All other tax credits	32,197	0.7	3,025	0.3	387	1.8	21,776	0.8
Partnership and S Corporation net losses	56,174	1.2	5,934	0.6	1,085	5.0	36,778	1.3
Capital gains taxed at 0 percent	44,685	1.0	2,244	0.2	170	0.8	15,445	0.6
No second largest item	117,917	2.6	6	[2]	0	0.0	37,361	1.3
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>4,655,018</b>	<b>100.0</b>	<b>939,691</b>	<b>20.2</b>	<b>0</b>	<b>0.0</b>	<b>2,668,334</b>	<b>57.3</b>
Interest paid deduction	1,737,111	37.3	0	0.0	0	0.0	1,607,840	60.3
Tax-exempt interest [3]	194,986	4.2	2,301	0.2	0	0.0	142,889	5.4
Taxes paid deduction	1,381,519	29.7	861,306	91.7	0	0.0	0	0.0
Charitable contributions deduction	771,334	16.6	57,260	6.1	0	0.0	662,770	24.8
Medical and dental expense deduction	22,132	0.5	1,839	0.2	0	0.0	11,250	0.4
Net casualty or theft loss deduction	948	[2]	381	[2]	0	0.0	503	[2]
Total miscellaneous deductions	62,974	1.4	1,489	0.2	0	0.0	32,721	1.2
Foreign tax credit	70,826	1.5	305	[2]	0	0.0	32,060	1.2
General business credit	24,293	0.5	1,803	0.2	0	0.0	16,657	0.6
Refundable prior-year minimum tax credit used to offset income tax before credits	10,336	0.2	341	[2]	0	0.0	** 7,640	** 0.3
All other refundable tax credits used to offset income tax before credits	311	[2]	0	0.0	0	0.0	**	**
All other tax credits	35,588	0.8	3,308	0.4	0	0.0	20,616	0.8
Partnership and S Corporation net losses	56,242	1.2	6,282	0.7	0	0.0	33,745	1.3
Foreign-earned income exclusion [3]	29,005	0.6	183	[2]	0	0.0	593	[2]
AMT tax preference [3]	3,136	0.1	3	[2]	0	0.0	2,556	0.1
Nontaxable Social Security benefits [3]	93,909	2.0	948	0.1	0	0.0	50,493	1.9
Capital gains taxed at 0 percent	51,028	1.1	1,942	0.2	0	0.0	12,390	0.5
No second largest item	109,340	2.3	0	0.0	0	0.0	33,613	1.3

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>349,027</b>	<b>7.6</b>	<b>30,804</b>	<b>0.7</b>	<b>2,130</b>	<b>[2]</b>	<b>110,357</b>	<b>2.4</b>
Interest paid deduction	59,135	16.9	2,322	7.5	341	16.0	20,556	18.6
Investment interest expense deduction [1]	2,883	0.8	628	2.0	0	0.0	1,396	1.3
Taxes paid deduction	252,640	72.4	17,802	57.8	1,600	75.1	65,392	59.3
Charitable contributions deduction	0	0.0	3,201	10.4	11	0.5	11,054	10.0
Medical and dental expense deduction	1,381	0.4	0	0.0	0	0.0	2,115	1.9
Net casualty or theft loss deduction	43	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	13,962	4.0	2,210	7.2	138	6.5	0	0.0
Foreign tax credit	2,127	0.6	299	1.0	41	1.9	3,094	2.8
General business credit	1,775	0.5	183	0.6	0	0.0	119	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	269	0.1	0	0.0	0	0.0	111	0.1
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	1,806	0.5	0	0.0	0	0.0	554	0.5
Partnership and S Corporation net losses	3,997	1.1	28	0.1	0	0.0	2,581	2.3
Capital gains taxed at 0 percent	8,941	2.6	4,132	13.4	0	0.0	3,192	2.9
No second largest item	67	[2]	0	0.0	0	0.0	192	0.2
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>334,652</b>	<b>7.2</b>	<b>30,287</b>	<b>0.7</b>	<b>2,116</b>	<b>[2]</b>	<b>29,616</b>	<b>0.6</b>
Interest paid deduction	59,046	17.6	2,310	7.6	341	16.1	2,742	9.3
Tax-exempt interest [3]	16,362	4.9	3,407	11.2	146	6.9	5,762	19.5
Taxes paid deduction	234,311	70.0	15,754	52.0	1,577	74.5	12,919	43.6
Charitable contributions deduction	0	0.0	2,538	8.4	11	0.5	3,140	10.6
Medical and dental expense deduction	1,253	0.4	0	0.0	0	0.0	675	2.3
Net casualty or theft loss deduction	43	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	5,072	1.5	2,102	6.9	0	0.0	0	0.0
Foreign tax credit	1,108	0.3	139	0.5	41	1.9	1,035	3.5
General business credit	1,632	0.5	183	0.6	0	0.0	26	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	222	0.1	0	0.0	0	0.0	147	0.5
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	1,807	0.5	0	0.0	0	0.0	47	0.2
Partnership and S Corporation net losses	3,507	1.0	27	0.1	0	0.0	1,053	3.6
Foreign-earned income exclusion [3]	134	[2]	12	[2]	0	0.0	24	0.1
AMT tax preference [3]	56	[2]	0	0.0	0	0.0	6	[2]
Nontaxable Social Security benefits [3]	1,963	0.6	706	2.3	0	0.0	302	1.0
Capital gains taxed at 0 percent	8,122	2.4	3,110	10.3	0	0.0	1,599	5.4
No second largest item	12	[2]	0	0.0	0	0.0	140	0.5

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		Refundable prior-year minimum tax credit used to offset income tax before credits		All other refundable tax credits used to offset income tax before credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>119,353</b>	<b>2.6</b>	<b>27,990</b>	<b>0.6</b>	<b>6,808</b>	<b>0.1</b>	<b>1,350</b>	<b>[2]</b>
Interest paid deduction	14,457	12.1	5,544	19.8	589	8.6	600	44.5
Investment interest expense deduction [1]	755	0.6	166	0.6	146	2.1	**	**
Taxes paid deduction	40,648	34.1	13,288	47.5	4,533	66.6	** 147	** 10.9
Charitable contributions deduction	3,531	3.0	1,746	6.2	443	6.5	300	22.2
Medical and dental expense deduction	81	0.1	8	[2]	3	[2]	0	0.0
Net casualty or theft loss deduction	17	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	1,939	1.6	93	0.3	49	0.7	0	0.0
Foreign tax credit	0	0.0	1,328	4.7	193	2.8	0	0.0
General business credit	979	0.8	0	0.0	47	0.7	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	660	0.6	11	[2]	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	316	0.3	0	0.0	0	0.0	0	0.0
All other tax credits	1,790	1.5	495	1.8	306	4.5	300	22.2
Partnership and S Corporation net losses	2,501	2.1	462	1.7	22	0.3	0	0.0
Capital gains taxed at 0 percent	2,059	1.7	1,144	4.1	10	0.2	0	0.0
No second largest item	49,621	41.6	3,704	13.2	468	6.9	3	0.2
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>97,663</b>	<b>2.1</b>	<b>26,308</b>	<b>0.6</b>	<b>5,695</b>	<b>0.1</b>	<b>1,350</b>	<b>[2]</b>
Interest paid deduction	8,746	9.0	5,223	19.9	589	10.3	600	44.5
Tax-exempt interest [3]	4,511	4.6	905	3.4	142	2.5	0	0.0
Taxes paid deduction	30,713	31.4	11,648	44.3	4,351	76.4	147	10.9
Charitable contributions deduction	2,496	2.6	1,687	6.4	341	6.0	300	22.2
Medical and dental expense deduction	15	[2]	0	0.0	3	0.1	0	0.0
Net casualty or theft loss deduction	3	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	616	0.6	22	0.1	11	0.2	0	0.0
Foreign tax credit	0	0.0	1,103	4.2	** 52	** 0.9	0	0.0
General business credit	180	0.2	0	0.0	**	**	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	** 284	** 0.3	51	0.2	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	**	**	0	0.0	0	0.0	0	0.0
All other tax credits	544	0.6	478	1.8	165	2.9	300	22.2
Partnership and S Corporation net losses	1,010	1.0	452	1.7	15	0.3	0	0.0
Foreign-earned income exclusion [3]	27,721	28.4	0	0.0	0	0.0	0	0.0
AMT tax preference [3]	200	0.2	3	[2]	8	0.1	0	0.0
Nontaxable Social Security benefits [3]	3,518	3.6	1,034	3.9	4	0.1	0	0.0
Capital gains taxed at 0 percent	1,900	1.9	1,020	3.9	10	0.2	0	0.0
No second largest item	15,206	15.6	2,682	10.2	3	0.1	3	0.2

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	All other tax credits		Partnership and S Corporation net losses		Capital gains taxed at 0 percent		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>33,333</b>	<b>0.7</b>	<b>93,846</b>	<b>2.1</b>	<b>59,070</b>	<b>1.3</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	5,028	15.1	16,132	17.2	8,414	14.2	0	0.0
Investment interest expense deduction [1]	**	**	2,190	2.3	372	0.6	0	0.0
Taxes paid deduction	** 11,174	** 33.5	42,173	44.9	22,564	38.2	0	0.0
Charitable contributions deduction	801	2.4	9,176	9.8	7,327	12.4	0	0.0
Medical and dental expense deduction	3	[2]	253	0.3	918	1.6	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	662	2.0	3,546	3.8	2,386	4.0	0	0.0
Foreign tax credit	3,839	11.5	4,626	4.9	3,873	6.6	0	0.0
General business credit	253	0.8	1,156	1.2	228	0.4	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	16	[2]	407	0.4	44	0.1	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	304	0.5	0	0.0
All other tax credits	0	0.0	892	0.9	866	1.5	0	0.0
Partnership and S Corporation net losses	303	0.9	0	0.0	2,484	4.2	0	0.0
Capital gains taxed at 0 percent	166	0.5	7,182	7.7	0	0.0	0	0.0
No second largest item	11,089	33.3	6,115	6.5	9,291	15.7	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>29,587</b>	<b>0.6</b>	<b>89,004</b>	<b>1.9</b>	<b>53,898</b>	<b>1.2</b>	<b>32,843</b>	<b>0.7</b>
Interest paid deduction	5,757	19.5	16,146	18.1	7,752	14.4	6,439	19.6
Tax-exempt interest [3]	1,067	3.6	6,010	6.8	5,092	9.4	837	2.5
Taxes paid deduction	10,414	35.2	39,008	43.8	17,425	32.3	6,671	20.3
Charitable contributions deduction	783	2.6	8,568	9.6	5,654	10.5	1,087	3.3
Medical and dental expense deduction	3	[2]	206	0.2	443	0.8	169	0.5
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	12	[2]
Total miscellaneous deductions	330	1.1	1,905	2.1	1,244	2.3	164	0.5
Foreign tax credit	1,710	5.8	2,266	2.5	1,438	2.7	11,479	35.0
General business credit	57	0.2	1,314	1.5	221	0.4	31	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	15	0.1	449	0.5	44	0.1	3	[2]
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	304	0.6	0	0.0
All other tax credits	0	0.0	883	1.0	718	1.3	413	1.3
Partnership and S Corporation net losses	178	0.6	0	0.0	2,249	4.2	232	0.7
Foreign-earned income exclusion [3]	4	[2]	58	0.1	162	0.3	0	0.0
AMT tax preference [3]	13	[2]	166	0.2	0	0.0	72	0.2
Nontaxable Social Security benefits [3]	667	2.3	1,510	1.7	7,497	13.9	416	1.3
Capital gains taxed at 0 percent	165	0.6	7,162	8.0	0	0.0	579	1.8
No second largest item	8,425	28.5	3,353	3.8	3,656	6.8	4,239	12.9

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(33)	(34)	(35)	(36)	(37)	(38)
<b>RETURNS WITH U.S. INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>240,589</b>	<b>5.2</b>	<b>5,802</b>	<b>0.1</b>	<b>67,582</b>	<b>1.5</b>
Interest paid deduction	8,217	3.4	161	2.8	5,202	7.7
Tax-exempt interest [3]	0	0.0	43	0.7	5,510	8.2
Taxes paid deduction	117,781	49.0	4,644	80.0	12,849	19.0
Charitable contributions deduction	24,198	10.1	432	7.4	71	0.1
Medical and dental expense deduction	6,274	2.6	3	0.1	0	0.0
Net casualty or theft loss deduction	7	[2]	0	0.0	0	0.0
Total miscellaneous deductions	17,275	7.2	25	0.4	0	0.0
Foreign tax credit	10,250	4.3	** 33	** 0.6	7,813	11.6
General business credit	1,819	0.8	**	**	366	0.5
Refundable prior-year minimum tax credit used to offset income tax before credits	391	0.2	157	2.7	599	0.9
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	3,045	1.3	17	0.3	3,247	4.8
Partnership and S Corporation net losses	5,080	2.1	147	2.5	2,265	3.4
Foreign-earned income exclusion [3]	110	[2]	3	[2]	0	0.0
AMT tax preference [3]	50	[2]	0	0.0	3	[2]
Nontaxable Social Security benefits [3]	24,811	10.3	40	0.7	0	0.0
Capital gains taxed at 0 percent	12,974	5.4	55	0.9	0	0.0
No second largest item	8,306	3.5	43	0.7	29,658	43.9

Footnotes at end of table.



# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>19,563</b>	<b>100.0</b>	<b>166</b>	<b>0.8</b>	<b>716</b>	<b>3.7</b>	<b>375</b>	<b>1.9</b>
Interest paid deduction	3,527	18.0	0	0.0	93	13.0	41	10.9
Investment interest expense deduction [1]	762	3.9	11	6.6	0	0.0	29	7.7
Taxes paid deduction	3,499	17.9	53	31.9	143	20.0	0	0.0
Charitable contributions deduction	2,093	10.7	26	15.7	119	16.6	85	22.7
Medical and dental expense deduction	301	1.5	7	4.2	14	2.0	15	4.0
Net casualty or theft loss deduction	19	0.1	0	0.0	0	0.0	**	**
Total miscellaneous deductions	1,184	6.1	17	10.2	76	10.6	** 53	** 14.1
Foreign tax credit	195	1.0	3	1.8	8	1.1	20	5.3
General business credit	186	0.9	9	5.4	** 9	** 1.3	23	6.1
Refundable prior-year minimum tax credit used to offset income tax before credits	71	0.4	0	0.0	**	**	0	0.0
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	259	1.3	9	5.4	6	0.8	7	1.9
Partnership and S Corporation net losses	1,159	5.9	11	6.6	180	25.1	82	21.9
Capital gains taxed at 0 percent	1,186	6.1	20	12.0	68	9.5	20	5.3
No second largest item	5,119	26.2	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>32,902</b>	<b>100.0</b>	<b>184</b>	<b>0.6</b>	<b>0</b>	<b>0.0</b>	<b>513</b>	<b>1.6</b>
Interest paid deduction	2,413	7.3	0	0.0	0	0.0	55	10.7
Tax-exempt interest [3]	2,028	6.2	17	9.2	0	0.0	116	22.6
Taxes paid deduction	4,426	13.5	56	30.4	0	0.0	0	0.0
Charitable contributions deduction	2,786	8.5	31	16.8	0	0.0	96	18.7
Medical and dental expense deduction	1,925	5.9	** 8	** 4.3	0	0.0	** 23	** 4.5
Net casualty or theft loss deduction	35	0.1	**	**	0	0.0	**	**
Total miscellaneous deductions	1,860	5.7	18	9.8	0	0.0	47	9.2
Foreign tax credit	2,159	6.6	3	1.6	0	0.0	17	3.3
General business credit	188	0.6	7	3.8	0	0.0	26	5.1
Refundable prior-year minimum tax credit used to offset income tax before credits	17	0.1	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	227	0.7	8	4.3	0	0.0	7	1.4
Partnership and S Corporation net losses	1,529	4.6	7	3.8	0	0.0	90	17.6
Foreign-earned income exclusion [3]	8,192	24.9	5	2.7	0	0.0	3	0.6
AMT tax preference [3]	12	[2]	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	492	1.5	**	**	0	0.0	10	1.9
Capital gains taxed at 0 percent	1,892	5.7	** 24	** 13.0	0	0.0	23	4.5
No second largest item	2,719	8.3	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>1,444</b>	<b>7.4</b>	<b>1,257</b>	<b>6.4</b>	<b>285</b>	<b>1.5</b>	<b>2,349</b>	<b>12.0</b>
Interest paid deduction	172	11.9	68	5.4	81	28.4	463	19.7
Investment interest expense deduction [1]	117	8.1	18	1.4	6	2.1	58	2.5
Taxes paid deduction	276	19.1	397	31.6	110	38.6	979	41.7
Charitable contributions deduction	0	0.0	301	24.0	22	7.7	249	10.6
Medical and dental expense deduction	116	8.0	0	0.0	8	2.8	89	3.8
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0	7	0.3
Total miscellaneous deductions	196	13.6	** 288	** 22.9	** 32	** 11.2	0	0.0
Foreign tax credit	75	5.2	5	0.4	**	**	22	0.9
General business credit	** 51	** 3.5	**	**	0	0.0	20	0.9
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	33	2.3	5	0.4	0	0.0	13	0.6
Partnership and S Corporation net losses	149	10.3	25	2.0	11	3.9	314	13.4
Capital gains taxed at 0 percent	** 259	** 18.0	150	11.9	11	3.9	67	2.9
No second largest item	**	**	0	0.0	4	1.4	67	2.9
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>1,472</b>	<b>4.5</b>	<b>1,908</b>	<b>5.8</b>	<b>292</b>	<b>0.9</b>	<b>380</b>	<b>1.2</b>
Interest paid deduction	161	10.9	57	3.0	83	28.4	18	4.7
Tax-exempt interest [3]	251	17.1	823	43.1	23	7.9	85	22.4
Taxes paid deduction	265	18.0	300	15.7	103	35.3	52	13.7
Charitable contributions deduction	0	0.0	** 219	** 11.5	** 19	** 6.5	83	21.8
Medical and dental expense deduction	** 106	** 7.2	0	0.0	8	2.7	** 72	** 19.0
Net casualty or theft loss deduction	**	**	3	0.2	0	0.0	**	**
Total miscellaneous deductions	140	9.5	** 245	** 12.8	21	7.2	0	0.0
Foreign tax credit	61	4.1	**	**	**	**	5	1.3
General business credit	** 44	** 3.0	**	**	0	0.0	3	0.8
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	27	1.8	**	**	0	0.0	4	1.1
Partnership and S Corporation net losses	131	8.9	20	1.0	11	3.8	41	10.8
Foreign-earned income exclusion [3]	5	0.3	3	0.2	**	**	**	**
AMT tax preference [3]	**	**	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	29	2.0	81	4.2	10	3.4	3	0.8
Capital gains taxed at 0 percent	** 251	** 17.1	157	8.2	** 10	** 3.4	** 14	** 3.7
No second largest item	**	**	0	0.0	4	1.4	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		Refundable prior-year minimum tax credit used to offset income tax before credits		All other refundable tax credits used to offset income tax before credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>10,860</b>	<b>55.5</b>	<b>162</b>	<b>0.8</b>	<b>339</b>	<b>1.7</b>	<b>22</b>	<b>0.1</b>
Interest paid deduction	2,308	21.3	58	35.7	0	0.0	0	0.0
Investment interest expense deduction [1]	151	1.4	3	1.8	140	41.3	0	0.0
Taxes paid deduction	1,208	11.1	39	24.3	0	0.0	6	27.3
Charitable contributions deduction	856	7.9	** 22	** 13.5	144	42.4	0	0.0
Medical and dental expense deduction	30	0.3	**	**	0	0.0	0	0.0
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	** 326	** 3.0	** 13	** 8.0	** 14	** 4.1	0	0.0
Foreign tax credit	0	0.0	**	**	0	0.0	0	0.0
General business credit	**	**	0	0.0	**	**	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	48	0.4	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	113	1.0	0	0.0	** 41	** 12.2	0	0.0
Partnership and S Corporation net losses	350	3.2	7	4.3	**	**	11	50.2
Capital gains taxed at 0 percent	429	4.0	** 20	** 12.3	0	0.0	5	22.4
No second largest item	5,037	46.4	**	**	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>14,073</b>	<b>42.8</b>	<b>172</b>	<b>0.5</b>	<b>339</b>	<b>1.0</b>	<b>22</b>	<b>0.1</b>
Interest paid deduction	1,182	8.4	60	34.8	6	1.9	0	0.0
Tax-exempt interest [3]	129	0.9	8	4.6	41	12.2	0	0.0
Taxes paid deduction	797	5.7	40	23.5	140	41.3	6	27.3
Charitable contributions deduction	527	3.7	** 23	** 13.3	144	42.4	0	0.0
Medical and dental expense deduction	** 20	** 0.1	**	**	0	0.0	0	0.0
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	91	0.6	10	5.8	** 7	** 2.2	0	0.0
Foreign tax credit	0	0.0	**	**	0	0.0	0	0.0
General business credit	4	[2]	0	0.0	**	**	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	55	0.4	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	235	1.7	8	4.6	0	0.0	11	50.2
Foreign-earned income exclusion [3]	8,165	58.0	0	0.0	0	0.0	0	0.0
AMT tax preference [3]	**	**	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	84	0.6	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	** 354	** 2.5	** 23	** 13.3	0	0.0	5	22.4
No second largest item	2,428	17.3	**	**	0	0.0	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	All other tax credits		Partnership and S Corporation net losses		Capital gains taxed at 0 percent		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>277</b>	<b>1.4</b>	<b>1,024</b>	<b>5.2</b>	<b>287</b>	<b>1.5</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	48	17.3	33	3.2	162	56.4	0	0.0
Investment interest expense deduction [1]	8	2.9	210	20.5	11	3.8	0	0.0
Taxes paid deduction	75	27.0	189	18.5	23	8.0	0	0.0
Charitable contributions deduction	** 33	** 11.9	214	20.9	26	9.1	0	0.0
Medical and dental expense deduction	**	**	12	1.2	6	2.1	0	0.0
Net casualty or theft loss deduction	**	**	**	**	5	1.7	0	0.0
Total miscellaneous deductions	** 49	** 17.8	** 128	** 12.5	12	4.2	0	0.0
Foreign tax credit	**	**	51	5.0	7	2.4	0	0.0
General business credit	** 11	** 4.0	53	5.1	12	4.2	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	12	1.2	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	19	1.9	** 16	** 5.6	0	0.0
Partnership and S Corporation net losses	15	5.4	0	0.0	**	**	0	0.0
Capital gains taxed at 0 percent	38	13.7	103	10.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	7	2.4	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>276</b>	<b>0.8</b>	<b>1,187</b>	<b>3.6</b>	<b>389</b>	<b>1.2</b>	<b>2,367</b>	<b>7.2</b>
Interest paid deduction	46	16.6	23	1.9	169	43.4	111	4.7
Tax-exempt interest [3]	63	22.9	395	33.3	61	15.7	11	0.5
Taxes paid deduction	73	26.4	209	17.6	30	7.7	72	3.0
Charitable contributions deduction	** 28	** 10.1	206	17.3	** 33	** 8.5	** 34	** 1.4
Medical and dental expense deduction	** 4	** 1.4	15	1.3	20	5.1	** 11	** 0.5
Net casualty or theft loss deduction	**	**	3	0.3	3	0.8	**	**
Total miscellaneous deductions	4	1.4	86	7.2	18	4.6	** 7	** 0.3
Foreign tax credit	**	**	55	4.6	15	3.9	1,979	83.6
General business credit	** 11	** 4.0	57	4.8	13	3.3	**	**
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	12	1.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	21	1.8	15	3.9	12	0.5
Partnership and S Corporation net losses	12	4.3	0	0.0	5	1.3	**	**
Foreign-earned income exclusion [3]	**	**	**	**	0	0.0	0	0.0
AMT tax preference [3]	**	**	5	0.4	0	0.0	**	**
Nontaxable Social Security benefits [3]	3	1.1	0	0.0	7	1.8	**	**
Capital gains taxed at 0 percent	** 32	** 11.6	** 101	** 8.5	0	0.0	** 30	** 1.3
No second largest item	0	0.0	0	0.0	**	**	100	4.2

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(33)	(34)	(35)	(36)	(37)	(38)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>9,307</b>	<b>28.3</b>	<b>6</b>	<b>[2]</b>	<b>12</b>	<b>[2]</b>
Interest paid deduction	439	4.7	0	0.0	4	33.3
Tax-exempt interest [3]	0	0.0	**	**	**	**
Taxes paid deduction	2,283	24.5	0	0.0	0	0.0
Charitable contributions deduction	1,366	14.7	** 6	** 100.0	** 8	** 66.7
Medical and dental expense deduction	1,640	17.6	**	**	**	**
Net casualty or theft loss deduction	18	0.2	0	0.0	0	0.0
Total miscellaneous deductions	1,169	12.6	0	0.0	0	0.0
Foreign tax credit	15	0.2	**	**	0	0.0
General business credit	** 24	** 0.3	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	73	0.8	**	**	0	0.0
Partnership and S Corporation net losses	949	10.2	0	0.0	**	**
Foreign-earned income exclusion [3]	5	0.1	0	0.0	0	0.0
AMT tax preference [3]	**	**	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	262	2.8	0	0.0	0	0.0
Capital gains taxed at 0 percent	** 886	** 9.5	0	0.0	0	0.0
No second largest item	178	1.9	0	0.0	**	**

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

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>4,534,836</b>	<b>100.0</b>	<b>969,677</b>	<b>21.4</b>	<b>22,521</b>	<b>0.5</b>	<b>2,810,909</b>	<b>62.0</b>
Interest paid deduction	1,780,708	39.3	0	0.0	4,170	18.5	1,655,304	58.9
Investment interest expense deduction [1]	41,752	0.9	3,704	0.4	0	0.0	29,666	1.1
Taxes paid deduction	1,330,889	29.3	876,582	90.4	12,527	55.6	0	0.0
Charitable contributions deduction	915,565	20.2	56,896	5.9	2,187	9.7	820,590	29.2
Medical and dental expense deduction	21,064	0.5	1,847	0.2	410	1.8	14,064	0.5
Net casualty or theft loss deduction	934	[2]	341	[2]	3	[2]	546	[2]
Total miscellaneous deductions	172,057	3.8	16,156	1.7	1,212	5.4	130,057	4.6
General business credit	24,606	0.5	1,790	0.2	96	0.4	18,869	0.7
Refundable prior-year minimum tax credit used to offset income tax before credits	10,216	0.2	354	[2]	15	0.1	8,913	0.3
All other refundable tax credits used to offset income tax before credits	346	[2]	0	0.0	0	0.0	33	[2]
All other tax credits	32,306	0.7	3,135	0.3	393	1.7	23,118	0.8
Partnership and S Corporation net losses	56,585	1.2	6,143	0.6	1,124	5.0	38,847	1.4
Capital gains taxed at 0 percent	44,428	1.0	2,273	0.2	344	1.5	16,115	0.6
No second largest item	103,380	2.3	458	[2]	40	0.2	54,787	1.9
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>4,655,284</b>	<b>100.0</b>	<b>949,645</b>	<b>20.4</b>	<b>0</b>	<b>0.0</b>	<b>2,699,929</b>	<b>58.0</b>
Interest paid deduction	1,758,768	37.8	0	0.0	0	0.0	1,626,392	60.2
Tax-exempt interest [3]	202,209	4.3	2,523	0.3	0	0.0	147,934	5.5
Taxes paid deduction	1,378,334	29.6	870,407	91.7	0	0.0	0	0.0
Charitable contributions deduction	792,839	17.0	57,624	6.1	0	0.0	683,506	25.3
Medical and dental expense deduction	22,444	0.5	1,842	0.2	0	0.0	11,256	0.4
Net casualty or theft loss deduction	961	[2]	382	[2]	0	0.0	503	[2]
Total miscellaneous deductions	65,981	1.4	1,555	0.2	0	0.0	34,557	1.3
General business credit	24,696	0.5	1,844	0.2	0	0.0	16,989	0.6
Refundable prior-year minimum tax credit used to offset income tax before credits	10,407	0.2	349	[2]	0	0.0	7,789	0.3
All other refundable tax credits used to offset income tax before credits	337	[2]	0	0.0	0	0.0	15	[2]
All other tax credits	38,431	0.8	3,365	0.4	0	0.0	21,442	0.8
Partnership and S Corporation net losses	58,618	1.3	6,429	0.7	0	0.0	34,987	1.3
Foreign-earned income exclusion [3]	3,064	0.1	298	[2]	0	0.0	1,690	0.1
AMT tax preference [3]	3,051	0.1	3	[2]	0	0.0	2,569	0.1
Nontaxable Social Security benefits [3]	94,716	2.0	949	0.1	0	0.0	51,999	1.9
Capital gains taxed at 0 percent	51,460	1.1	1,953	0.2	0	0.0	12,865	0.5
No second largest item	148,968	3.2	121	[2]	0	0.0	45,436	1.7

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>353,754</b>	<b>7.8</b>	<b>30,950</b>	<b>0.7</b>	<b>2,156</b>	<b>[2]</b>	<b>112,693</b>	<b>2.5</b>
Interest paid deduction	60,199	17.0	2,331	7.5	343	15.9	21,114	18.7
Investment interest expense deduction [1]	3,080	0.9	629	2.0	0	0.0	1,553	1.4
Taxes paid deduction	256,263	72.4	18,172	58.7	1,649	76.5	67,848	60.2
Charitable contributions deduction	0	0.0	3,217	10.4	11	0.5	12,572	11.2
Medical and dental expense deduction	1,393	0.4	0	0.0	0	0.0	2,156	1.9
Net casualty or theft loss deduction	43	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	14,749	4.2	2,212	7.1	139	6.5	0	0.0
General business credit	1,810	0.5	183	0.6	0	0.0	127	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	281	0.1	0	0.0	0	0.0	111	0.1
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	1,849	0.5	5	[2]	0	0.0	576	0.5
Partnership and S Corporation net losses	4,151	1.2	29	0.1	0	0.0	2,739	2.4
Capital gains taxed at 0 percent	9,361	2.6	4,156	13.4	12	0.6	3,425	3.0
No second largest item	572	0.2	17	0.1	3	0.1	471	0.4
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>338,020</b>	<b>7.3</b>	<b>30,363</b>	<b>0.7</b>	<b>2,126</b>	<b>[2]</b>	<b>30,351</b>	<b>0.7</b>
Interest paid deduction	59,741	17.7	2,315	7.6	343	16.1	2,935	9.7
Tax-exempt interest [3]	16,611	4.9	3,421	11.3	188	8.8	5,890	19.4
Taxes paid deduction	236,842	70.1	15,919	52.4	1,582	74.4	13,621	44.9
Charitable contributions deduction	0	0.0	2,541	8.4	11	0.5	3,439	11.3
Medical and dental expense deduction	1,258	0.4	0	0.0	0	0.0	678	2.2
Net casualty or theft loss deduction	43	[2]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	5,353	1.6	2,104	6.9	0	0.0	0	0.0
General business credit	1,669	0.5	183	0.6	0	0.0	28	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	226	0.1	0	0.0	0	0.0	148	0.5
All other refundable tax credits used to offset income tax before credits	3	[2]	0	0.0	0	0.0	0	0.0
All other tax credits	1,830	0.5	**	**	0	0.0	**	**
Partnership and S Corporation net losses	3,566	1.1	** 29	** 0.1	0	0.0	** 1,154	** 3.8
Foreign-earned income exclusion [3]	317	0.1	14	[2]	3	0.1	88	0.3
AMT tax preference [3]	61	[2]	0	0.0	0	0.0	6	[2]
Nontaxable Social Security benefits [3]	2,111	0.6	706	2.3	0	0.0	454	1.5
Capital gains taxed at 0 percent	8,300	2.5	3,128	10.3	0	0.0	1,727	5.7
No second largest item	90	[2]	3	[2]	0	0.0	182	0.6

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		Refundable prior-year minimum tax credit used to offset income tax before credits		All other refundable tax credits used to offset income tax before credits		All other tax credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>29,033</b>	<b>0.6</b>	<b>7,530</b>	<b>0.2</b>	<b>1,684</b>	<b>[2]</b>	<b>35,345</b>	<b>0.8</b>
Interest paid deduction	5,576	19.2	591	7.9	** 601	** 35.7	** 5,235	** 14.8
Investment interest expense deduction [1]	169	0.6	148	2.0	**	**	**	**
Taxes paid deduction	14,059	48.4	4,689	62.3	152	9.0	11,565	32.7
Charitable contributions deduction	1,788	6.2	457	6.1	303	18.0	826	2.3
Medical and dental expense deduction	8	[2]	3	[2]	0	0.0	3	[2]
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	113	0.4	74	1.0	0	0.0	670	1.9
General business credit	0	0.0	48	0.6	0	0.0	257	0.7
Refundable prior-year minimum tax credit used to offset income tax before credits	11	[2]	0	0.0	0	0.0	24	0.1
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	795	2.7	345	4.6	300	17.8	0	0.0
Partnership and S Corporation net losses	467	1.6	24	0.3	11	0.7	493	1.4
Capital gains taxed at 0 percent	1,149	4.0	10	0.1	0	0.0	201	0.6
No second largest item	4,897	16.9	1,141	15.1	316	18.8	16,072	45.5
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>26,560</b>	<b>0.6</b>	<b>5,989</b>	<b>0.1</b>	<b>1,373</b>	<b>[2]</b>	<b>30,296</b>	<b>0.7</b>
Interest paid deduction	5,254	19.8	595	9.9	600	43.7	5,794	19.1
Tax-exempt interest [3]	926	3.5	184	3.1	0	0.0	1,091	3.6
Taxes paid deduction	11,986	45.1	4,489	75.0	150	11.0	10,533	34.8
Charitable contributions deduction	1,742	6.6	343	5.7	303	22.1	795	2.6
Medical and dental expense deduction	0	0.0	3	0.1	0	0.0	4	[2]
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	29	0.1	** 31	** 0.5	0	0.0	**	**
General business credit	0	0.0	**	**	0	0.0	** 391	** 1.3
Refundable prior-year minimum tax credit used to offset income tax before credits	51	0.2	0	0.0	0	0.0	15	0.1
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	779	2.9	165	2.7	300	21.8	0	0.0
Partnership and S Corporation net losses	** 460	** 1.7	15	0.3	** 16	** 1.2	202	0.7
Foreign-earned income exclusion [3]	**	**	0	0.0	**	**	22	0.1
AMT tax preference [3]	**	**	8	0.1	0	0.0	14	[2]
Nontaxable Social Security benefits [3]	** 1,041	** 3.9	4	0.1	0	0.0	667	2.2
Capital gains taxed at 0 percent	1,027	3.9	10	0.2	0	0.0	183	0.6
No second largest item	3,267	12.3	141	2.4	3	0.2	10,585	34.9

Footnotes at end of table.



# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Partnership and S Corporation net losses		Capital gains taxed at 0 percent		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>96,956</b>	<b>2.1</b>	<b>61,628</b>	<b>1.4</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	16,450	17.0	8,882	14.4	0	0.0
Investment interest expense deduction [1]	2,307	2.4	406	0.7	0	0.0
Taxes paid deduction	43,075	44.4	24,309	39.4	0	0.0
Charitable contributions deduction	9,349	9.6	7,370	12.0	0	0.0
Medical and dental expense deduction	255	0.3	925	1.5	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	3,822	3.9	2,854	4.6	0	0.0
General business credit	1,194	1.2	231	0.4	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	419	0.4	88	0.1	0	0.0
All other refundable tax credits used to offset income tax before credits	6	[2]	304	0.5	0	0.0
All other tax credits	917	0.9	875	1.4	0	0.0
Partnership and S Corporation net losses	0	0.0	2,555	4.1	0	0.0
Capital gains taxed at 0 percent	7,383	7.6	0	0.0	0	0.0
No second largest item	11,779	12.1	12,828	20.8	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>90,529</b>	<b>1.9</b>	<b>56,266</b>	<b>1.2</b>	<b>70,839</b>	<b>1.5</b>
Interest paid deduction	16,354	18.1	8,299	14.7	16,181	22.8
Tax-exempt interest [3]	6,460	7.1	5,739	10.2	4,004	5.7
Taxes paid deduction	39,769	43.9	18,658	33.2	14,948	21.1
Charitable contributions deduction	8,708	9.6	5,688	10.1	3,066	4.3
Medical and dental expense deduction	208	0.2	452	0.8	436	0.6
Net casualty or theft loss deduction	0	0.0	0	0.0	26	[2]
Total miscellaneous deductions	2,138	2.4	1,698	3.0	661	0.9
General business credit	1,346	1.5	226	0.4	88	0.1
Refundable prior-year minimum tax credit used to offset income tax before credits	464	0.5	48	0.1	161	0.2
All other refundable tax credits used to offset income tax before credits	0	0.0	304	0.5	14	[2]
All other tax credits	894	1.0	729	1.3	1,692	2.4
Partnership and S Corporation net losses	0	0.0	2,312	4.1	1,156	1.6
Foreign-earned income exclusion [3]	158	0.2	264	0.5	0	0.0
AMT tax preference [3]	166	0.2	**	**	153	0.2
Nontaxable Social Security benefits [3]	1,540	1.7	** 7,594	** 13.5	867	1.2
Capital gains taxed at 0 percent	7,343	8.1	0	0.0	1,483	2.1
No second largest item	4,983	5.5	4,254	7.6	25,901	36.6

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(31)	(32)	(33)	(34)	(35)	(36)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>245,809</b>	<b>5.3</b>	<b>6,006</b>	<b>0.1</b>	<b>71,184</b>	<b>1.5</b>
Interest paid deduction	8,450	3.4	162	2.7	5,352	7.5
Tax-exempt interest [3]	0	0.0	63	1.1	7,174	10.1
Taxes paid deduction	120,027	48.8	4,801	79.9	14,601	20.5
Charitable contributions deduction	24,559	10.0	437	7.3	78	0.1
Medical and dental expense deduction	6,304	2.6	3	[2]	0	0.0
Net casualty or theft loss deduction	7	[2]	0	0.0	0	0.0
Total miscellaneous deductions	17,498	7.1	** 27	** 0.4	**	**
General business credit	1,897	0.8	**	**	** 368	** 0.5
Refundable prior-year minimum tax credit used to offset income tax before credits	399	0.2	157	2.6	599	0.8
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	3,901	1.6	17	0.3	3,263	4.6
Partnership and S Corporation net losses	5,638	2.3	147	2.5	2,567	3.6
Foreign-earned income exclusion [3]	174	0.1	30	0.5	0	0.0
AMT tax preference [3]	63	[2]	0	0.0	3	[2]
Nontaxable Social Security benefits [3]	26,736	10.9	52	0.9	0	0.0
Capital gains taxed at 0 percent	13,376	5.4	55	0.9	10	[2]
No second largest item	16,780	6.8	54	0.9	37,168	52.2

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>7,557</b>	<b>100.0</b>	<b>141</b>	<b>1.9</b>	<b>663</b>	<b>8.8</b>	<b>291</b>	<b>3.9</b>
Interest paid deduction	1,114	14.7	0	0.0	91	13.7	36	12.4
Investment interest expense deduction [1]	567	7.5	9	6.4	0	0.0	26	8.9
Taxes paid deduction	2,145	28.4	49	34.8	137	20.7	0	0.0
Charitable contributions deduction	1,159	15.3	25	17.7	115	17.4	83	28.5
Medical and dental expense deduction	259	3.4	6	4.3	13	2.0	14	4.8
Net casualty or theft loss deduction	18	0.2	0	0.0	0	0.0	**	**
Total miscellaneous deductions	766	10.1	14	9.9	** 78	** 11.8	** 47	** 16.1
General business credit	** 126	** 1.7	7	5.0	**	**	17	5.8
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	99	1.3	4	2.8	3	0.5	4	1.4
Partnership and S Corporation net losses	701	9.3	10	7.1	171	25.8	49	16.8
Capital gains taxed at 0 percent	519	6.9	17	12.1	55	8.3	15	5.2
No second largest item	82	1.1	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>15,000</b>	<b>100.0</b>	<b>158</b>	<b>1.1</b>	<b>0</b>	<b>0.0</b>	<b>428</b>	<b>2.9</b>
Interest paid deduction	1,065	7.1	0	0.0	0	0.0	50	11.7
Tax-exempt interest [3]	1,724	11.5	15	9.5	0	0.0	114	26.6
Taxes paid deduction	3,423	22.8	51	32.3	0	0.0	0	0.0
Charitable contributions deduction	2,056	13.7	29	18.4	0	0.0	91	21.3
Medical and dental expense deduction	1,859	12.4	** 7	** 4.4	0	0.0	** 22	** 5.1
Net casualty or theft loss deduction	34	0.2	**	**	0	0.0	**	**
Total miscellaneous deductions	1,667	11.1	15	9.5	0	0.0	43	10.0
General business credit	118	0.8	7	4.4	0	0.0	19	4.4
Refundable prior-year minimum tax credit used to offset income tax before credits	4	[2]	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	94	0.6	4	2.5	0	0.0	5	1.2
Partnership and S Corporation net losses	1,188	7.9	** 9	** 5.7	0	0.0	56	13.1
Foreign-earned income exclusion [3]	11	0.1	3	1.9	0	0.0	0	0.0
AMT tax preference [3]	8	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	408	2.7	**	**	0	0.0	10	2.3
Capital gains taxed at 0 percent	1,066	7.1	18	11.4	0	0.0	18	4.2
No second largest item	274	1.8	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>1,104</b>	<b>14.6</b>	<b>1,222</b>	<b>16.2</b>	<b>277</b>	<b>3.7</b>	<b>2,272</b>	<b>30.1</b>
Interest paid deduction	118	10.7	66	5.4	79	28.5	461	20.3
Investment interest expense deduction [1]	109	9.9	17	1.4	6	2.2	55	2.4
Taxes paid deduction	256	23.2	394	32.2	106	38.3	966	42.5
Charitable contributions deduction	0	0.0	301	24.7	22	7.9	244	10.7
Medical and dental expense deduction	113	10.2	0	0.0	8	2.9	89	3.9
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0	7	0.3
Total miscellaneous deductions	171	15.5	** 288	** 23.6	30	10.8	0	0.0
General business credit	27	2.4	**	**	0	0.0	18	0.8
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	14	1.3	3	0.2	0	0.0	11	0.5
Partnership and S Corporation net losses	119	10.8	24	2.0	11	4.0	304	13.4
Capital gains taxed at 0 percent	** 177	** 16.0	129	10.6	11	4.0	49	2.2
No second largest item	**	**	0	0.0	4	1.4	67	2.9
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>1,126</b>	<b>7.5</b>	<b>1,866</b>	<b>12.4</b>	<b>285</b>	<b>1.9</b>	<b>352</b>	<b>2.3</b>
Interest paid deduction	105	9.3	55	2.9	81	28.4	18	5.1
Tax-exempt interest [3]	190	16.9	810	43.4	22	7.7	80	22.7
Taxes paid deduction	246	21.8	298	16.0	100	35.1	50	14.2
Charitable contributions deduction	0	0.0	210	11.3	18	6.3	80	22.7
Medical and dental expense deduction	** 104	** 9.2	0	0.0	8	2.8	** 72	** 20.5
Net casualty or theft loss deduction	**	**	3	0.2	0	0.0	**	**
Total miscellaneous deductions	125	11.1	244	13.1	21	7.4	0	0.0
General business credit	28	2.5	**	**	0	0.0	**	**
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	12	1.1	** 4	** 0.2	0	0.0	** 4	** 1.1
Partnership and S Corporation net losses	113	10.1	** 21	** 1.1	** 12	** 4.2	** 39	** 11.1
Foreign-earned income exclusion [3]	0	0.0	**	**	**	**	**	**
AMT tax preference [3]	**	**	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	** 30	** 2.7	81	4.3	10	3.5	3	0.9
Capital gains taxed at 0 percent	** 173	** 15.4	140	7.5	9	3.2	6	1.7
No second largest item	**	**	0	0.0	4	1.4	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		Refundable prior-year minimum tax credit used to offset income tax before credits		All other refundable tax credits used to offset income tax before credits		All other tax credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>105</b>	<b>1.4</b>	<b>324</b>	<b>4.3</b>	<b>8</b>	<b>0.1</b>	<b>168</b>	<b>2.2</b>
Interest paid deduction	46	43.7	0	0.0	0	0.0	31	18.4
Investment interest expense deduction [1]	** 3	** 2.9	140	43.2	0	0.0	** 6	** 3.6
Taxes paid deduction	22	21.2	0	0.0	3	37.6	39	23.2
Charitable contributions deduction	12	11.4	143	44.1	0	0.0	21	12.5
Medical and dental expense deduction	**	**	0	0.0	0	0.0	**	**
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	4	3.8	0	0.0	0	0.0	** 42	** 25.2
General business credit	0	0.0	0	0.0	0	0.0	** 10	** 5.9
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0	**	**
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	** 41	** 12.8	0	0.0	0	0.0
Partnership and S Corporation net losses	3	2.9	**	**	0	0.0	7	4.2
Capital gains taxed at 0 percent	** 15	** 14.3	0	0.0	5	62.4	12	7.1
No second largest item	**	**	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>105</b>	<b>0.7</b>	<b>323</b>	<b>2.2</b>	<b>8</b>	<b>0.1</b>	<b>166</b>	<b>1.1</b>
Interest paid deduction	47	44.6	0	0.0	0	0.0	29	17.4
Tax-exempt interest [3]	**	**	40	12.5	0	0.0	45	27.3
Taxes paid deduction	21	20.2	140	43.3	3	37.6	41	24.6
Charitable contributions deduction	11	10.5	143	44.2	0	0.0	17	10.2
Medical and dental expense deduction	** 10	** 9.5	0	0.0	0	0.0	** 3	** 1.8
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	**	**	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	** 10	** 6.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0	**	**
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	**	**	0	0.0	0	0.0	** 6	** 3.6
Foreign-earned income exclusion [3]	0	0.0	0	0.0	0	0.0	**	**
AMT tax preference [3]	0	0.0	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	0	0.0	0	0.0	0	0.0	3	1.8
Capital gains taxed at 0 percent	** 16	** 15.2	0	0.0	5	62.4	12	7.2
No second largest item	**	**	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Partnership and S Corporation net losses		Capital gains taxed at 0 percent		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>764</b>	<b>10.1</b>	<b>217</b>	<b>2.9</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	30	3.9	156	71.9	0	0.0
Investment interest expense deduction [1]	192	25.1	** 9	** 4.2	0	0.0
Taxes paid deduction	163	21.3	10	4.6	0	0.0
Charitable contributions deduction	180	23.5	13	6.0	0	0.0
Medical and dental expense deduction	11	1.4	**	**	0	0.0
Net casualty or theft loss deduction	3	0.4	**	**	0	0.0
Total miscellaneous deductions	101	13.2	** 6	** 2.8	0	0.0
General business credit	31	4.1	9	4.2	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	15	2.0	** 7	** 3.2	0	0.0
Partnership and S Corporation net losses	0	0.0	**	**	0	0.0
Capital gains taxed at 0 percent	38	5.0	0	0.0	0	0.0
No second largest item	0	0.0	7	3.2	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>907</b>	<b>6.0</b>	<b>273</b>	<b>1.8</b>	<b>257</b>	<b>1.7</b>
Interest paid deduction	22	2.4	159	58.2	72	28.0
Tax-exempt interest [3]	364	40.1	30	11.0	7	2.7
Taxes paid deduction	180	19.8	21	7.7	62	24.1
Charitable contributions deduction	168	18.5	12	4.4	**	**
Medical and dental expense deduction	14	1.5	** 23	** 8.4	** 18	** 7.0
Net casualty or theft loss deduction	3	0.3	3	1.1	**	**
Total miscellaneous deductions	71	7.8	6	2.2	**	**
General business credit	33	3.7	8	2.9	**	**
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	16	1.8	**	**	** 9	** 3.5
Partnership and S Corporation net losses	0	0.0	4	1.5	** 5	** 1.9
Foreign-earned income exclusion [3]	0	0.0	0	0.0	0	0.0
AMT tax preference [3]	5	0.6	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	0	0.0	7	2.6	**	**
Capital gains taxed at 0 percent	31	3.4	0	0.0	0	0.0
No second largest item	0	0.0	**	**	84	32.7

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(31)	(32)	(33)	(34)	(35)	(36)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>8,728</b>	<b>58.2</b>	<b>4</b>	<b>[2]</b>	<b>12</b>	<b>0.1</b>
Interest paid deduction	424	4.9	0	0.0	4	33.3
Tax-exempt interest [3]	0	0.0	**	**	**	**
Taxes paid deduction	2,210	25.3	0	0.0	0	0.0
Charitable contributions deduction	1,265	14.5	0	0.0	**	**
Medical and dental expense deduction	1,611	18.5	** 4	** 100.0	** 8	** 66.7
Net casualty or theft loss deduction	18	0.2	0	0.0	0	0.0
Total miscellaneous deductions	1,137	13.0	0	0.0	0	0.0
General business credit	** 13	** 0.1	0	0.0	0	0.0
Refundable prior-year minimum tax credit used to offset income tax before credits	**	**	0	0.0	0	0.0
All other refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	38	0.4	**	**	0	0.0
Partnership and S Corporation net losses	927	10.6	0	0.0	**	**
Foreign-earned income exclusion [3]	3	[2]	0	0.0	0	0.0
AMT tax preference [3]	**	**	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	** 264	** 3.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	641	7.3	0	0.0	0	0.0
No second largest item	177	2.0	0	0.0	**	**

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

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2011**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions	19,563	5,548	3,402	1,738	615	321
Interest paid deduction:						
Total	19,563	9,165	6,435	1,632	770	347
Investment interest expense deduction per income concept	19,563	14,908	2,939	364	240	189
Taxes paid deduction	19,563	6,606	8,981	2,049	1,002	348
Charitable contributions deduction	19,563	8,579	7,271	872	497	489
Medical and dental expense deduction	19,563	17,239	647	158	100	101
Net casualty or theft loss deduction	19,563	19,251	8	5	3	5
Net limited miscellaneous deduction per income concept	19,563	14,936	2,389	977	453	264
Non-limited miscellaneous deduction	19,563	15,768	1,626	77	48	41
Deduction equivalent of:						
Total credits	19,563	6,233	492	429	267	377
Foreign tax credit	19,563	7,595	800	90	92	124
General business credit	19,563	18,660	252	254	108	73
Refundable prior-year minimum tax credit used to offset income tax before credits	19,563	18,814	236	62	60	** 46
All other refundable credits used to offset income tax before credits	19,563	19,534	4	3	0	0
Tax preferences excluded from adjusted gross income	19,563	14,064	3,415	568	352	220
Nontaxable Social Security benefits	19,563	15,621	3,934	8	0	0
Capital gains taxed at 0 percent	19,563	15,870	1,485	1,046	939	223
<b>Expanded income concept</b>						
Total itemized deductions	32,902	10,639	5,453	4,166	2,533	1,836
Interest paid deduction:						
Total	32,902	21,613	8,069	2,197	784	139
Investment interest expense deduction per income concept	32,902	26,715	5,260	414	147	95
Taxes paid deduction	32,902	11,843	14,698	3,873	1,342	472
Charitable contributions deduction	32,902	14,368	13,107	2,080	1,173	842
Medical and dental expense deduction	32,902	23,986	5,005	847	510	457
Net casualty or theft loss deduction	32,902	32,551	25	14	9	5
Net limited miscellaneous deduction per income concept	32,902	21,786	6,898	2,353	920	405
Non-limited miscellaneous deduction	32,902	30,163	2,515	85	34	24
Deduction equivalent of:						
Total credits	32,902	13,363	1,378	644	494	784
Foreign tax credit	32,902	15,111	1,415	245	276	538
General business credit	32,902	31,940	311	248	97	65
Refundable prior-year minimum tax credit used to offset income tax before credits	32,902	31,960	429	79	74	9
All other refundable credits used to offset income tax before credits	32,902	32,875	5	0	0	0
Tax preferences excluded from adjusted gross income	32,902	17,088	3,443	1,000	892	1,009
Nontaxable Social Security benefits	32,902	23,369	9,515	17	0	0
Capital gains taxed at 0 percent	32,902	24,638	4,284	2,310	1,359	311

Footnotes at end of table.



# High-Income Tax Returns for 2011

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**Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions	260	524	503	2,709	3,944
Interest paid deduction:					
Total	225	192	142	375	280
Investment interest expense deduction per income concept	156	133	115	306	212
Taxes paid deduction	203	94	66	92	123
Charitable contributions deduction	353	1,386	0	49	66
Medical and dental expense deduction	122	205	148	556	287
Net casualty or theft loss deduction	10	10	16	90	165
Net limited miscellaneous deduction per income concept	151	123	59	120	90
Non-limited miscellaneous deduction	45	42	64	1,094	758
Deduction equivalent of:					
Total credits	620	577	491	6,503	3,574
Foreign tax credit	448	453	349	6,050	3,562
General business credit	75	59	51	25	5
Refundable prior-year minimum tax credit used to offset income tax before credits	**	9	9	326	0
All other refundable credits used to offset income tax before credits	16	3	0	3	0
Tax preferences excluded from adjusted gross income	142	105	153	194	349
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
<b>Expanded income concept</b>					
Total itemized deductions	1,544	1,448	1,222	2,291	1,769
Interest paid deduction:					
Total	37	16	9	28	9
Investment interest expense deduction per income concept	61	44	26	52	87
Taxes paid deduction	207	120	75	106	165
Charitable contributions deduction	728	355	50	131	67
Medical and dental expense deduction	388	398	322	731	257
Net casualty or theft loss deduction	7	11	21	95	164
Net limited miscellaneous deduction per income concept	184	143	51	90	72
Non-limited miscellaneous deduction	14	11	7	17	31
Deduction equivalent of:					
Total credits	1,159	1,501	2,676	10,888	16
Foreign tax credit	997	1,379	2,510	10,417	14
General business credit	84	68	54	** 34	**
Refundable prior-year minimum tax credit used to offset income tax before credits	5	10	8	327	0
All other refundable credits used to offset income tax before credits	16	3	0	3	0
Tax preferences excluded from adjusted gross income	1,169	1,418	1,402	4,641	840
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0

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

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

**Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2011**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions	7,557	26	69	239	187	72
Interest paid deduction:						
Total	7,557	2,226	2,413	923	587	283
Investment interest expense deduction per income concept	7,557	4,469	1,601	261	189	164
Taxes paid deduction	7,557	127	4,364	1,461	801	296
Charitable contributions deduction	7,557	1,263	3,418	593	304	391
Medical and dental expense deduction	7,557	5,535	422	132	88	95
Net casualty or theft loss deduction	7,557	7,257	7	** 5	**	5
Net limited miscellaneous deduction per income concept	7,557	4,291	1,412	714	402	236
Non-limited miscellaneous deduction	7,557	4,394	1,093	42	35	34
Deduction equivalent of:						
Total credits	7,557	6,196	263	261	96	80
Foreign tax credit	7,557	7,557	0	0	0	0
General business credit	7,557	6,994	106	200	67	47
Refundable prior-year minimum tax credit used to offset income tax before credits	7,557	7,082	128	** 14	**	** 10
All other refundable credits used to offset income tax before credits	7,557	7,545	**	** 4	0	0
Tax preferences excluded from adjusted gross income	7,557	3,972	1,871	408	294	179
Nontaxable Social Security benefits	7,557	4,462	** 3,095	**	0	0
Capital gains taxed at 0 percent	7,557	5,261	859	670	639	128
<b>Expanded income concept</b>						
Total itemized deductions	15,000	1,050	1,014	2,184	1,915	1,440
Interest paid deduction:						
Total	15,000	9,481	3,285	1,400	638	104
Investment interest expense deduction per income concept	15,000	10,539	3,713	321	122	75
Taxes paid deduction	15,000	1,101	8,618	3,138	1,122	388
Charitable contributions deduction	15,000	2,406	8,173	1,659	950	686
Medical and dental expense deduction	15,000	6,848	4,385	778	489	437
Net casualty or theft loss deduction	15,000	14,664	21	13	6	4
Net limited miscellaneous deduction per income concept	15,000	5,699	5,531	2,047	847	365
Non-limited miscellaneous deduction	15,000	12,878	1,945	63	26	21
Deduction equivalent of:						
Total credits	15,000	13,255	655	255	92	73
Foreign tax credit	15,000	15,000	0	0	0	0
General business credit	15,000	14,459	104	187	58	38
Refundable prior-year minimum tax credit used to offset income tax before credits	15,000	14,345	307	** 15	**	** 9
All other refundable credits used to offset income tax before credits	15,000	14,991	**	0	0	0
Tax preferences excluded from adjusted gross income	15,000	2,021	1,596	773	742	864
Nontaxable Social Security benefits	15,000	6,752	8,244	3	0	0
Capital gains taxed at 0 percent	15,000	9,241	2,956	1,688	953	162

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions	83	230	294	2,442	3,914
Interest paid deduction:					
Total	184	175	128	361	277
Investment interest expense deduction per income concept	144	124	101	295	209
Taxes paid deduction	145	85	65	91	121
Charitable contributions deduction	287	1,186	0	49	65
Medical and dental expense deduction	113	195	143	548	286
Net casualty or theft loss deduction	9	10	14	87	163
Net limited miscellaneous deduction per income concept	133	113	54	117	84
Non-limited miscellaneous deduction	39	32	60	1,072	756
Deduction equivalent of:					
Total credits	88	84	93	393	3
Foreign tax credit	0	0	0	0	0
General business credit	50	41	29	20	3
Refundable prior-year minimum tax credit used to offset income tax before credits	**	** 4	**	320	0
All other refundable credits used to offset income tax before credits	5	3	0	0	0
Tax preferences excluded from adjusted gross income	112	94	136	178	312
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
<b>Expanded income concept</b>					
Total itemized deductions	1,254	1,175	1,041	2,176	1,751
Interest paid deduction:					
Total	32	14	9	28	9
Investment interest expense deduction per income concept	51	38	21	46	74
Taxes paid deduction	180	115	72	103	163
Charitable contributions deduction	588	300	44	128	65
Medical and dental expense deduction	375	390	317	723	257
Net casualty or theft loss deduction	7	11	19	93	162
Net limited miscellaneous deduction per income concept	169	136	50	86	71
Non-limited miscellaneous deduction	14	9	4	12	27
Deduction equivalent of:					
Total credits	87	89	93	** 401	**
Foreign tax credit	0	0	0	0	0
General business credit	54	45	31	** 23	**
Refundable prior-year minimum tax credit used to offset income tax before credits	**	3	0	321	0
All other refundable credits used to offset income tax before credits	** 6	3	0	0	0
Tax preferences excluded from adjusted gross income	1,052	1,285	1,324	4,509	834
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0

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

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income			
	Number of returns	Percentage of total	Under \$50,000 [1]		\$50,000 under \$100,000	
			Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>145,370,240</b>	<b>100.0</b>	<b>95,038,739</b>	<b>100.0</b>	<b>30,875,679</b>	<b>100.0</b>
<b>Returns without U.S. income tax</b>	<b>53,676,039</b>	<b>36.9</b>	<b>52,021,839</b>	<b>54.7</b>	<b>1,519,640</b>	<b>4.9</b>
<b>Returns with U.S. income tax</b>	<b>91,694,201</b>	<b>63.1</b>	<b>43,016,900</b>	<b>45.3</b>	<b>29,356,039</b>	<b>95.1</b>
<b>Effective tax rate:</b>						
Under 5 percent	25,533,222	17.6	19,759,443	20.8	5,191,683	16.8
5 under 10 percent	35,533,966	24.4	18,795,954	19.8	13,412,369	43.4
10 under 15 percent	20,439,034	14.1	4,409,947	4.6	8,254,869	26.7
15 under 20 percent	7,404,799	5.1	24,066	[2]	2,486,548	8.1
20 under 25 percent	1,873,640	1.3	12,277	[2]	8,192	[2]
25 under 30 percent	824,613	0.6	4,218	[2]	1,096	[2]
30 under 35 percent	73,984	0.1	2,408	[2]	1,021	[2]
35 under 40 percent	1,615	[2]	383	[2]	17	[2]
40 under 45 percent	563	[2]	104	[2]	44	[2]
45 under 50 percent	429	[2]	** 104	** [2]	102	[2]
50 under 60 percent	181	[2]	**	**	56	[2]
60 under 70 percent	373	[2]	319	[2]	25	[2]
70 under 80 percent	125	[2]	108	[2]	0	0.0
80 percent or more	7,657	[2]	7,568	[2]	18	[2]

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of adjusted gross income—continued				Total		Size of expanded income	
	\$100,000 under \$200,000		\$200,000 or more				Under \$50,000 [1]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All returns</b>	<b>14,755,766</b>	<b>100.0</b>	<b>4,700,056</b>	<b>100.0</b>	<b>145,370,240</b>	<b>100.0</b>	<b>92,994,879</b>	<b>100.0</b>
<b>Returns without U.S. income tax</b>	<b>114,998</b>	<b>0.8</b>	<b>19,563</b>	<b>0.4</b>	<b>53,676,039</b>	<b>36.9</b>	<b>51,565,148</b>	<b>55.4</b>
<b>Returns with U.S. income tax</b>	<b>14,640,768</b>	<b>99.2</b>	<b>4,680,493</b>	<b>99.6</b>	<b>91,694,201</b>	<b>63.1</b>	<b>41,429,731</b>	<b>44.6</b>
<b>Effective tax rate:</b>								
Under 5 percent	529,957	3.6	52,139	1.1	26,377,773	18.1	19,118,961	20.6
5 under 10 percent	3,234,199	21.9	91,445	1.9	34,657,279	23.8	17,696,291	19.0
10 under 15 percent	7,350,487	49.8	423,730	9.0	20,412,853	14.0	4,565,389	4.9
15 under 20 percent	3,135,047	21.2	1,759,137	37.4	7,489,688	5.2	22,661	[2]
20 under 25 percent	382,334	2.6	1,470,838	31.3	1,869,056	1.3	11,181	[2]
25 under 30 percent	6,812	[2]	812,486	17.3	808,101	0.6	4,595	[2]
30 under 35 percent	1,758	[2]	68,797	1.5	68,589	[2]	1,109	[2]
35 under 40 percent	81	[2]	1,133	[2]	614	[2]	6	[2]
40 under 45 percent	** 52	** [2]	364	[2]	1,620	[2]	1,129	[2]
45 under 50 percent	**	**	223	[2]	174	[2]	103	[2]
50 under 60 percent	13	[2]	111	[2]	57	[2]	8	[2]
60 under 70 percent	3	[2]	27	[2]	1,041	[2]	1,000	[2]
70 under 80 percent	0	0.0	18	[2]	11	[2]	6	[2]
80 percent or more	25	[2]	46	[2]	7,345	[2]	7,293	[2]

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income—continued					
	\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(15)	(16)	(17)	(18)	(19)	(20)
<b>All returns</b>	<b>32,820,012</b>	<b>100.0</b>	<b>14,797,094</b>	<b>100.0</b>	<b>4,758,256</b>	<b>100.0</b>
<b>Returns without U.S. income tax</b>	<b>1,923,258</b>	<b>5.9</b>	<b>154,732</b>	<b>1.0</b>	<b>32,902</b>	<b>0.7</b>
<b>Returns with U.S. income tax</b>	<b>30,896,754</b>	<b>94.1</b>	<b>14,642,362</b>	<b>99.0</b>	<b>4,725,354</b>	<b>99.3</b>
<b>Effective tax rate:</b>						
Under 5 percent	6,630,787	20.2	552,034	3.7	75,990	1.6
5 under 10 percent	13,660,559	41.6	3,179,029	21.5	121,400	2.6
10 under 15 percent	8,014,659	24.4	7,377,523	49.9	455,283	9.6
15 under 20 percent	2,582,762	7.9	3,139,032	21.2	1,745,233	36.7
20 under 25 percent	6,000	[2]	380,618	2.6	1,471,258	30.9
25 under 30 percent	617	[2]	12,100	0.1	790,789	16.6
30 under 35 percent	1,285	[2]	1,512	[2]	64,684	1.4
35 under 40 percent	11	[2]	140	[2]	456	[2]
40 under 45 percent	31	[2]	345	[2]	115	[2]
45 under 50 percent	** 17	** [2]	3	[2]	53	[2]
50 under 60 percent	**	**	0	0.0	47	[2]
60 under 70 percent	17	[2]	** 5	** [2]	21	[2]
70 under 80 percent	0	0.0	**	**	3	[2]
80 percent or more	9	[2]	21	[2]	21	[2]

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

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# High-Income Tax Returns for 2011

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**Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income					
	Number of returns	Percentage of total	Under \$50,000 [1]		\$50,000 under \$100,000		\$100,000 under \$200,000	
			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)
<b>All returns</b>	<b>145,370,240</b>	<b>100.0</b>	<b>95,038,739</b>	<b>100.0</b>	<b>30,875,679</b>	<b>100.0</b>	<b>14,755,766</b>	<b>100.0</b>
<b>Returns without worldwide income tax</b>	<b>53,398,473</b>	<b>36.7</b>	<b>51,845,157</b>	<b>54.6</b>	<b>1,455,827</b>	<b>4.7</b>	<b>89,932</b>	<b>0.6</b>
<b>Returns with worldwide income tax</b>	<b>91,971,767</b>	<b>63.3</b>	<b>43,193,582</b>	<b>45.4</b>	<b>29,419,852</b>	<b>95.3</b>	<b>14,665,834</b>	<b>99.4</b>
<b>Effective tax rate:</b>								
Under 5 percent	25,626,207	17.6	19,867,529	20.9	5,210,969	16.9	519,987	3.5
5 under 10 percent	35,531,856	24.4	18,823,230	19.8	13,409,009	43.4	3,223,407	21.8
10 under 15 percent	20,449,143	14.1	4,426,441	4.7	8,275,376	26.8	7,342,718	49.8
15 under 20 percent	7,448,275	5.1	25,925	[2]	2,500,668	8.1	3,165,437	21.5
20 under 25 percent	1,893,369	1.3	15,096	[2]	9,840	[2]	389,655	2.6
25 under 30 percent	862,324	0.6	4,954	[2]	2,452	[2]	9,579	0.1
30 under 35 percent	93,424	0.1	2,907	[2]	2,043	[2]	4,156	[2]
35 under 40 percent	17,133	[2]	1,090	[2]	1,267	[2]	2,665	[2]
40 under 45 percent	10,002	[2]	1,059	[2]	1,542	[2]	2,790	[2]
45 under 50 percent	5,815	[2]	693	[2]	1,293	[2]	2,249	[2]
50 under 60 percent	6,304	[2]	950	[2]	2,365	[2]	2,246	[2]
60 under 70 percent	3,448	[2]	1,111	[2]	1,609	[2]	603	[2]
70 under 80 percent	2,475	[2]	1,542	[2]	687	[2]	193	[2]
80 percent or more	21,990	[2]	21,056	[2]	733	[2]	148	[2]

Footnotes at end of table.

# High-Income Tax Returns for 2011

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**Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of adjusted gross income—continued		Total		Size of expanded income	
	\$200,000 or more				Under \$50,000 [1]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)
<b>All returns</b>	<b>4,700,056</b>	<b>100.0</b>	<b>145,370,240</b>	<b>100.0</b>	<b>92,994,879</b>	<b>100.0</b>
<b>Returns without worldwide income tax</b>	<b>7,557</b>	<b>0.2</b>	<b>53,398,473</b>	<b>36.7</b>	<b>51,415,319</b>	<b>55.3</b>
<b>Returns with worldwide income tax</b>	<b>4,692,499</b>	<b>99.8</b>	<b>91,971,767</b>	<b>63.3</b>	<b>41,579,560</b>	<b>44.7</b>
<b>Effective tax rate:</b>						
Under 5 percent	27,722	0.6	26,473,736	18.2	19,228,493	20.7
5 under 10 percent	76,209	1.6	34,665,606	23.8	17,721,212	19.1
10 under 15 percent	404,608	8.6	20,433,862	14.1	4,577,707	4.9
15 under 20 percent	1,756,246	37.4	7,534,991	5.2	23,419	[2]
20 under 25 percent	1,478,779	31.5	1,901,583	1.3	12,739	[2]
25 under 30 percent	845,340	18.0	855,706	0.6	4,629	[2]
30 under 35 percent	84,318	1.8	90,324	0.1	1,170	[2]
35 under 40 percent	12,111	0.3	4,089	[2]	6	[2]
40 under 45 percent	4,611	0.1	2,195	[2]	1,129	[2]
45 under 50 percent	1,581	[2]	299	[2]	103	[2]
50 under 60 percent	744	[2]	273	[2]	8	[2]
60 under 70 percent	125	[2]	1,137	[2]	1,062	[2]
70 under 80 percent	53	[2]	13	[2]	6	[2]
80 percent or more	54	[2]	7,952	[2]	7,875	[2]

Footnotes at end of table.



# High-Income Tax Returns for 2011

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**Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2011—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income—continued					
	\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(15)	(16)	(17)	(18)	(19)	(20)
<b>All returns</b>	<b>32,820,012</b>	<b>100.0</b>	<b>14,797,094</b>	<b>100.0</b>	<b>4,758,256</b>	<b>100.0</b>
<b>Returns without worldwide income tax</b>	<b>1,852,042</b>	<b>5.6</b>	<b>116,112</b>	<b>0.8</b>	<b>15,000</b>	<b>0.3</b>
<b>Returns with worldwide income tax</b>	<b>30,967,969</b>	<b>94.4</b>	<b>14,680,981</b>	<b>99.2</b>	<b>4,743,256</b>	<b>99.7</b>
<b>Effective tax rate:</b>						
Under 5 percent	6,660,170	20.3	542,067	3.7	43,005	0.9
5 under 10 percent	13,671,042	41.7	3,171,553	21.4	101,799	2.1
10 under 15 percent	8,031,279	24.5	7,385,265	49.9	439,611	9.2
15 under 20 percent	2,595,436	7.9	3,169,445	21.4	1,746,691	36.7
20 under 25 percent	7,081	[2]	391,839	2.6	1,489,924	31.3
25 under 30 percent	1,069	[2]	16,780	0.1	833,228	17.5
30 under 35 percent	1,588	[2]	2,815	[2]	84,751	1.8
35 under 40 percent	207	[2]	484	[2]	3,391	0.1
40 under 45 percent	42	[2]	582	[2]	442	[2]
45 under 50 percent	15	[2]	32	[2]	149	[2]
50 under 60 percent	13	[2]	77	[2]	175	[2]
60 under 70 percent	17	[2]	5	[2]	52	[2]
70 under 80 percent	0	0.0	3	[2]	4	[2]
80 percent or more	9	[2]	34	[2]	34	[2]

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data of the Tax Years 2007 and 2008 published tables.

Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2014

# Individual Noncash Contributions, 2011

by Pearson Liddell and Janette Wilson

**F**or Tax Year 2011, individual taxpayers who itemized deductions (22.5 million) reported \$43.6 billion in noncash charitable contributions.<sup>1</sup> About a third (7.5 million) of these taxpayers reported \$38.7 billion in charitable contribution deductions using Form 8283, *Noncash Charitable Contributions*. Individual taxpayers use this form when the amount of taxpayer deductions for all noncash donations on Schedule A, *Itemized Deductions*, exceeds \$500.

The number of taxpayers filing Form 8283 increased 3.3 percent, from 7.3 million for Tax Year 2010 to 7.5 million for Tax Year 2011. Donation amounts also increased, rising 10.9 percent from \$34.9 billion in 2010. For both tax years, corporate stock donations represented the largest share of total donations claimed by taxpayers. For 2011, corporate stock donations (\$16.0 billion) represented 41.2 percent of all donations claimed,

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a 19.5-percent increase from \$13.4 billion claimed the previous year. In terms of donation recipients, for 2011, large organizations received the most in donations (\$9.8 billion), followed by foundations (\$8.8 billion). Taxpayers ages 65 and older accounted for 45.4 percent of all donations, giving \$17.6 billion. For 2011, no notable changes to tax laws affected the deductions allowed for noncash charitable contributions.

## Types of Donation Contributions

As stated above, corporate stock accounted for the largest amount and percentage (\$16.0 billion, 41.2 percent) of taxpayers' total noncash charitable contributions for 2011, followed by clothing (\$9.0 billion, 23.3 percent), and household items (\$3.6 billion, 9.3 percent) (Figure A). In contrast to the amounts reported for these contributions, only 112,000 returns included stock donations, compared to 6.0 million returns with clothing donations, and 2.6 million with donations of household items. The average corporate stock donation was \$142,409 per return, while the average donation for clothing (\$1,511

**Figure A**

### All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type, Tax Year 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Type of donation	Number of returns [1]	Number of donations	Amount carried to Schedule A	Average amount per return	Average amount per donation	Percent of number of donations	Percent of amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All donations</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>38,698,506</b>	<b>5,140</b>	<b>1,774</b>	<b>100.0</b>	<b>100.0</b>
Corporate stock	112,094	250,290	15,963,127	142,409	63,779	1.1	41.2
Mutual funds	12,553	20,578	829,735	66,097	40,322	0.1	2.1
Other investments	3,327	4,305	1,611,023	484,163	374,195	[2]	4.2
Real estate	9,039	9,290	1,122,946	124,239	120,876	[2]	2.9
Land	6,508	6,981	861,715	132,416	123,441	[2]	2.2
Easements	1,813	2,202	694,696	383,179	315,475	[2]	1.8
Art and collectibles	95,327	131,570	867,350	9,099	6,592	0.6	2.2
Food	235,615	429,611	110,070	467	256	2.0	0.3
Clothing	5,958,382	13,834,895	9,003,704	1,511	651	63.4	23.3
Accessories	63,770	78,192	42,469	666	543	0.4	0.1
Electronics	479,721	600,084	405,339	845	675	2.8	1.0
Household items	2,647,126	4,922,639	3,618,028	1,367	735	22.6	9.3
Cars and other vehicles	176,212	183,396	301,535	1,711	1,644	0.8	0.8
Planes, boats and other vehicles	7,121	7,143	200,220	28,116	28,030	[2]	0.5
Services	16,589	25,021	43,269	2,608	1,729	0.1	0.1
Airline tickets and miles	5,062	6,800	7,889	1,558	1,160	[2]	[2]
Other [3]	851,309	1,301,289	3,015,392	3,542	2,317	6.0	7.8

[1] Total number of returns does not equal the sum of returns by donation type because a return could have more than one type of donation.

[2] Less than 0.05 percent.

[3] Other donations include donations of intellectual property.

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*.

Source: IRS Statistics of Income Division, *Noncash Charitable Contributions*, May 2014

<sup>1</sup> For further details on Tax Year 2011 individual income and tax statistics, see *Statistics of Income—2011, Individual Income Tax Returns* (IRS Publication 1304).

# Individual Noncash Contributions, 2011

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per return) and household items (\$1,367 per return) was much smaller. Taxpayers reported the highest average donation amounts for other investments (excluding stock and mutual funds) of \$484,163 per return, followed by easements at \$383,179 per return.

Corporate stock and clothing donations also represented the highest amounts claimed for 2010, followed by household items. Donations of corporate stock increased 19.5 percent, from \$13.4 billion in 2010 to \$16.0 billion in 2011. Clothing donations also increased (up 8.4 percent), from \$8.3 billion to \$9.0 billion. The amounts claimed for household item donations rose 11.0 percent to around \$3.6 billion for 2011. Despite the rise in the total donation amounts between 2010 and 2011, taxpayers reported a decline in the amounts claimed for mutual funds (from \$1.1 billion to \$0.8 billion) and other investments (from \$2.5 billion to \$1.6 billion).

In terms of the average donation amount, noncash contributions increased 7.3 percent, from \$4,790 per return in 2010 to \$5,140 per return in 2011 (Figure B).<sup>2</sup> Average corporate stock donations increased 31.3 percent between the two tax years, from \$108,485 to \$142,409. Clothing donations, the next largest group in terms of amount claimed, rose slightly, from \$1,458 per return in 2010 to \$1,511 per return in 2011. For household items, the average donation also increased 6.0 percent, from \$1,289 per return to \$1,367 per return.

Taxpayer donations of corporate stock have consistently represented the highest amounts of donations. Clothing has accounted for the second largest share of donations in nearly every year since 2005; the sole exception was 2007 when taxpayers reported slightly larger noncash contributions for real estate, land, and easements. However, while the amount of clothing donations

**Figure B**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type, Tax Years 2010 and 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Type of donation	2010			2011			Percent change	
	Number of returns [1]	Amount carried to Schedule A	Average amount per	Number of returns [1]	Amount carried to Schedule A	Average amount per	Number of returns [1]	Amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All donations</b>	<b>7,286,205</b>	<b>34,898,507</b>	<b>4,790</b>	<b>7,529,302</b>	<b>38,698,506</b>	<b>5,140</b>	<b>3.3</b>	<b>10.9</b>
Corporate stock	123,109	13,355,479	108,485	112,094	15,963,127	142,409	-8.9	19.5
Mutual funds	8,327	1,070,888	128,598	12,553	829,735	66,097	50.7	-22.5
Other investments	3,135	2,517,785	803,126	3,327	1,611,023	484,163	6.1	-36.0
Real estate	6,767	776,156	114,694	9,039	1,122,946	124,239	33.6	44.7
Land	7,382	568,479	77,006	6,508	861,715	132,416	-11.8	51.6
Easements	2,933	765,539	261,027	1,813	694,696	383,179	-38.2	-9.3
Art and collectibles	84,600	1,055,346	12,475	95,327	867,350	9,099	12.7	-17.8
Food	214,827	98,722	460	235,615	110,070	467	9.7	11.5
Clothing	5,695,243	8,303,763	1,458	5,958,382	9,003,704	1,511	4.6	8.4
Accessories	46,767	22,816	488	63,770	42,469	666	36.4	86.1
Electronics	509,750	453,226	889	479,721	405,339	845	-5.9	-10.6
Household items	2,527,796	3,258,405	1,289	2,647,126	3,618,028	1,367	4.7	11.0
Cars and other motor vehicles	179,831	295,287	1,642	176,212	301,535	1,711	-2.0	2.1
Planes, boats and other vehicles	10,840	94,024	8,674	7,121	200,220	28,116	-34.3	112.9
Services	18,401	45,274	2,460	16,589	43,269	2,608	-9.8	-4.4
Airline tickets and miles	4,392	3,574	814	5,062	7,889	1,558	15.2	120.7
Other [2]	821,024	2,213,743	2,696	851,309	3,015,392	3,542	3.7	36.2

[1] Total number of returns does not equal the sum of returns by donation type because a return could have more than one type of donation.

[2] Other donations include donations of intellectual property.

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

<sup>2</sup> The deduction amounts reported in this article are the amounts carried to Schedule A for reporting itemized deductions.

## Individual Noncash Contributions, 2011

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has remained consistent since 2005, the amounts deducted for corporate stock and real estate, land, and easements declined significantly between 2007 and 2009. Donations of corporate stock have partially recovered since that time, while donations of real estate, land, and easements have remained relatively low. (Figure C).<sup>3</sup> In 2007, taxpayers reported \$23.7 billion in corporate stock donations, and, together, the declines in 2008 and 2009 represent a 59.0-percent decrease since 2007. For 2010, stock donations rose 37.3 percent from the previous year, and another 19.5 percent for 2011, but were still well below the levels reported for 2005 through 2007.

### Donations by Size of Income

Taxpayers with an adjusted gross income (AGI) of \$10 million or more, who claimed noncash contributions, collectively deducted 7.3 percent of their AGI, claiming \$9.1 billion in contributions on a little more than 3,800 Forms 8283 (Figure D). Donations from taxpayers in this

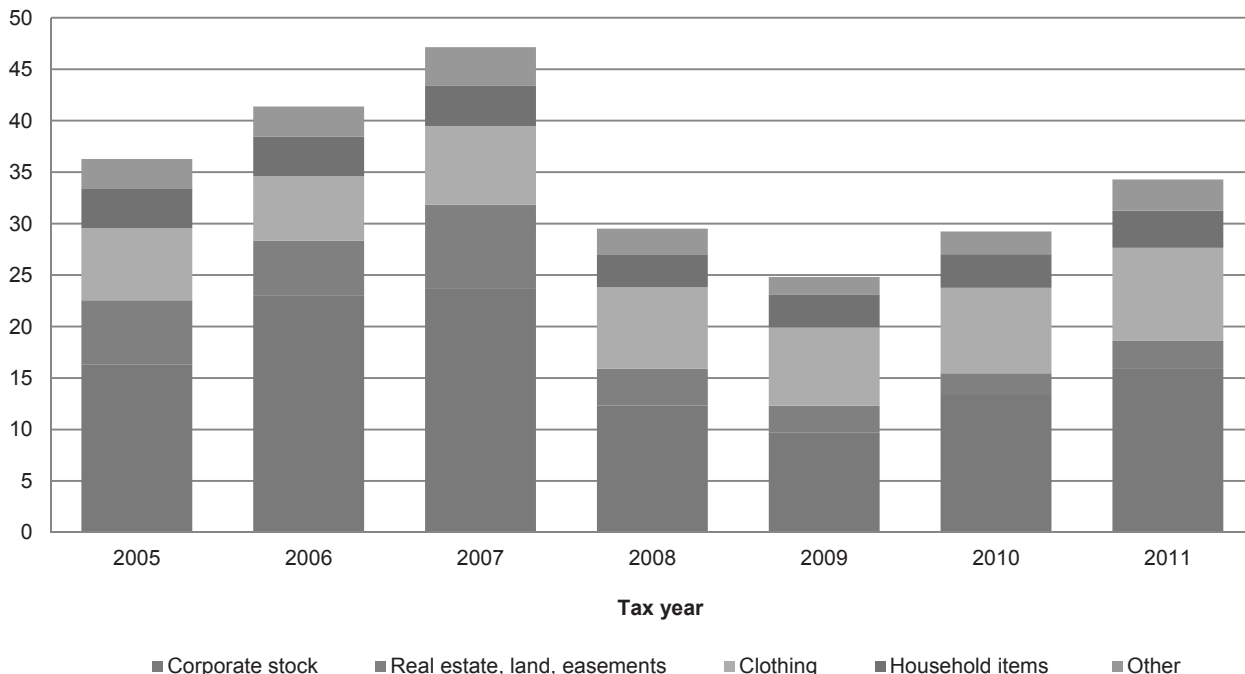
AGI category represented 23.6 percent of all individual taxpayer noncash donations reported on Forms 8283 in 2011, while only representing 0.1 percent of the returns filed. Taxpayers in the \$100,000-to-\$200,000 AGI category reported \$5.6 billion in contributions on 2.7 million tax returns; these contributions represented 1.5 percent of their AGI and 14.3 percent of all donations claimed. Taxpayers in the \$200,000-to-\$500,000 AGI category reported \$5.5 billion, or 14.2 percent of donations claimed. As stated above, the average donation for all taxpayers who claimed noncash donation deductions on Forms 8283 was \$5,140 per return. In comparison, the highest average amount claimed was \$2.4 million per return by taxpayers in the \$10 million-or-more AGI category, followed by \$664,319 per return by those in the \$5-million-to-\$10-million category.

The noncash charitable contributions claimed by taxpayers filing Form 8283 varied by size of adjusted gross income (Figure E). Donations rose 10.9 percent between

**Figure C**

### Individual Noncash Charitable Contributions Reported on Form 8283, by Selected Donation Type, Tax Years 2005–2011

Amount carried to Schedule A  
(billions of dollars)



<sup>3</sup> Liddell, Pearson, and Janette Wilson, Tax Years 2005–2010, “Noncash Charitable Contributions,” *Statistics of Income Bulletin*, Spring, Winter 2007–2013, IRS Publication 1136, Various Volumes, Various Numbers.

# Individual Noncash Contributions, 2011

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**Figure D**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Size of Adjusted Gross Income, Tax Year 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Size of adjusted gross income	Number of returns	Percent of returns	Adjusted gross income (AGI)	Amount carried to Schedule A	Percent of amount carried to Schedule A	Donation as percent of AGI	Average donation per return
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All returns</b>	<b>7,529,302</b>	<b>100.0</b>	<b>1,247,370,707</b>	<b>38,698,506</b>	<b>100.0</b>	<b>3.1</b>	<b>5,140</b>
Under \$5,000 (including deficits)	60,287	0.8	-14,440,833	702,862	1.8	-4.9	11,659
\$5,000 under \$10,000	30,033	0.4	237,685	181,925	0.5	76.5	6,058
\$10,000 under \$15,000	53,209	0.7	688,126	105,777	0.3	15.4	1,988
\$15,000 under \$20,000	73,880	1.0	1,310,361	143,900	0.4	11.0	1,948
\$20,000 under \$25,000	103,004	1.4	2,306,094	210,627	0.5	9.1	2,045
\$25,000 under \$30,000	135,810	1.8	3,753,795	261,757	0.7	7.0	1,927
\$30,000 under \$40,000	298,542	4.0	10,575,722	673,964	1.7	6.4	2,258
\$40,000 under \$50,000	394,555	5.2	17,824,793	762,481	2.0	4.3	1,933
\$50,000 under \$75,000	1,187,918	15.8	74,729,889	2,570,983	6.6	3.4	2,164
\$75,000 under \$100,000	1,334,831	17.7	116,317,972	2,623,872	6.8	2.3	1,966
\$100,000 under \$200,000	2,669,767	35.5	370,725,834	5,550,839	14.3	1.5	2,079
\$200,000 under \$500,000	959,279	12.7	272,212,098	5,486,288	14.2	2.0	5,719
\$500,000 under \$1,000,000	149,748	2.0	100,779,042	1,858,167	4.8	1.8	12,409
\$1,000,000 under \$1,500,000	34,775	0.5	42,102,694	1,094,744	2.8	2.6	31,481
\$1,500,000 under \$2,000,000	14,043	0.2	24,158,005	1,359,700	3.5	5.6	96,826
\$2,000,000 under \$5,000,000	20,398	0.3	61,348,651	2,402,768	6.2	3.9	117,794
\$5,000,000 under \$10,000,000	5,397	0.1	36,957,668	3,585,288	9.3	9.7	664,319
\$10,000,000 or more	3,824	0.1	125,783,111	9,122,563	23.6	7.3	2,385,607

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

Tax Years 2010 and 2011 and taxpayers in most AGI categories reported an increase in charitable contributions. There were some exceptions, the most notable being donations claimed by taxpayers in the \$10-million-or-more AGI category. While taxpayers in this category reported the highest total donation amounts for both years, the amount reported declined 9.2 percent, from \$10.0 billion in 2010 to \$9.1 billion in 2011. In comparison, taxpayers in the \$100,000-under-\$200,000 AGI category reported the second largest donation amounts for 2010 (\$5.4 billion) and 2011 (\$5.6 billion); however, they reported only a 2.0-percent difference in the donation amount for each tax year. Taxpayers in the \$5,000-under-\$10,000 AGI category reported the highest percentage increase in donations (up 134.6 percent), followed by those in the \$200,000-under-\$500,000 AGI category (up 65.3 percent) and under-\$5,000 AGI category (up 53.7 percent).

### Types of Charitable Organizations

Donee organizations include educational institutions, environment and animal related organizations, and public and societal benefit organizations, among others. In terms of the amounts claimed by individual taxpayers,

large organizations (\$9.8 billion) and foundations (\$8.8 billion) received the most donations for 2011 (Figure F). The percentage of donations made to large organizations (25.3 percent) and foundations (22.7 percent) made up just under half of all donations reported by individual taxpayers for the year. While donations to large organizations accounted for about a quarter of all noncash charitable contributions, large organizations received the second lowest average donation (\$1,652 per return). In contrast, foundations received the largest average donation, \$114,478 per return. Despite having the second largest average donation (\$79,675 per return), donor-advised funds received only 4.5 percent of the total amount deducted by taxpayers on the Schedule A. Donations to educational institutions accounted for the third highest total donation amount (\$6.4 billion), an increase of 118.7 percent from 2010, and average donation amount (\$16,223 per return).

Donations to most donee types increased between 2010 and 2011 (Figure G). The donation amounts given to large organizations, which received the most in terms of the amount claimed for both tax years, increased 9.5 percent from \$8.9 billion to \$9.8 billion. Donations to

# Individual Noncash Contributions, 2011

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**Figure E**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Size of Adjusted Gross Income, Tax Years 2010 and 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Size of adjusted gross income	2010		Average donation per return	2011		Average donation per return	Percentage change	
	Number of returns	Amount carried to Schedule A		Number of returns	Amount carried to Schedule A		Number of returns	Amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns</b>	<b>7,286,205</b>	<b>34,898,507</b>	<b>4,790</b>	<b>7,529,302</b>	<b>38,698,506</b>	<b>5,140</b>	<b>3.3</b>	<b>10.9</b>
Under \$5,000 (including deficits)	53,596	457,166	8,530	60,287	702,862	11,659	12.5	53.7
\$5,000 under \$10,000	33,853	77,563	2,291	30,033	181,925	6,058	-11.3	134.6
\$10,000 under \$15,000	51,195	80,893	1,580	53,209	105,777	1,988	3.9	30.8
\$15,000 under \$20,000	74,812	147,459	1,971	73,880	143,900	1,948	-1.2	-2.4
\$20,000 under \$25,000	88,691	190,869	2,152	103,004	210,627	2,045	16.1	10.4
\$25,000 under \$30,000	120,057	293,762	2,447	135,810	261,757	1,927	13.1	-10.9
\$30,000 under \$40,000	315,559	765,163	2,425	298,542	673,964	2,258	-5.4	-11.9
\$40,000 under \$50,000	394,993	748,072	1,894	394,555	762,481	1,933	-0.1	1.9
\$50,000 under \$75,000	1,209,630	2,273,297	1,879	1,187,918	2,570,983	2,164	-1.8	13.1
\$75,000 under \$100,000	1,280,679	2,382,821	1,861	1,334,831	2,623,872	1,966	4.2	10.1
\$100,000 under \$200,000	2,585,962	5,441,997	2,104	2,669,767	5,550,839	2,079	3.2	2.0
\$200,000 under \$500,000	870,207	3,319,536	3,815	959,279	5,486,288	5,719	10.2	65.3
\$500,000 under \$1,000,000	134,372	1,602,114	11,923	149,748	1,858,167	12,409	11.4	16.0
\$1,000,000 under \$1,500,000	31,805	987,259	31,041	34,775	1,094,744	31,481	9.3	10.9
\$1,500,000 under \$2,000,000	13,035	1,020,370	78,281	14,043	1,359,700	96,826	7.7	33.3
\$2,000,000 under \$5,000,000	18,909	2,201,228	116,414	20,398	2,402,768	117,794	7.9	9.2
\$5,000,000 under \$10,000,000	4,958	2,865,131	577,857	5,397	3,585,288	664,319	8.8	25.1
\$10,000,000 or more	3,893	10,043,807	2,579,966	3,824	9,122,563	2,385,607	-1.8	-9.2

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

foundations increased 0.7 percent from \$8.7 billion in 2010 to \$8.8 billion in 2011. Donations to health and medical research and the arts, culture, and humanities, declined significantly from 2010 to 2011. Donations to health and medical research decreased 48.7 percent, from \$2.7 billion to \$1.4 billion, while donations to the arts, culture, and humanities decreased 26.8 percent, from \$1.5 billion to \$1.1 billion. While noncash charitable contributions of arts, culture, and humanities and health and medical research declined, they only accounted for less than 5 percent of all donations in 2010 (2.8 percent) and 2011 (3.6 percent).

Most donee organizations received the highest donation amounts in Tax Year 2007 (Figure H). The exceptions were large organizations, which received the most (\$9.8 billion) in 2011, and donations to health and medical research, which received the most (\$2.7 billion) in 2010. Donations to all donee organizations declined between 2007 and 2009, the most notable being donations to foundations which decreased from \$14.1 billion to \$5.8 billion. Except for donor-advised funds, all donee

types received increased donations in 2011, compared to 2009 levels.

### Donations by Age

In comparing donations by age, taxpayers in the 65-and-older age category, who reported noncash contributions on Form 8283, gave the most in terms of the total amount (both cash and noncash) reported on Schedule A (Figure I). This group gave \$10.1 billion in cash contributions (32.1 percent of the total cash contributions of \$31.4 billion given by filers of Form 8283) and \$17.6 billion in noncash contributions on Forms 8283 (45.4 percent of the total noncash contributions of \$38.7 billion reported on Form 8283) in 2011. The average noncash donation for these taxpayers was \$14,966 per return, which was more than 3 times the average of the next largest group (taxpayers ages 55 under 65). In addition, taxpayers in this category donated 8.6 percent of their total AGI (\$204.8 billion) in noncash contributions.

Donations of corporate stocks, mutual funds, and other investments accounted for \$12.7 billion (72.2

# Individual Noncash Contributions, 2011

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**Figure F**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type, Tax Year 2011

[Money amounts are in thousands of dollars--average amounts are in whole dollars]

Type of donee	Number of returns [1]	Number of donations	Amount carried to Schedule A	Average amount per return	Average amount per donation	Percent of number of donations	Percent of amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All donees</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>38,698,506</b>	<b>5,140</b>	<b>1,774</b>	<b>100.0</b>	<b>100.0</b>
Arts, culture, and humanities	272,599	371,600	1,097,146	4,025	2,952	1.7	2.8
Educational institutions	397,429	613,954	6,447,567	16,223	10,502	2.8	16.7
Environment and animal related organizations	169,031	260,863	1,572,959	9,306	6,030	1.2	4.1
Health and medical research	926,142	1,646,833	1,408,144	1,520	855	7.5	3.6
Large organizations	5,921,463	13,697,293	9,780,336	1,652	714	62.8	25.3
Public and societal benefit	1,544,948	2,600,925	2,684,133	1,737	1,032	11.9	6.9
Religious organizations	1,133,164	2,063,150	2,709,396	2,391	1,313	9.5	7.0
Donor-advised funds	21,967	33,457	1,750,248	79,675	52,313	0.2	4.5
Foundations	76,711	121,027	8,781,684	114,478	72,560	0.6	22.7
Other donees	328,510	405,184	2,466,895	7,509	6,088	1.9	6.4

[1] Total number of returns does not equal the sum of returns by donee type because a return could have donations to more than one type of donee.

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*. Source: IRS Statistics of Income Division, *Noncash Charitable Contributions*, May 2014

**Figure G**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type, Tax Years 2010 and 2011

[Money amounts are in thousands of dollars]

Type of donee	2010		2011		Percent change	
	Number of returns [1]	Amount carried to Schedule A	Number of returns [1]	Amount carried to Schedule A	Number of returns [1]	Amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All donees</b>	<b>7,286,205</b>	<b>34,898,507</b>	<b>7,529,302</b>	<b>38,698,506</b>	<b>3.3</b>	<b>10.9</b>
Arts, culture, and humanities	284,849	1,499,729	272,599	1,097,146	-4.3	-26.8
Educational institutions	360,817	2,947,477	397,429	6,447,567	10.1	118.7
Environment and animal related organizations	150,535	1,101,081	169,031	1,572,959	12.3	42.9
Health and medical research	934,120	2,747,090	926,142	1,408,144	-0.9	-48.7
Large organizations	5,620,773	8,899,950	5,921,463	9,780,336	5.3	9.9
Public and societal benefit	1,485,117	2,537,059	1,544,948	2,684,133	4.0	5.8
Religious organizations	1,162,012	2,837,800	1,133,164	2,709,396	-2.5	-4.5
Donor-advised funds	20,287	1,764,556	21,967	1,750,248	8.3	-0.8
Foundations	89,375	8,718,688	76,711	8,781,684	-14.2	0.7
Other donees	368,592	1,845,076	328,510	2,466,895	-10.9	33.7

[1] Total number of returns does not equal the sum of returns by donee type because a return could have donations to more than one type of donee.

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*. Source: IRS Statistics of Income Division, *Noncash Charitable Contributions*, May 2014

percent) of all noncash contributions (\$17.6 billion) made by taxpayers ages 65 and older and represented 69.0 percent of donations of this type (Table 4). For these taxpayers, clothing was the next largest category, at just over \$1.2 billion, closely followed by real estate, land, and

easement donations at just under \$1.2 billion. In addition, taxpayers in this age group accounted for \$0.5 billion or 60.1 percent of all donations of art and collectibles.

Taxpayers in the 55-under-65 age category claimed noncash donations of \$8.0 billion (2.5 percent of their

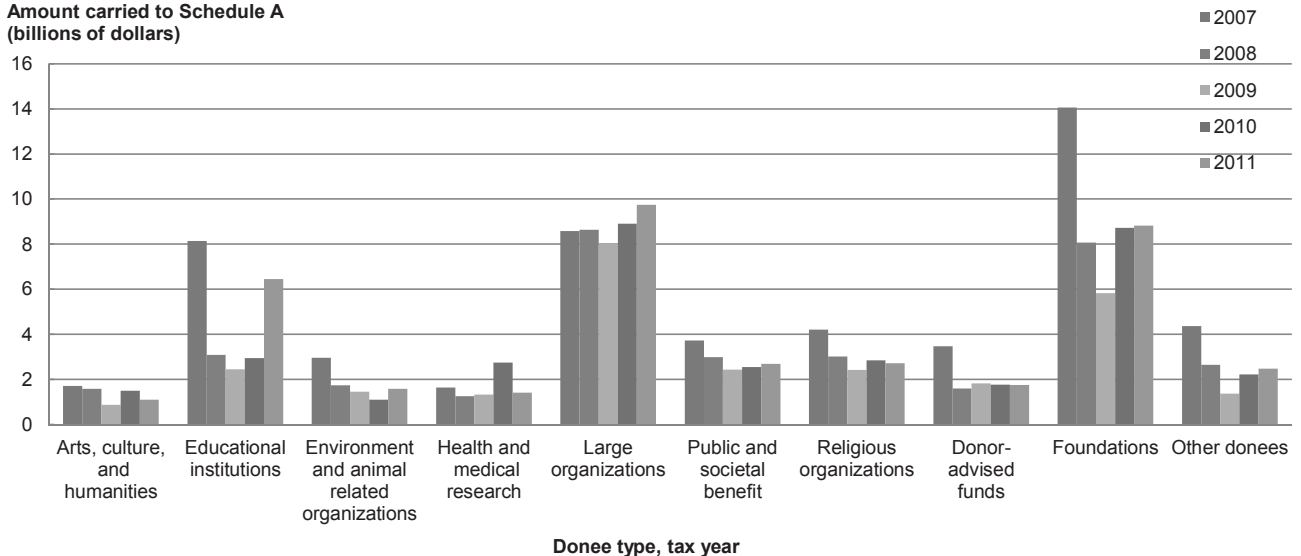
# Individual Noncash Contributions, 2011

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**Figure H**

## All Individual Noncash Charitable Contributions Reported on Form 8283, by Donee Type, Tax Years 2007–2011

Amount carried to Schedule A (billions of dollars)



NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014.

**Figure I**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, Selected Items by Age of Donor, Tax Year 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Donor age	Number of returns	Amount carried to Schedule A	Average amount per return	Adjusted gross income less deficit (AGI)	Donation as percent of AGI	Number of returns with cash contributions on Schedule A	Amount of cash contributions on Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All ages</b>	<b>7,529,302</b>	<b>38,698,506</b>	<b>5,140</b>	<b>1,247,370,707</b>	<b>3.1</b>	<b>6,406,556</b>	<b>31,419,499</b>
Under 35	723,243	1,768,010	2,445	78,551,118	2.3	501,656	1,246,673
35 under 45	1,699,025	4,382,617	2,579	260,553,631	1.7	1,371,880	4,090,688
45 under 55	2,113,808	6,969,968	3,297	385,498,378	1.8	1,809,906	7,669,376
55 under 65	1,818,676	7,999,581	4,399	317,925,835	2.5	1,640,635	8,317,140
65 and older	1,174,550	17,578,330	14,966	204,841,744	8.6	1,082,479	10,095,621

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014.

AGI), with an average donation of just under \$4,400 per return. Those in the 45-under-55 age category donated slightly less (\$7.0 billion, which was 1.8 percent of their AGI), with an average donation somewhat lower at just under \$3,300 per return. For cash contributions,

taxpayers ages 55 under 65 years old gave \$8.3 billion in cash donations and those in the 45-under-55 age group gave \$7.7 billion.

All age groups donated more in noncash donations in 2011 than in 2010, with the exception of taxpayers ages



# Individual Noncash Contributions, 2011

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**Figure J**

## All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Age of Donor, Tax Years 2010 and 2011

[Money amounts are in thousands of dollars—average amounts are in whole dollars]

Donor age	2010			2011			Percent change	
	Number of returns	Amount carried to Schedule A	Average amount per return	Number of returns	Amount carried to Schedule A	Average amount per return	Number of returns	Amount carried to Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All ages</b>	<b>7,286,205</b>	<b>34,898,507</b>	<b>4,790</b>	<b>7,529,302</b>	<b>38,698,506</b>	<b>5,140</b>	<b>3.3</b>	<b>10.9</b>
Under 35	716,554	1,480,987	2,067	723,243	1,768,010	2,445	0.9	19.4
35 under 45	1,681,447	4,124,944	2,453	1,699,025	4,382,617	2,579	1.0	6.2
45 under 55	2,030,769	7,041,707	3,468	2,113,808	6,969,968	3,297	4.1	-1.0
55 under 65	1,787,838	7,393,364	4,135	1,818,676	7,999,581	4,399	1.7	8.2
65 and older	1,069,597	14,857,504	13,891	1,174,550	17,578,330	14,966	9.8	18.3

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

45 under 55. Donation amounts in this age category declined 1.0 percent from just over \$7 billion to just under \$7 billion (Figure J). Taxpayers ages 65 and older filed 15.6 percent (1.2 million) of the 7.5 million individual income tax returns with noncash donation deductions on Form 8283 for 2011. Donations by this group increased 18.3 percent from \$14.9 billion to \$17.6 billion between the two tax years. Taxpayers in the 55-under-65 age category donated 8.2 percent more in 2011 than 2010 (giving \$7.4 billion in Tax Year 2010 and \$8.0 billion in Tax Year 2011). The smallest group in terms of the amount donated, those from the under-35 age category, increased their donation amount 19.4 percent to \$1.8 billion for 2011.

### Explanation of Selected Terms

**Age**—Defined by the primary taxpayer’s age at the time of filing.

**Amount carried to Schedule A**—This is the fair market value from Section A of Form 8283 (items with a deduction of \$5,000 or less and certain publicly traded securities) plus the lesser of the fair market value or amount claimed on Section B (items with a deduction of more than \$5,000 except contributions of certain publicly traded securities). The dollar amounts of donations reported in this article reflect the amounts reported on Form 8283 that are carried to Schedule A for reporting itemized deductions.

**Donor’s cost**—This is also known as the adjusted basis or tax basis, and is generally the amount the owner paid for the property. If the owner received the property as a gift, the original cost carries over to the recipient of the gift, increased by any gift tax paid on the appreciated

portion of the property. If acquired from a decedent, the basis is the fair market value of the property used for estate tax purposes.

**Fair market value**—The fair market value is the value a willing and knowledgeable buyer would pay a seller in a voluntary situation.

**Number of donations**—For this study, the IRS Statistics of Income (SOI) Division collected data in the manner reported by taxpayers. For example, if a tax return had clothing listed twice, even though it was given to the same donee organization, it was counted as two separate donations.

**Number of returns**—The number of returns in the Individual SOI sample with Form 8283 attached. For this study, SOI counted all returns with Form 8283 attached, whether or not the taxpayer carried Form 8283 amounts to Schedule A.

Note that the allowable amount of a noncash deduction depends on whether the property is ordinary income or capital gain property. Ordinary income property is property that, if sold, would generate ordinary income or short-term capital gain. Examples are clothing, household items, inventory, and capital assets held less than a year. Capital gain property results in a long-term gain, if sold. Examples of this are real property used for a taxpayer’s business and corporate stock held more than 1 year. The total charitable deduction is generally limited to no more than 50 percent of AGI. This amount can be reduced to 30 percent or 20 percent, depending on the type of property donated and the type of charitable organization. The statistics in this article include the entire deduction amount reported by taxpayers and transcribed

from Form 8283 to line 17 of Schedule A. The limitations are then applied to the amount reported on line 19 of that schedule.

## Donated Property Types

*Accessories*—Includes belts, furs, jewelry, purses, scarves, and watches.

*Art and collectibles*—Includes artworks, such as ceramics, drawings, paintings, photographs, and sculptures; and collectibles, including coins, books, historical documents, memorabilia, rare or valuable clothing, jewelry, and stamps.

*Cars and other motor vehicles*—Includes vehicles designed for road transportation, such as cars, buses, motorcycles, motor homes, SUVs, and trucks.

*Clothing*—Includes apparel for children, men, and women, such as coats, dresses, hats, shoes, and suits. Also includes sports and school uniforms.

*Conservation easements*—Includes land and right-of-way easements. Donations of this type must be a qualified real property interest contributed to a qualified organization for conservation purposes.<sup>4</sup>

*Corporate stock*—Includes shares of publicly traded and closely held common and preferred stock, as well as stock rights.

*Electronics*—Includes cameras, computer systems, copiers, DVD players, fax machines, stereo systems, televisions, telephones, and video games.

*Facade easements*—Includes real estate easements and historical preservation or architectural easements.

*Food*—Includes beverages, individual food items or meals, snacks, restaurant coupons, vitamins, and wine.

*Household items*—Includes appliances, books, exercise equipment, furniture, luggage, tools, and toys.

*Intellectual property*—Includes copyrights, patents, trademarks, trade names, trade secrets, and certain types of software.

*Land*—Includes farms, orchards, and open lots.

*Mutual funds*—Includes shares of taxable and non-taxable mutual funds, exchange-traded funds, and unit investment trusts.

*Other investments*—Includes annuities, bonds, CDs, life insurance policies, notes, options, partnership interests, and real estate investment trusts.

*Planes, boats, and other vehicles*—Includes all-terrain vehicles, airplanes, and watercraft vehicles, such as boats, canoes, ships, and water-skis.

*Real estate*—Includes apartments, cabins, houses, and other residential and commercial property.

*Services*—Includes audio presentations, catering, healthcare services, transport and travel expenses, tutoring, and other professional services.

*Other*—Includes animals, building materials, cemetery plots, medical equipment, tickets to events, and donated vacations or use of vacation property.

## Donee Organizations

*Arts, culture, and humanities*—Includes organizations involved with the arts, music, history, and cultural activities, such as museums, libraries, science centers, and theaters.

*Donor-advised funds*—A segregated fund within a public charity that permits the donor to have advisory privileges on distributions or investments. Donations to donor-advised funds may be understated because of the difficulty of identifying all such donations because they ultimately distribute to another charity that could be of any type.

*Educational institutions*—Includes organizations whose primary function is educational, such as fraternities, schools (including those with a religious affiliation), scholarship funds, and universities.

*Environmental and animal organizations*—Includes organizations that protect, promote, or seek to improve the environment or welfare of animals, such as local animal shelters, botanical gardens, and garden clubs.

*Foundations*—A foundation is a type of philanthropic organization set up by individuals or institutions as a legal entity (usually either a corporation or trust) with the purpose of distributing grants to support causes in line with the goals of the foundation. For the purpose of this study, this includes private foundations, which are often specific to a person or family, and community foundations.

*Health and medical research*—Includes hospitals, medical associations, nursing homes, and hospices.

*Large organizations*—Includes large national and international organizations that have local chapters, such as Goodwill Industries International, The Salvation Army, United Way International, Habitat for Humanity International, and Boy Scouts of America.

*Other*—Includes all other organizations that are not included in any other category.

*Public or societal benefit*—These are organizations that benefit individuals or communities and do not meet the conditions of other categories such as education, health, and religion. These include homeless shelters, food banks, and political think tanks.

<sup>4</sup> Notice 2007-50, "Guidance Regarding Deductions by Individuals for Qualified Conservation Contributions," includes a tax law change for conservation contributions such that the 50-percent-of-AGI limitation is increased to 100-percent (the 100-percent limitation) for eligible farmers and ranchers.

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*Religious organizations*—Includes churches, synagogues, and bookstores and thrift stores run by religious organizations.

## Data Source 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 2012. The IRS Statistics of Income (SOI) Division stratified the returns in the sample based on the: (1) larger of positive income or negative income (absolute value); (2) size of business and farm receipts; (3) presence or absence of specific forms or schedules; and (4) usefulness of returns for tax policy modeling purposes. SOI then selected returns at rates ranging from 0.10 percent to 100 percent.

SOI based the Tax Year 2011 data on a sample of 333,106 returns and an estimated final population of 145,601,196 returns.<sup>5</sup> The number of returns in the sample with attached Form 8283 was 41,338.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To use the statistical data provided properly, 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 CVs for evaluating the precision of estimates based on samples are discussed in SOI Sampling Methodology and Data Limitations later in this issue of the *Bulletin*.

## Figure K

### Individual Noncash Charitable Contributions Reported on Form 8283, Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2011

[Coefficients of variation are in percentages]

Size of adjusted gross income	Number of returns	Donor's cost	Amount carried to Schedule A	Fair market value
	(1)	(2)	(3)	(4)
<b>All returns</b>	<b>0.97</b>	<b>2.42</b>	<b>3.74</b>	<b>8.71</b>
Under \$25,000 (including deficits)	5.20	8.36	10.40	9.40
\$25,000 under \$50,000	3.40	5.92	5.91	7.21
\$50,000 under \$75,000	2.82	5.36	7.24	8.79
\$75,000 under \$100,000	2.66	5.06	4.53	4.53
\$100,000 under \$200,000	1.67	3.39	2.96	2.97
\$200,000 under \$500,000	1.51	9.95	24.42	23.53
\$500,000 under \$1,000,000	2.35	8.41	9.83	15.26
\$1,000,000 under \$1,500,000	2.86	18.51	17.13	75.16
\$1,500,000 under \$2,000,000	2.10	21.02	20.56	19.73
\$2,000,000 under \$5,000,000	1.35	16.02	8.96	9.46
\$5,000,000 under \$10,000,000	1.37	7.81	1.94	1.99
\$10,000,000 or more	0.00	0.00	0.00	0.00

NOTES: For more information on the use of CVs for evaluating the precision of estimates based on samples, see the SOI Sampling Methodology and Data Limitations section later in this issue of the *Bulletin*. This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

<sup>5</sup> For further details on sampling methodology, see *Statistics of Income—2011, Individual Income Tax Returns* (IRS Publication 1304).

# Individual Noncash Contributions, 2011

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**Table 1a. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	All returns with donations				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>37,211,960</b>	<b>40,855,772</b>	<b>38,698,506</b>
Under \$25,000 (including deficits)	320,413	682,056	1,638,886	1,488,099	1,345,092
\$25,000 under \$50,000	828,908	2,044,089	3,175,021	1,768,220	1,698,202
\$50,000 under \$75,000	1,187,918	3,028,972	4,646,903	2,669,906	2,570,983
\$75,000 under \$100,000	1,334,831	3,845,071	4,635,215	2,623,872	2,623,872
\$100,000 under \$200,000	2,669,767	8,385,759	10,607,420	5,566,805	5,550,839
\$200,000 under \$500,000	959,279	3,124,715	6,763,577	6,180,877	5,486,288
\$500,000 under \$1,000,000	149,748	449,072	1,729,292	2,137,122	1,858,167
\$1,000,000 under \$1,500,000	34,775	108,680	599,554	1,234,984	1,094,744
\$1,500,000 under \$2,000,000	14,043	46,215	446,095	1,444,524	1,359,700
\$2,000,000 under \$5,000,000	20,398	67,076	912,621	2,697,274	2,402,768
\$5,000,000 under \$10,000,000	5,397	17,866	558,590	3,748,206	3,585,288
\$10,000,000 or more	3,824	14,716	1,498,786	9,295,882	9,122,563

Footnotes at end of Table 1j.

**Table 1b. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of corporate stock, mutual funds, and other investments				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>125,617</b>	<b>275,173</b>	<b>2,918,748</b>	<b>18,663,312</b>	<b>18,403,886</b>
Under \$25,000 (including deficits)	1,182	2,302	84,534	461,704	379,397
\$25,000 under \$50,000	4,744	6,885	1,079	16,207	16,207
\$50,000 under \$75,000	6,342	7,660	72,535	175,111	116,202
\$75,000 under \$100,000	11,771	22,766	17,479	133,275	133,275
\$100,000 under \$200,000	33,378	71,614	129,559	423,686	409,673
\$200,000 under \$500,000	34,662	67,249	188,360	2,153,865	2,131,636
\$500,000 under \$1,000,000	15,144	37,850	216,881	838,201	837,622
\$1,000,000 under \$1,500,000	5,478	15,241	144,706	754,137	753,960
\$1,500,000 under \$2,000,000	2,964	9,875	197,221	882,284	856,339
\$2,000,000 under \$5,000,000	5,812	18,647	423,101	1,774,183	1,743,968
\$5,000,000 under \$10,000,000	2,128	6,970	320,021	3,145,989	3,136,843
\$10,000,000 or more	2,013	8,113	1,123,271	7,904,669	7,888,763

Footnotes at end of Table 1j.

# Individual Noncash Contributions, 2011

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**Table 1c. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of real estate, land, and easements				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>17,282</b>	<b>18,473</b>	<b>1,778,816</b>	<b>3,917,764</b>	<b>2,679,356</b>
Under \$25,000 (including deficits)	246	295	66,703	108,577	92,149
\$25,000 under \$50,000	* 2,000	* 2,001	* 25,858	* 133,903	* 63,885
\$50,000 under \$75,000	3,942	3,942	97,959	252,005	212,039
\$75,000 under \$100,000	2,382	2,383	20,679	68,036	68,036
\$100,000 under \$200,000	2,773	2,787	102,015	90,375	88,813
\$200,000 under \$500,000	2,956	3,120	319,579	678,858	575,564
\$500,000 under \$1,000,000	1,531	1,860	287,771	634,609	358,341
\$1,000,000 under \$1,500,000	448	899	185,289	296,144	156,141
\$1,500,000 under \$2,000,000	250	282	104,229	210,983	161,052
\$2,000,000 under \$5,000,000	447	504	263,453	537,075	275,059
\$5,000,000 under \$10,000,000	157	199	134,913	388,569	241,770
\$10,000,000 or more	149	200	170,369	518,630	386,506

Footnotes at end of Table 1j.

**Table 1d. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of art and collectibles				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>95,327</b>	<b>131,570</b>	<b>389,996</b>	<b>998,557</b>	<b>867,350</b>
Under \$25,000 (including deficits)	7,006	7,261	15,913	22,245	22,312
\$25,000 under \$50,000	11,069	12,077	41,135	26,236	26,236
\$50,000 under \$75,000	12,570	14,766	47,504	21,323	21,277
\$75,000 under \$100,000	15,026	25,494	14,644	28,957	28,957
\$100,000 under \$200,000	25,815	38,618	28,947	67,697	67,691
\$200,000 under \$500,000	18,550	23,535	85,274	255,162	154,025
\$500,000 under \$1,000,000	2,716	4,131	81,049	113,130	111,635
\$1,000,000 under \$1,500,000	853	1,923	6,935	10,500	10,485
\$1,500,000 under \$2,000,000	541	1,246	7,667	29,161	27,825
\$2,000,000 under \$5,000,000	762	1,703	13,247	88,606	88,213
\$5,000,000 under \$10,000,000	225	492	28,898	75,773	71,186
\$10,000,000 or more	194	325	18,784	259,765	237,509

Footnotes at end of Table 1j.

# Individual Noncash Contributions, 2011

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**Table 1e. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of food				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>235,615</b>	<b>429,611</b>	<b>77,985</b>	<b>110,394</b>	<b>110,070</b>
Under \$25,000 (including deficits)	7,742	13,265	6,518	5,894	5,922
\$25,000 under \$50,000	17,923	37,272	3,450	5,755	5,755
\$50,000 under \$75,000	35,544	60,723	4,288	11,750	11,750
\$75,000 under \$100,000	38,909	89,466	4,487	8,923	8,923
\$100,000 under \$200,000	95,114	169,586	16,708	26,589	26,589
\$200,000 under \$500,000	31,631	46,701	18,121	25,652	25,825
\$500,000 under \$1,000,000	5,312	7,255	1,684	2,342	2,270
\$1,000,000 under \$1,500,000	1,273	2,130	2,172	2,095	2,095
\$1,500,000 under \$2,000,000	737	1,089	14,798	12,159	12,159
\$2,000,000 under \$5,000,000	1,031	1,482	2,916	4,905	4,769
\$5,000,000 under \$10,000,000	260	428	938	1,674	1,467
\$10,000,000 or more	138	215	1,905	2,657	2,548

Footnotes at end of Table 1j.

**Table 1f. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of clothing and accessories				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>5,970,410</b>	<b>13,913,087</b>	<b>16,974,062</b>	<b>9,050,549</b>	<b>9,046,173</b>
Under \$25,000 (including deficits)	231,282	397,630	683,099	355,206	355,249
\$25,000 under \$50,000	640,115	1,247,855	1,855,360	983,442	983,442
\$50,000 under \$75,000	927,297	1,915,059	2,430,427	1,409,325	1,409,325
\$75,000 under \$100,000	1,073,080	2,489,444	2,475,699	1,500,077	1,500,077
\$100,000 under \$200,000	2,199,985	5,587,685	5,832,738	3,229,045	3,229,045
\$200,000 under \$500,000	749,349	1,943,822	2,827,654	1,292,336	1,288,282
\$500,000 under \$1,000,000	104,688	233,775	586,447	192,737	192,737
\$1,000,000 under \$1,500,000	22,360	49,815	131,072	40,917	40,917
\$1,500,000 under \$2,000,000	8,349	18,777	52,273	16,628	16,628
\$2,000,000 under \$5,000,000	10,606	22,669	72,003	22,487	22,483
\$5,000,000 under \$10,000,000	2,184	4,390	17,454	5,213	4,902
\$10,000,000 or more	1,116	2,167	9,836	3,137	3,086

Footnotes at end of Table 1j.

# Individual Noncash Contributions, 2011

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**Table 1g. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of electronics				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>479,721</b>	<b>600,084</b>	<b>988,194</b>	<b>407,694</b>	<b>405,339</b>
Under \$25,000 (including deficits)	18,537	19,614	76,429	31,246	31,246
\$25,000 under \$50,000	48,609	61,775	78,566	41,248	41,248
\$50,000 under \$75,000	78,042	88,439	170,683	70,519	70,519
\$75,000 under \$100,000	90,223	113,534	161,802	80,158	80,158
\$100,000 under \$200,000	168,569	221,163	299,809	108,703	108,703
\$200,000 under \$500,000	62,792	78,811	161,032	60,668	58,313
\$500,000 under \$1,000,000	8,310	10,914	26,073	9,601	9,601
\$1,000,000 under \$1,500,000	2,348	2,929	6,633	2,607	2,607
\$1,500,000 under \$2,000,000	782	985	1,905	594	594
\$2,000,000 under \$5,000,000	1,119	1,421	3,917	1,711	1,711
\$5,000,000 under \$10,000,000	249	332	754	293	293
\$10,000,000 or more	140	167	589	345	345

Footnotes at end of Table 1j.

**Table 1h. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of household items				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>2,647,126</b>	<b>4,922,639</b>	<b>9,379,311</b>	<b>3,625,800</b>	<b>3,618,028</b>
Under \$25,000 (including deficits)	117,074	178,904	392,263	152,245	152,245
\$25,000 under \$50,000	288,379	514,757	940,939	408,951	408,951
\$50,000 under \$75,000	393,295	700,139	1,394,913	551,554	551,554
\$75,000 under \$100,000	470,953	854,823	1,424,714	614,619	614,619
\$100,000 under \$200,000	919,640	1,778,471	2,993,918	1,107,616	1,107,616
\$200,000 under \$500,000	371,824	730,289	1,732,381	614,445	607,834
\$500,000 under \$1,000,000	59,341	114,003	318,914	103,680	103,680
\$1,000,000 under \$1,500,000	12,995	25,606	80,091	25,980	25,980
\$1,500,000 under \$2,000,000	4,817	9,373	32,175	10,759	10,742
\$2,000,000 under \$5,000,000	6,626	12,501	51,379	27,082	27,069
\$5,000,000 under \$10,000,000	1,448	2,470	10,194	5,363	4,229
\$10,000,000 or more	735	1,303	7,431	3,506	3,508

Footnotes at end of Table 1j.

# Individual Noncash Contributions, 2011

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**Table 1i. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with donations of cars and other vehicles				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>183,331</b>	<b>190,539</b>	<b>1,867,032</b>	<b>505,403</b>	<b>501,755</b>
Under \$25,000 (including deficits)	6,971	6,977	176,135	101,619	101,420
\$25,000 under \$50,000	12,356	12,356	66,409	16,936	16,936
\$50,000 under \$75,000	21,708	22,704	138,060	35,651	35,651
\$75,000 under \$100,000	34,938	36,950	337,245	55,114	55,114
\$100,000 under \$200,000	72,622	75,562	556,287	93,783	93,398
\$200,000 under \$500,000	28,647	29,534	457,457	125,327	125,047
\$500,000 under \$1,000,000	4,055	4,342	74,347	23,805	23,263
\$1,000,000 under \$1,500,000	899	900	16,115	5,060	5,060
\$1,500,000 under \$2,000,000	390	414	12,115	5,998	5,998
\$2,000,000 under \$5,000,000	489	514	15,138	14,367	12,641
\$5,000,000 under \$10,000,000	132	145	6,665	6,348	6,346
\$10,000,000 or more	125	141	11,060	21,394	20,880

Footnotes at end of Table 1j.

**Table 1j. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donation Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Returns with other donations [3]				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>863,703</b>	<b>1,333,110</b>	<b>2,837,816</b>	<b>3,576,300</b>	<b>3,066,551</b>
Under \$25,000 (including deficits)	45,119	55,810	137,292	249,362	205,152
\$25,000 under \$50,000	95,463	149,111	162,226	135,543	135,543
\$50,000 under \$75,000	126,482	215,539	290,534	142,667	142,667
\$75,000 under \$100,000	131,000	210,210	178,465	134,712	134,712
\$100,000 under \$200,000	294,209	440,274	647,440	419,312	419,312
\$200,000 under \$500,000	130,082	201,654	973,720	974,565	519,762
\$500,000 under \$1,000,000	24,507	34,942	136,128	219,016	219,016
\$1,000,000 under \$1,500,000	6,425	9,236	26,541	97,544	97,498
\$1,500,000 under \$2,000,000	2,911	4,173	23,711	275,959	268,363
\$2,000,000 under \$5,000,000	4,813	7,634	67,466	226,856	226,856
\$5,000,000 under \$10,000,000	1,511	2,441	38,751	118,984	118,251
\$10,000,000 or more	1,182	2,085	155,540	581,779	579,418

\* Estimates should be used with caution because of the small number of sample returns on which they are based.

[1] Not every donation has a donor cost reported.

[2] Amount carried to Schedule A is the fair market value from Section A (items with a deduction of \$5,000 or less or publicly traded securities) plus the lesser of the fair market value or the amount claimed on Section B (items with a deduction of more than \$5,000).

[3] Other donations includes intellectual property, services, airline tickets and miles, and other donations.

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014



# Individual Noncash Contributions, 2011

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**Table 2a. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	All donees				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>37,211,960</b>	<b>40,855,772</b>	<b>38,698,506</b>
Under \$25,000 (including deficits)	320,413	682,056	1,638,886	1,488,099	1,345,092
\$25,000 under \$50,000	828,908	2,044,089	3,175,021	1,768,220	1,698,202
\$50,000 under \$75,000	1,187,918	3,028,972	4,646,903	2,669,906	2,570,983
\$75,000 under \$100,000	1,334,831	3,845,071	4,635,215	2,623,872	2,623,872
\$100,000 under \$200,000	2,669,767	8,385,759	10,607,420	5,566,805	5,550,839
\$200,000 under \$500,000	959,279	3,124,715	6,763,577	6,180,877	5,486,288
\$500,000 under \$1,000,000	149,748	449,072	1,729,292	2,137,122	1,858,167
\$1,000,000 under \$1,500,000	34,775	108,680	599,554	1,234,984	1,094,744
\$1,500,000 under \$2,000,000	14,043	46,215	446,095	1,444,524	1,359,700
\$2,000,000 under \$5,000,000	20,398	67,076	912,621	2,697,274	2,402,768
\$5,000,000 under \$10,000,000	5,397	17,866	558,590	3,748,206	3,585,288
\$10,000,000 or more	3,824	14,716	1,498,786	9,295,882	9,122,563

Footnotes at end of Table 2k.

**Table 2b. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Arts, culture, and humanities				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>272,599</b>	<b>371,600</b>	<b>586,725</b>	<b>1,276,928</b>	<b>1,097,146</b>
Under \$25,000 (including deficits)	12,306	13,164	16,967	47,411	46,387
\$25,000 under \$50,000	17,762	19,225	10,805	6,665	6,665
\$50,000 under \$75,000	34,452	49,060	34,370	19,988	19,957
\$75,000 under \$100,000	48,387	70,481	34,027	31,907	31,907
\$100,000 under \$200,000	94,432	127,200	106,530	88,335	88,335
\$200,000 under \$500,000	50,899	69,012	91,616	217,999	188,988
\$500,000 under \$1,000,000	8,447	12,462	40,819	57,261	55,777
\$1,000,000 under \$1,500,000	2,197	3,509	115,777	139,238	33,922
\$1,500,000 under \$2,000,000	1,028	2,121	3,139	22,570	22,569
\$2,000,000 under \$5,000,000	1,717	3,506	23,798	162,799	152,277
\$5,000,000 under \$10,000,000	531	1,031	58,288	145,262	128,441
\$10,000,000 or more	442	830	50,589	337,494	321,919

Footnotes at end of Table 2k.

# Individual Noncash Contributions, 2011

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**Table 2c. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Educational institutions				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>397,429</b>	<b>613,954</b>	<b>1,942,965</b>	<b>6,991,370</b>	<b>6,447,567</b>
Under \$25,000 (including deficits)	12,314	15,268	41,627	91,720	91,151
\$25,000 under \$50,000	34,328	60,810	70,141	40,113	40,113
\$50,000 under \$75,000	56,517	73,394	118,167	111,651	111,651
\$75,000 under \$100,000	52,903	78,448	106,549	67,542	67,542
\$100,000 under \$200,000	149,397	237,038	251,951	271,247	256,934
\$200,000 under \$500,000	62,792	99,031	787,382	2,093,507	1,629,114
\$500,000 under \$1,000,000	16,259	25,422	102,898	225,781	223,347
\$1,000,000 under \$1,500,000	4,515	7,811	79,444	326,168	311,938
\$1,500,000 under \$2,000,000	2,053	4,086	58,246	203,528	177,801
\$2,000,000 under \$5,000,000	4,096	7,586	107,489	398,911	390,041
\$5,000,000 under \$10,000,000	1,258	2,582	57,528	2,156,496	2,156,407
\$10,000,000 or more	997	2,478	161,544	1,004,706	991,527

Footnotes at end of Table 2k.

**Table 2d. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Environment and animal related organizations				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>169,031</b>	<b>260,863</b>	<b>975,481</b>	<b>1,911,364</b>	<b>1,572,959</b>
Under \$25,000 (including deficits)	7,184	7,653	46,117	77,196	65,478
\$25,000 under \$50,000	14,333	26,530	25,558	16,386	16,386
\$50,000 under \$75,000	27,292	44,179	90,748	207,783	167,817
\$75,000 under \$100,000	26,506	30,709	24,232	18,256	18,256
\$100,000 under \$200,000	64,546	112,508	208,707	111,426	110,760
\$200,000 under \$500,000	21,949	26,809	101,994	341,674	322,518
\$500,000 under \$1,000,000	4,177	7,649	105,517	299,440	211,660
\$1,000,000 under \$1,500,000	1,121	1,575	9,945	40,076	25,895
\$1,500,000 under \$2,000,000	533	779	42,953	108,256	95,316
\$2,000,000 under \$5,000,000	888	1,536	168,350	216,232	124,294
\$5,000,000 under \$10,000,000	268	511	75,571	183,084	153,204
\$10,000,000 or more	233	425	75,791	291,555	261,373

Footnotes at end of Table 2k.

# Individual Noncash Contributions, 2011

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**Table 2e. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Health and medical research				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>926,142</b>	<b>1,646,833</b>	<b>2,362,908</b>	<b>1,420,346</b>	<b>1,408,144</b>
Under \$25,000 (including deficits)	26,110	40,640	95,213	46,592	46,393
\$25,000 under \$50,000	89,461	163,250	243,652	106,871	106,871
\$50,000 under \$75,000	123,717	193,191	343,719	138,524	138,524
\$75,000 under \$100,000	164,082	330,718	369,223	169,980	169,980
\$100,000 under \$200,000	364,797	646,259	710,875	317,477	316,969
\$200,000 under \$500,000	125,310	217,450	391,158	179,515	177,891
\$500,000 under \$1,000,000	21,475	35,252	80,533	89,558	89,558
\$1,000,000 under \$1,500,000	5,240	10,082	20,504	40,729	37,823
\$1,500,000 under \$2,000,000	1,850	3,456	9,387	21,738	21,738
\$2,000,000 under \$5,000,000	2,979	4,613	29,448	72,056	68,383
\$5,000,000 under \$10,000,000	657	1,161	16,767	57,602	57,602
\$10,000,000 or more	464	761	52,430	179,704	176,411

Footnotes at end of Table 2k.

**Table 2f. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Large organizations				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>5,921,463</b>	<b>13,697,293</b>	<b>20,217,702</b>	<b>9,787,770</b>	<b>9,780,336</b>
Under \$25,000 (including deficits)	234,745	425,384	859,179	379,268	377,988
\$25,000 under \$50,000	637,370	1,280,735	2,147,059	1,081,251	1,081,251
\$50,000 under \$75,000	949,509	1,973,628	2,971,054	1,491,201	1,491,201
\$75,000 under \$100,000	1,056,754	2,439,114	2,850,817	1,657,274	1,657,274
\$100,000 under \$200,000	2,138,756	5,284,340	6,760,270	3,234,995	3,234,995
\$200,000 under \$500,000	751,438	1,947,876	3,487,009	1,473,242	1,470,055
\$500,000 under \$1,000,000	107,438	245,996	701,558	234,088	234,084
\$1,000,000 under \$1,500,000	22,568	50,670	184,917	99,709	99,663
\$1,500,000 under \$2,000,000	8,613	19,062	62,809	30,825	30,808
\$2,000,000 under \$5,000,000	10,822	23,585	83,159	39,811	39,750
\$5,000,000 under \$10,000,000	2,286	4,634	38,802	34,689	34,281
\$10,000,000 or more	1,163	2,267	71,068	31,418	28,985

Footnotes at end of Table 2k.

# Individual Noncash Contributions, 2011

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**Table 2g. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Public and societal benefit				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>1,544,948</b>	<b>2,600,925</b>	<b>4,470,782</b>	<b>3,068,293</b>	<b>2,684,133</b>
Under \$25,000 (including deficits)	68,560	99,332	310,060	168,426	167,268
\$25,000 under \$50,000	158,808	250,038	401,237	232,324	232,324
\$50,000 under \$75,000	211,244	354,665	554,941	261,054	261,054
\$75,000 under \$100,000	261,068	422,308	528,408	274,362	274,362
\$100,000 under \$200,000	582,877	1,013,128	1,269,353	588,792	588,690
\$200,000 under \$500,000	209,201	374,758	863,340	452,712	379,557
\$500,000 under \$1,000,000	33,295	53,713	260,658	419,520	233,310
\$1,000,000 under \$1,500,000	8,913	14,316	55,224	55,285	52,017
\$1,500,000 under \$2,000,000	3,653	6,154	54,608	72,849	34,077
\$2,000,000 under \$5,000,000	5,197	8,859	79,039	130,734	126,542
\$5,000,000 under \$10,000,000	1,259	2,068	25,697	126,864	72,917
\$10,000,000 or more	874	1,586	68,217	285,372	262,014

Footnotes at end of Table 2k.

**Table 2h. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Religious organizations				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>1,133,164</b>	<b>2,063,150</b>	<b>3,152,283</b>	<b>2,743,902</b>	<b>2,709,396</b>
Under \$25,000 (including deficits)	38,419	60,204	132,262	143,633	118,402
\$25,000 under \$50,000	102,643	188,454	161,266	117,023	117,023
\$50,000 under \$75,000	159,512	255,147	385,819	252,722	252,722
\$75,000 under \$100,000	223,136	406,890	590,546	326,284	326,284
\$100,000 under \$200,000	413,195	795,532	913,412	561,167	561,175
\$200,000 under \$500,000	155,070	286,344	592,704	474,427	466,004
\$500,000 under \$1,000,000	26,674	44,310	172,700	230,411	229,618
\$1,000,000 under \$1,500,000	6,549	11,622	43,221	73,637	74,152
\$1,500,000 under \$2,000,000	2,768	5,255	22,223	78,618	78,618
\$2,000,000 under \$5,000,000	3,724	6,388	49,920	122,623	122,441
\$5,000,000 under \$10,000,000	917	1,559	19,455	80,265	79,878
\$10,000,000 or more	557	1,444	68,756	283,093	283,079

Footnotes at end of Table 2k.

# Individual Noncash Contributions, 2011

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**Table 2i. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Donor-advised funds				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>21,967</b>	<b>33,457</b>	<b>388,521</b>	<b>1,782,507</b>	<b>1,750,248</b>
Under \$50,000 (including deficits)	88	109	4,918	23,265	23,265
\$25,000 under \$50,000	* 1004	* 2004	* 10	* 5133	* 5133
\$50,000 under \$75,000	1,001	1,002	12	12,174	12,174
\$75,000 under \$100,000	227	510	340	3,936	3,936
\$100,000 under \$200,000	5,753	7,047	26,984	61,131	61,131
\$200,000 under \$500,000	6,706	9,170	44,027	143,318	143,278
\$500,000 under \$1,000,000	3,418	5,608	62,742	172,681	172,383
\$1,000,000 under \$1,500,000	916	1,715	15,363	89,965	89,965
\$1,500,000 under \$2,000,000	612	1,329	26,107	89,204	89,204
\$2,000,000 under \$5,000,000	1,268	2,581	58,775	292,204	264,887
\$5,000,000 under \$10,000,000	541	1,271	45,963	188,929	186,430
\$10,000,000 or more	433	1,110	103,279	700,567	698,462

Footnotes at end of Table 2k.

**Table 2j. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Foundations				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>76,711</b>	<b>121,027</b>	<b>1,951,267</b>	<b>9,057,677</b>	<b>8,781,684</b>
Under \$25,000 (including deficits)	3,606	4,178	69,639	364,462	262,612
\$25,000 under \$50,000	4,029	7,918	2,604	3,140	3,140
\$50,000 under \$75,000	5,041	15,757	3,869	4,848	4,848
\$75,000 under \$100,000	7,543	9,578	32,809	28,798	28,798
\$100,000 under \$200,000	29,314	36,783	105,712	96,606	96,596
\$200,000 under \$500,000	17,339	28,117	177,131	391,484	297,976
\$500,000 under \$1,000,000	3,727	5,634	99,351	198,247	198,362
\$1,000,000 under \$1,500,000	1,696	2,597	55,676	264,041	263,408
\$1,500,000 under \$2,000,000	923	1,580	141,426	530,896	526,183
\$2,000,000 under \$5,000,000	1,832	4,672	261,442	910,893	889,589
\$5,000,000 under \$10,000,000	748	1,689	196,627	593,462	586,837
\$10,000,000 or more	913	2,525	804,982	5,670,800	5,623,335

Footnotes at end of Table 2k.

# Individual Noncash Contributions, 2011

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**Table 2k. All Individual Returns With Noncash Charitable Contributions Reported on Form 8283, by Donee Type and Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Other donees				
	Number of returns	Number of donations	Donor's cost [1]	Fair market value	Amount carried to Schedule A [2]
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>328,510</b>	<b>405,184</b>	<b>1,163,325</b>	<b>2,815,614</b>	<b>2,466,895</b>
Under \$25,000 (including deficits)	14,625	16,124	62,904	146,127	146,148
\$25,000 under \$50,000	38,122	45,125	112,690	159,313	89,295
\$50,000 under \$75,000	58,851	68,949	144,204	169,960	111,035
\$75,000 under \$100,000	41,940	56,315	98,265	45,531	45,531
\$100,000 under \$200,000	101,517	125,924	253,626	235,630	235,254
\$200,000 under \$500,000	52,667	66,148	227,217	412,999	410,906
\$500,000 under \$1,000,000	11,194	13,024	102,516	210,136	210,066
\$1,000,000 under \$1,500,000	3,335	4,783	19,485	106,137	105,960
\$1,500,000 under \$2,000,000	1,659	2,391	25,196	286,043	283,385
\$2,000,000 under \$5,000,000	2,743	3,749	51,201	351,010	224,564
\$5,000,000 under \$10,000,000	993	1,360	23,891	181,554	129,291
\$10,000,000 or more	864	1,290	42,130	511,174	475,458

\* Estimates should be used with caution because of the small number of sample returns on which they are based.

[1] Not every donation has a donor cost reported.

[2] Amount carried to Schedule A is the fair market value from Section A (items with a deduction of \$5,000 or less or publicly traded securities) plus the lesser of the fair market value or amount claimed on Section B (items with a deduction of more than \$5,000).

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014

# Individual Noncash Contributions, 2011

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**Table 3. All Individual Returns with Noncash Donations Charitable Contributions Reported on Form 8283, by Selected Donation Type and Selected Donee Type, Tax Year 2011**

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

Type of donation	All donees		Arts, culture, and humanities		Educational institutions
	Number of donations	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]	Number of donations
	(1)	(2)	(3)	(4)	(5)
<b>All donations</b>	<b>21,814,286</b>	<b>38,698,506</b>	<b>371,600</b>	<b>1,097,146</b>	<b>613,954</b>
Corporate stock, mutual funds, and other investments	275,173	18,403,886	12,456	413,419	63,468
Real estate, land, and easements	18,473	2,679,356	595	86,160	811
Art and collectibles	131,570	867,350	26,162	368,176	14,351
Food	429,611	110,070	2,581	806	40,017
Clothing and accessories	13,913,087	9,046,173	81,536	22,528	226,067
Electronics	600,084	405,339	14,561	5,374	24,536
Household items	4,922,639	3,618,028	198,831	85,774	128,703
Cars and other vehicles	190,539	501,755	6,201	62,502	6,819
Other [2]	1,333,110	3,066,551	28,677	52,407	109,182

Type of donation	Educational institutions—continued	Environment and animal related organizations		Health and medical research	
	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]
	(6)	(7)	(8)	(9)	(10)
<b>All donations</b>	<b>6,447,567</b>	<b>260,863</b>	<b>1,572,959</b>	<b>1,646,833</b>	<b>1,408,144</b>
Corporate stock, mutual funds, and other investments	5,315,440	10,089	251,904	13,798	377,098
Real estate, land, and easements	219,209	2,321	1,037,599	1,222	29,276
Art and collectibles	146,773	6,603	24,895	14,133	30,217
Food	9,041	1,750	255	8,985	4,363
Clothing and accessories	127,372	91,616	39,612	1,107,641	568,379
Electronics	15,791	9,400	2,425	42,200	22,106
Household items	130,138	61,544	51,244	346,887	208,409
Cars and other vehicles	37,005	9,869	51,120	30,948	37,889
Other [2]	446,799	67,673	113,904	81,020	130,407

Footnotes at end of table.

# Individual Noncash Contributions, 2011

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**Table 3. All Individual Returns with Noncash Donations Charitable Contributions Reported on Form 8283, by Selected Donation Type and Selected Donee Type, Tax Year 2011—Continued**

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

Type of donation	Large organizations		Public and societal benefit		Religious organizations
	Number of donations	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]	Number of donations
	(11)	(12)	(13)	(14)	(15)
<b>All donations</b>	<b>13,697,293</b>	<b>9,780,336</b>	<b>2,600,925</b>	<b>2,684,133</b>	<b>2,063,150</b>
Corporate stock, mutual funds, and other investments	12,990	178,128	18,504	446,690	75,861
Real estate, land, and easements	2,440	104,580	3,238	386,234	4,161
Art and collectibles	19,892	13,438	20,030	21,198	20,033
Food	38,143	5,302	174,564	38,622	151,083
Clothing and accessories	9,660,792	6,475,093	1,484,987	926,910	1,088,324
Electronics	378,882	249,251	67,356	56,130	56,390
Household items	3,020,035	2,306,717	620,544	441,400	471,060
Cars and other vehicles	43,811	55,707	60,973	162,972	18,893
Other [2]	520,306	392,120	150,728	203,978	177,346

Type of donation	Religious organizations—continued	Foundations		Other donees [3]	
	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]	Number of donations	Amount carried to Schedule A [1]
	(16)	(17)	(18)	(19)	(20)
<b>All donations</b>	<b>2,709,396</b>	<b>121,027</b>	<b>8,781,684</b>	<b>438,641</b>	<b>4,217,143</b>
Corporate stock, mutual funds, and other investments	1,189,954	28,574	8,054,503	39,433	2,176,751
Real estate, land, and easements	260,264	1,493	304,265	2,194	251,770
Art and collectibles	27,857	2,506	136,784	7,860	98,013
Food	18,241	1,539	23,907	10,949	9,533
Clothing and accessories	685,420	47,202	27,553	124,923	173,305
Electronics	44,796	2,172	916	4,586	8,551
Household items	306,615	12,999	9,036	62,037	78,694
Cars and other vehicles	47,551	4,912	29,661	8,113	17,348
Other [2]	128,698	19,631	195,060	178,546	1,403,178

[1] Amount carried to Schedule A is the fair market value from Section A (items with a deduction of \$5,000 or less or publicly traded securities) plus the lesser of the fair market value or amount claimed on Section B (items with a deduction of more than \$5,000).

[2] Other donations includes intellectual property, services, airline tickets and miles, and other donations.

[3] Other donees includes donor-advised funds.

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014



# Individual Noncash Contributions, 2011

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**Table 4. All Individual Returns with Noncash Charitable Contributions Reported on Form 8283, by Selected Donation Type and Donor Age, Tax Year 2011**

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

Donor age	All Returns							
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns with contributions on Schedule A	Amount of contributions on Schedule A	Number of returns with cash contributions on Schedule A	Amount of cash contributions on Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All ages</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>40,855,772</b>	<b>38,698,506</b>	<b>7,468,300</b>	<b>38,363,651</b>	<b>6,406,556</b>	<b>31,419,499</b>
Under 35	723,243	1,591,851	1,785,574	1,768,010	716,598	1,760,933	501,656	1,246,673
35 under 45	1,699,025	4,557,262	4,411,475	4,382,617	1,687,739	4,363,229	1,371,880	4,090,688
45 under 55	2,113,808	6,180,394	7,880,046	6,969,968	2,100,644	6,937,333	1,809,906	7,669,376
55 under 65	1,818,676	5,710,275	8,247,509	7,999,581	1,807,137	7,915,815	1,640,635	8,317,140
65 and older	1,174,550	3,774,504	18,531,168	17,578,330	1,156,182	17,386,341	1,082,479	10,095,621
Donor age	Corporate stock, mutual funds, and other investments				Real estate, land, and easements			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All ages</b>	<b>125,617</b>	<b>275,173</b>	<b>18,663,312</b>	<b>18,403,886</b>	<b>17,282</b>	<b>18,473</b>	<b>3,917,764</b>	<b>2,679,356</b>
Under 35	2,430	6,093	170,036	169,483	1,505	1,517	59,082	42,308
35 under 45	8,919	15,406	1,007,591	1,006,400	1,341	1,390	90,637	68,865
45 under 55	20,047	44,472	1,791,978	1,766,152	2,768	3,362	879,363	455,161
55 under 65	30,465	58,076	2,795,978	2,767,572	4,523	4,898	1,103,623	919,888
65 and older	63,756	151,125	12,897,730	12,694,278	7,144	7,306	1,785,058	1,193,135
Donor age	Art and collectibles				Food			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All ages</b>	<b>95,327</b>	<b>131,570</b>	<b>998,557</b>	<b>867,350</b>	<b>235,615</b>	<b>429,611</b>	<b>110,394</b>	<b>110,070</b>
Under 35	506	517	177	177	9,284	12,700	6,008	5,939
35 under 45	13,688	14,058	25,051	24,843	29,498	43,920	10,544	10,544
45 under 55	19,308	23,067	74,516	73,673	51,746	117,113	15,836	15,927
55 under 65	26,239	41,168	279,747	247,232	79,042	143,651	43,820	43,755
65 and older	35,587	52,760	619,066	521,425	66,045	112,227	34,186	33,904
Donor age	Clothing and accessories				Electronics			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All ages</b>	<b>5,970,410</b>	<b>13,913,087</b>	<b>9,050,549</b>	<b>9,046,173</b>	<b>479,721</b>	<b>600,084</b>	<b>407,694</b>	<b>405,339</b>
Under 35	580,510	1,098,039	925,495	925,491	40,343	47,893	53,368	53,326
35 under 45	1,403,956	3,223,021	2,187,571	2,187,571	104,615	123,710	105,217	102,903
45 under 55	1,684,211	4,029,788	2,603,388	2,603,397	121,808	161,131	103,452	103,452
55 under 65	1,451,070	3,501,393	2,088,289	2,088,289	136,096	182,107	97,557	97,557
65 and older	850,663	2,060,847	1,245,805	1,241,425	76,860	85,244	48,100	48,100

Footnotes at end of table.

# Individual Noncash Contributions, 2011

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**Table 4. All Individual Returns with Noncash Charitable Contributions Reported on Form 8283, by Selected Donation Type and Donor Age, Tax Year 2011—Continued**

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

Donor age	Household items				Cars and other vehicles			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>All ages</b>	<b>2,647,126</b>	<b>4,922,639</b>	<b>3,625,800</b>	<b>3,618,028</b>	<b>183,331</b>	<b>190,539</b>	<b>505,403</b>	<b>501,755</b>
Under 35	216,954	344,746	381,975	381,854	11,792	11,792	18,908	18,908
35 under 45	511,397	887,162	664,507	662,798	31,170	31,515	53,360	53,360
45 under 55	754,641	1,363,180	1,120,910	1,116,116	60,156	65,837	91,411	91,008
55 under 65	687,194	1,359,328	907,482	906,348	48,495	49,485	88,378	87,711
65 and older	476,941	968,224	550,926	550,912	31,717	31,909	253,344	250,767

Donor age	Other donations [2]			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(41)	(42)	(43)	(44)
<b>All ages</b>	<b>863,703</b>	<b>1,333,110</b>	<b>3,576,300</b>	<b>3,066,551</b>
Under 35	50,676	68,554	170,524	170,524
35 under 45	162,238	217,079	266,997	265,332
45 under 55	228,655	372,445	1,199,192	745,082
55 under 65	229,830	370,170	842,636	841,229
65 and older	192,304	304,862	1,096,951	1,044,384

[1] Amount carried to Schedule A is the fair market value from Section A (items with a deduction of \$5,000 or less or publicly traded securities) plus the lesser of the fair market value or amount claimed on Section B (items with a deduction of more than \$5,000).

[2] Other donations includes intellectual property, services, airline tickets and miles, and other donations.

NOTE: This figure is based on data reported on Form 1040, *U.S. Individual Income Tax Return*; Schedule A, *Itemized Deductions*; and Form 8283, *Noncash Charitable Contributions*.

Source: IRS Statistics of Income Division, *Noncash Charitable Contributions*, May 2014

# Individual Noncash Contributions, 2011

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**Table 5. All Individual Returns with Noncash Donations Reported on Form 8283, by Donor Age and Donee Type, Tax Year 2011**

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

Donor age	All donees							
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns with contributions on Schedule A	Amount of contributions on Schedule A	Number of returns with cash contributions on Schedule A	Amount of cash contributions on Schedule A
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All ages</b>	<b>7,529,302</b>	<b>21,814,286</b>	<b>40,855,772</b>	<b>38,698,506</b>	<b>7,468,300</b>	<b>38,363,651</b>	<b>6,406,556</b>	<b>31,419,499</b>
Under 35	723,243	1,591,851	1,785,574	1,768,010	716,598	1,760,933	501,656	1,246,673
35 under 45	1,699,025	4,557,262	4,411,475	4,382,617	1,687,739	4,363,229	1,371,880	4,090,688
45 under 55	2,113,808	6,180,394	7,880,046	6,969,968	2,100,644	6,937,333	1,809,906	7,669,376
55 under 65	1,818,676	5,710,275	8,247,509	7,999,581	1,807,137	7,915,815	1,640,635	8,317,140
65 and older	1,174,550	3,774,504	18,531,168	17,578,330	1,156,182	17,386,341	1,082,479	10,095,621
Donor age	Arts, culture, and humanities				Educational institutions			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All ages</b>	<b>272,599</b>	<b>371,600</b>	<b>1,276,928</b>	<b>1,097,146</b>	<b>397,429</b>	<b>613,954</b>	<b>6,991,370</b>	<b>6,447,567</b>
Under 35	11,867	13,023	38,850	22,592	20,133	32,004	52,869	51,785
35 under 45	21,681	28,073	29,377	29,035	68,884	100,542	144,444	141,922
45 under 55	49,990	65,420	228,937	118,701	113,819	183,585	942,947	481,697
55 under 65	81,165	111,251	293,562	253,186	107,299	174,179	866,302	836,150
65 and older	107,896	153,832	686,201	673,632	87,295	123,644	4,984,807	4,936,012
Donor age	Environment and animal related organizations				Health and medical research			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All ages</b>	<b>169,031</b>	<b>260,863</b>	<b>1,911,364</b>	<b>1,572,959</b>	<b>926,142</b>	<b>1,646,833</b>	<b>1,420,346</b>	<b>1,408,144</b>
Under 35	14,803	21,166	14,894	14,894	42,798	62,412	61,669	61,668
35 under 45	27,231	39,010	77,511	63,857	183,135	310,596	184,581	184,558
45 under 55	23,845	35,699	251,279	223,163	244,809	458,854	306,119	305,733
55 under 65	65,111	104,972	679,885	567,048	264,966	456,066	356,053	352,677
65 and older	38,041	60,017	887,795	703,997	190,434	358,904	511,925	503,508

Footnotes at end of table.

# Individual Noncash Contributions, 2011

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**Table 5. All Individual Returns with Noncash Donations Reported on Form 8283, by Donor Age and Donee Type, Tax Year 2011—Continued**

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

Donor age	Large organizations				Public and societal benefit			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All ages</b>	<b>5,921,463</b>	<b>13,697,293</b>	<b>9,787,770</b>	<b>9,780,336</b>	<b>1,544,948</b>	<b>2,600,925</b>	<b>3,068,293</b>	<b>2,684,133</b>
Under 35	597,346	1,149,476	1,047,690	1,047,552	114,340	167,854	171,392	171,383
35 under 45	1,396,694	3,163,606	2,284,149	2,284,150	295,825	465,317	422,262	416,536
45 under 55	1,689,787	4,037,264	2,856,554	2,853,032	405,884	688,490	643,871	571,177
55 under 65	1,422,629	3,506,507	2,326,028	2,324,974	402,624	718,009	707,326	668,101
65 and older	815,007	1,840,441	1,273,348	1,270,626	326,276	561,255	1,123,443	856,936

Donor age	Religious organizations				Donor-advised funds			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>All ages</b>	<b>1,133,164</b>	<b>2,063,150</b>	<b>2,743,902</b>	<b>2,709,396</b>	<b>21,967</b>	<b>33,457</b>	<b>1,782,507</b>	<b>1,750,248</b>
Under 35	71,655	111,520	141,109	141,108	* 33	* 49	* 3,257	* 3,257
35 under 45	202,808	367,682	294,649	292,147	3,158	3,945	209,367	205,618
45 under 55	298,989	549,144	607,799	607,611	6,605	10,336	424,887	400,817
55 under 65	280,477	507,167	688,082	685,385	4,880	8,060	469,001	465,456
65 and older	279,236	527,637	1,012,263	983,145	7,292	11,067	675,996	675,100

Donor age	Foundations				Other donees			
	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]	Number of returns	Number of donations	Fair market value	Amount carried to Schedule A [1]
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All ages</b>	<b>76,711</b>	<b>121,027</b>	<b>9,057,677</b>	<b>8,781,684</b>	<b>328,510</b>	<b>405,184</b>	<b>2,815,614</b>	<b>2,466,895</b>
Under 35	4,020	6,637	95,002	95,002	21,437	27,710	158,843	158,769
35 under 45	10,739	15,659	565,884	566,099	53,895	62,832	199,249	198,694
45 under 55	18,255	26,740	750,993	740,967	97,465	124,863	866,660	667,069
55 under 65	18,662	26,213	1,351,877	1,347,007	82,072	97,850	509,392	499,598
65 and older	25,036	45,778	6,293,920	6,032,610	73,642	91,928	1,081,469	942,765

\* Estimates should be used with caution because of the small number of sample returns on which they are based.

[1] Amount carried to Schedule A is the fair market value from Section A (items with a deduction of \$5,000 or less or publicly traded securities) plus the lesser of the fair market value or amount claimed on Section B (items with a deduction of more than \$5,000).

NOTE: This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions.

Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014



# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

by Scott Hollenbeck and Maureen Keenan Kahr

**F**or 2011, the total amount of foreign-earned income reported by U.S. taxpayers grew in real terms by 32.3 percent, to over \$54.2 billion. Foreign-source gross income reported by U.S. taxpayers reached nearly \$170.0 billion for the year; total foreign tax credit claimed was just under \$16.5 billion. Unless otherwise stated, the statistics reported in this article are based on data compiled from Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, Form 1116, *Foreign Tax Credit*, and Form 1040, *U.S. Individual Income Tax Return*. U.S. taxpayers file these forms with their individual income tax returns to report foreign-earned income and claim the foreign tax credit.

## Foreign-Earned Income Highlights

In 2011, nearly 450,000 U.S. taxpayers living abroad reported just over \$54.2 billion in foreign-earned income, an increase of 32.3 percent in real terms from 2006 (the last time this study was done). U.S. taxpayers claimed more than \$28.3 billion as a foreign-earned income exclusion on their tax returns for the year. Between 2006 and 2011, the inflation-adjusted amount of the foreign-earned income exclusion increased 38.4 percent, while the housing exclusion increased 5.8 percent, rising from just under \$1.5 billion to nearly \$1.6 billion for 2011 (Figure A).

Asian-based U.S. taxpayers reported the largest amount of total foreign-earned income (\$24.9 billion) from any continent for 2011, a 52.2-percent increase in real growth from the \$16.4 billion reported for 2006. This continued a decade of large increases reported on returns from Asia. For 2011, these returns represent approximately 46 percent of all the foreign-earned income reported by U.S. taxpayers, up from roughly 40 percent for 2006 and 36 percent for 2001. Some of this growth is attributable to returns with a tax home of Afghanistan with \$3.0 billion reported in total foreign-earned income for 2011, after reporting \$0.5 billion in 2006. Taxpayers based in Singapore also drove this growth, reporting a real increase of 129.4 percent (to \$1.9 billion); China reporting an increase of 71.0 percent (to \$3.3 billion); and similarly, with taxpayers in Hong Kong reporting an increase of 41.2 percent (to \$2.9 billion).

European-based U.S. taxpayers reported the second largest amount of foreign-earned income of just under \$14.4 billion, which was a real decrease of 3.2 percent

from 2006. As in previous years, the United Kingdom continued to lead all countries from all continents with over \$5.4 billion in foreign-earned income, accounting for more than a third of all European-based returns. This was a 22.1-percent decrease from \$7.0 billion in 2006, contributing largely to the overall decrease from European-based returns.

Total foreign-earned income reported for North American-based taxpayers grew 22.9 percent for 2011. Canadian-based taxpayers drove this growth, reporting over \$3.8 billion in foreign-earned income for the year, a 28.9-percent increase from 2006. Over 60 percent of all taxpayers reporting foreign-earned income had no U.S. income tax liability for 2011.

## Foreign Tax Credit Highlights

From 2006 to 2011, inflation-adjusted foreign-source gross income reported on Form 1116, *Foreign Tax Credit*, grew 27.0 percent, and real foreign tax credits claimed rose 34.5 percent. U.S. taxpayers claimed a total of nearly \$16.5 billion in foreign tax credits from approximately 6.9 million returns for 2011; these credits were based on a reported \$170.0 billion in foreign-source gross income and \$22.0 billion in foreign taxes paid or accrued.

As with foreign-earned income by country, the United Kingdom continued to lead in terms of foreign-source gross income reported on Form 1116. For 2011, taxpayers reported \$13.9 billion in foreign-source gross income from the United Kingdom, a modest growth of 4.2 percent from the inflation-adjusted \$13.3 billion reported for 2006. By region, taxpayers reported the most foreign-source gross income (\$32.4 billion) from European countries for 2011. For the most significant regions, the Oceania countries (Australia, New Zealand, etc.) reported the largest growth. From 2006 to 2011, foreign-source gross income reported for these countries doubled to \$2.7 billion, and the 113.9-percent growth from Australia contributed to most of this growth.

## Overview of Foreign-Earned Income Provisions

In an effort to increase U.S. participation in foreign trade, a Federal income tax law was passed in 1926, which allowed for an exclusion of foreign-earned income from taxes. Under the 2011 version of the law, Section 911 of the Internal Revenue Code, qualified U.S. citizens or resident aliens living and working abroad could elect to exclude a certain amount of foreign-earned income and an excess foreign housing cost. The election was made separately for each of the exclusions. To qualify, an

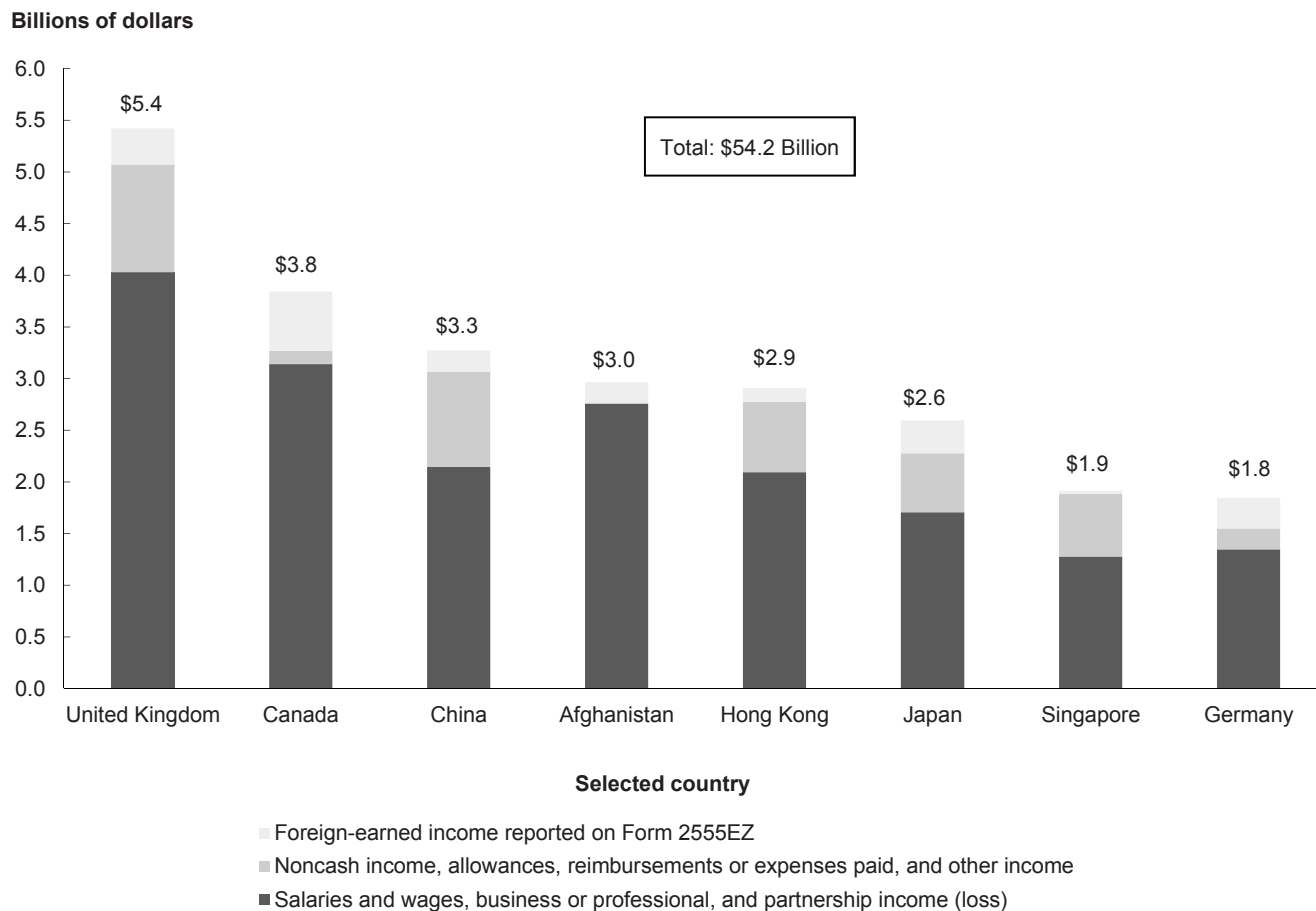
*This article was written by Scott Hollenbeck and Maureen Keenan Kahr, economists with the Individual Research Section, under the direction of Mike Strudler, Chief.*

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Figure A**

## Foreign-Earned Income by Selected Country, Tax Year 2011



NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.  
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

individual must have had a foreign tax home and satisfied either the bona fide residence or physical presence test. Only U.S. citizens could use the bona fide residence test. The bona fide residence test was generally satisfied if the individual had established and maintained a residence in a foreign country for an uninterrupted period that included an entire taxable year. An individual would not be considered a resident if a statement was submitted to the taxing authorities of the foreign country indicating nonresidency and the foreign country did not subject the individual to foreign income taxation. Under the physical presence test, an individual had to be present in a foreign country for at least 330 full days during any period of 12 consecutive months.

In general, earned income was compensation received for personal services. Thus, wages, salaries, and professional fees qualified as earned income for purposes of the exclusion. Taxpayers engaged in a trade or business that used both capital and services to produce income, could treat any reasonable amount that did not exceed 30 percent of the taxpayer's share of the net profits of the trade or business as earned income. Earned income also included employer-provided allowances or reimbursements, such as cost-of-living allowances, overseas compensation differentials, quarters, education allowances, and the full rental value of property or facilities provided by the employer. To qualify for the exclusions, the earned income had to be foreign-earned income. In

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general, it would be foreign-earned income if the taxpayer performed personal services in a foreign country. The actual location of the employer and employee at the time the taxpayer received the compensation did not affect this determination. Not included in foreign-earned income were pensions, annuities, compensation by the U.S. Government, and income excluded by an employer to compensate for meals and lodging provided for the employer's convenience.

For 2011, the maximum amount of foreign-earned income a taxpayer could exclude was \$92,900, prorated on a daily basis for the qualifying period. (For 2006, this amount was \$82,400.) If a taxpayer elected both the foreign-earned income and housing exclusions, the foreign housing exclusion was calculated first. The foreign-earned income exclusion was then limited to the excess of foreign-earned income over the housing exclusion.

Qualified housing expenses were reasonable housing costs paid or incurred during the tax year. In general, these expenses included utilities, insurance, and rent. The excess-housing cost was equal to the individual's qualified housing expenses for the tax year over a base-level amount (\$14,864 for 2011) prorated on a daily basis. To the extent these were employer-provided amounts, the excess housing cost was allowed as a foreign housing exclusion. Housing costs related to self-employment were allowed as a foreign housing deduction in computing adjusted gross income. The foreign housing deduction was limited to the excess of foreign-earned income over the sum of foreign-earned income and housing exclusions. Any excess housing amount that was not deductible could be carried over to the following tax year.

In addition to the exclusions (foreign-earned income and housing) and the housing deduction, individuals could also claim a foreign tax credit (discussed in more detail in the Foreign Tax Credit Overview section). This credit was for foreign income taxes paid or accrued on two types of income: (1) foreign-earned income for which the income exclusion was not claimed, and (2) foreign-source income that did not qualify for the exclusions or deduction.

U.S. taxpayers file Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*, to claim the exclusions and the housing deduction.

For 2011, of the 145.4 million individual income tax returns filed with the Internal Revenue Service, an estimated 449,277 had a Form 2555 attached (or Form 2555-EZ), slightly more than 0.3 percent of the total.<sup>1</sup> Tables 1 and 2 present statistics for individual income tax returns with the foreign-earned income exclusion, foreign housing exclusion, and foreign housing deduction.

## Total Foreign-Earned Income

For 2011, U.S. taxpayers reported \$54.2 billion in foreign-earned income, a real increase of 32.3 percent from the 2006 inflation-adjusted amount of \$41.0 billion. This represents a real annual growth rate of 5.8 percent from 2006.<sup>2,3</sup> This can be attributed to an increase in the number of returns filed with the exclusion, despite a decrease in the average amount of foreign-earned income reported per return. From 2006 to 2011, taxpayers filed approximately 115,000 more returns with the exclusion (up 34.2 percent). During this same period, the average amount of total foreign-earned income per return decreased approximately 1.4 percent in real terms, from an average of \$122,424 for 2006 to \$120,738 for 2011.

Of the nearly 450,000 returns filed with a Form 2555 attached, returns with a tax home of Canada (10.2 percent), the United Kingdom (7.0 percent), Japan (5.1 percent), Afghanistan (5.1 percent), and China (5.0 percent) represented about a third of the total number of returns filed for the year. In 2011, nearly 23,000 taxpayers reported a tax home of Afghanistan, a 288.2-percent increase from just under 6,000 taxpayers for 2006. The number of returns reporting China as a tax home grew steadily, rising 143.6 percent between 2001 and 2006, and another 79.6 percent between 2006 and 2011 (to over 22,000 returns). The large growth in Afghanistan, the continued growth in China, and the more modest increases in the number of returns from other tax homes in Asia, led to an overall 40.3-percent increase in Asian-based returns (Figure B). For 2011, the number of Asian-based returns with foreign-earned income (about 195,000) was nearly 82 percent higher than the number of returns for Europe (just over 107,000). These data show a decade of strong growth in Asian-based U.S. taxpayers since 2001, when Europe represented the region with the largest number of returns reported.

<sup>1</sup> Data for all taxpayers who filed a Form 1040 for 2011 cited in this article are from *Statistics of Income, Individual Income Tax Returns 2011*, Publication 1304.

<sup>2</sup> Data in this article are compared to 2006 and 2001 data because these are the last years for which comparable statistics are available.

<sup>3</sup> For comparability, 2006 amounts presented in this article were adjusted for U.S. inflation to 2011 constant dollars. However, these adjustments do not necessarily adjust for country-specific inflation in countries for which income was reported. The inflation-adjusted constant-dollar amounts are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2011	224.939
2006	201.6



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**Figure B**

## Foreign-Earned Income, Exclusions, and Housing Deduction, by Selected Country or Region, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Selected country or region	Number of returns [1]			Total foreign-earned income			Foreign-earned income exclusion before deductions		
	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All geographic areas</b>	<b>334,851</b>	<b>449,277</b>	<b>34.2</b>	<b>40,993,722</b>	<b>54,244,646</b>	<b>32.3</b>	<b>20,483,374</b>	<b>28,344,312</b>	<b>38.4</b>
<b>North America</b>	<b>36,179</b>	<b>52,883</b>	<b>46.2</b>	<b>3,624,815</b>	<b>4,455,934</b>	<b>22.9</b>	<b>1,984,349</b>	<b>2,938,301</b>	<b>48.1</b>
Canada	30,067	45,949	52.8	2,981,436	3,841,763	28.9	1,628,789	2,580,459	58.4
Other North America	6,112	6,934	13.4	643,379	614,171	-4.5	355,560	357,842	0.6
<b>Asia</b>	<b>138,795</b>	<b>194,703</b>	<b>40.3</b>	<b>16,371,651</b>	<b>24,911,137</b>	<b>52.2</b>	<b>8,840,231</b>	<b>12,730,672</b>	<b>44.0</b>
Afghanistan	5,912	22,951	288.2	496,232	2,961,433	496.8	368,102	1,749,519	375.3
China	12,430	22,328	79.6	1,910,958	3,267,117	71.0	828,647	1,444,917	74.4
Hong Kong	10,792	13,181	22.1	2,058,484	2,905,841	41.2	768,852	975,487	26.9
Iraq	18,325	14,021	-23.5	2,039,515	1,552,010	-23.9	1,325,470	1,029,197	-22.4
Israel	8,986	9,872	9.9	564,748	645,902	14.4	448,417	488,073	8.8
Japan	23,529	23,054	-2.0	2,350,711	2,593,308	10.3	1,244,670	1,246,605	0.2
Saudi Arabia	5,109	7,968	56.0	688,662	1,135,434	64.9	407,436	598,546	46.9
Singapore	3,636	7,749	113.1	834,525	1,914,293	129.4	291,687	634,166	117.4
South Korea	6,668	13,659	104.8	774,384	1,123,230	45.0	390,366	656,363	68.1
United Arab Emirates	7,423	12,153	63.7	847,611	1,623,109	91.5	563,940	905,731	60.6
Other Asia	35,988	47,769	32.7	3,805,820	5,189,461	36.4	2,202,642	3,002,067	36.3
<b>Europe</b>	<b>99,732</b>	<b>107,220</b>	<b>7.5</b>	<b>14,848,191</b>	<b>14,367,774</b>	<b>-3.2</b>	<b>6,119,048</b>	<b>6,668,589</b>	<b>9.0</b>
France	9,653	11,111	15.1	1,054,319	1,209,808	14.7	552,329	623,621	12.9
Germany	21,513	19,173	-10.9	1,917,976	1,843,857	-3.9	1,171,725	1,101,969	-6.0
Switzerland	7,093	10,548	48.7	1,113,016	1,832,500	64.6	512,414	834,680	62.9
United Kingdom	28,409	31,599	11.2	6,961,514	5,421,593	-22.1	1,925,680	1,944,761	1.0
Other Europe	33,067	34,790	5.2	3,801,365	4,060,017	6.8	1,956,900	2,163,558	10.6
<b>Latin/South America</b>	<b>13,911</b>	<b>14,732</b>	<b>5.9</b>	<b>1,299,931</b>	<b>1,757,461</b>	<b>35.2</b>	<b>755,500</b>	<b>880,165</b>	<b>16.5</b>
<b>Oceania</b>	<b>9,724</b>	<b>14,449</b>	<b>48.6</b>	<b>950,171</b>	<b>1,742,935</b>	<b>83.4</b>	<b>598,599</b>	<b>954,874</b>	<b>59.5</b>
Australia	6,420	10,353	61.3	738,594	1,443,738	95.5	432,200	707,197	63.6
Other Oceania	3,305	4,097	24.0	211,577	299,197	41.4	166,398	247,676	48.8
<b>Other</b>	<b>36,510</b>	<b>65,290</b>	<b>78.8</b>	<b>3,898,963</b>	<b>7,009,404</b>	<b>79.8</b>	<b>2,185,647</b>	<b>4,171,712</b>	<b>90.9</b>

Footnotes at end of figure.

Along with the number of returns, U.S. taxpayers in Asian-based countries reported the largest increases in total earned income for 2011 (just over \$24.9 billion), an increase of 52.2 percent from the amount reported for 2006. North American-based countries (up 22.9 percent) and Oceania countries (up 83.4 percent) also showed significant real increases. The latter occurred primarily due to returns from Australia nearly doubling the amount of foreign-earned income reported to \$1.4 billion.

While the number of returns from Europe increased by 7.5 percent from 2006 to 2011, total foreign-earned income decreased 3.2 percent, in real dollars, to \$14.4 billion. Decreases reported by taxpayers in the United Kingdom (down 22.1 percent) and Germany (down 3.9 percent) contributed to this decline. In contrast,

foreign-earned income reported on returns from Latin/South American-based countries increased 35.2 percent to nearly \$1.8 billion during this same period. This reversed the loss reported in the previous study, when these countries reported a 16.7-percent decline in foreign-earned income from 2001.<sup>4</sup>

As in previous years, United Kingdom-based individuals reported the largest amount of foreign-earned income (just over \$5.4 billion) in 2011. However, the decline for these taxpayers (down 22.1 percent), along with rapid growth in several other countries, reduced the overall share of foreign-earned income in the United Kingdom from 17.0 percent for 2006 to 10.0 percent for 2011. The difference in total foreign-earned income between the United Kingdom (the largest source) and

<sup>4</sup> See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2006," *Statistics of Income Bulletin*, Spring 2009, Volume 28, Number 4.

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**Figure B—Continued**

## Foreign-Earned Income, Exclusions, and Housing Deduction, by Selected Country or Region, Tax Years 2006 and 2011—Continued

[Money amounts are in thousands of dollars]

Selected country or region	Housing exclusion			Housing deduction		
	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
<b>All geographic areas</b>	<b>1,491,218</b>	<b>1,578,263</b>	<b>5.8</b>	<b>93,318</b>	<b>99,010</b>	<b>6.1</b>
<b>North America</b>	<b>30,841</b>	<b>22,816</b>	<b>-26.0</b>	<b>530</b>	<b>1,949</b>	<b>267.7</b>
Canada	13,239	14,766	11.5	* 176	1,789	914.7
Other North America	17,602	8,049	-54.3	* 355	* 160	-54.9
<b>Asia</b>	<b>719,693</b>	<b>923,406</b>	<b>28.3</b>	<b>43,143</b>	<b>47,189</b>	<b>9.4</b>
Afghanistan	0	3,220	[3]	* 125	* 254	103.2
China	125,439	137,003	9.2	3,111	5,610	80.3
Hong Kong	217,393	232,093	6.8	14,946	11,677	-21.9
Iraq	2,555	2,757	7.9	* 925	* 150	-83.8
Israel	725	2,515	246.8	162	* 146	-9.8
Japan	149,320	141,647	-5.1	11,313	13,963	23.4
Saudi Arabia	7,088	9,095	28.3	* 4	980	[3]
Singapore	58,831	153,308	160.6	762	3,123	309.8
South Korea	43,359	33,895	-21.8	3,321	1,764	-46.9
United Arab Emirates	30,384	89,278	193.8	3,615	5,738	58.7
Other Asia	84,598	118,596	40.2	4,862	3,783	-22.2
<b>Europe</b>	<b>607,948</b>	<b>447,264</b>	<b>-26.4</b>	<b>42,000</b>	<b>35,879</b>	<b>-14.6</b>
France	43,196	53,453	23.7	4,232	4,229	-0.1
Germany	57,232	50,701	-11.4	3,861	5,704	47.7
Switzerland	55,100	69,010	25.2	1,637	3,245	98.2
United Kingdom	330,915	153,213	-53.7	24,909	17,090	-31.4
Other Europe	121,506	120,890	-0.5	7,362	5,611	-23.8
<b>Latin/South America</b>	<b>33,548</b>	<b>31,846</b>	<b>-5.1</b>	<b>969</b>	<b>2,577</b>	<b>166.1</b>
<b>Oceania</b>	<b>13,326</b>	<b>34,444</b>	<b>158.5</b>	<b>* 55</b>	<b>556</b>	<b>916.9</b>
Australia	12,809	32,469	153.5	* 54	441	723.4
Other Oceania	519	1,975	280.6	* 1	* 115	[3]
<b>Other</b>	<b>85,861</b>	<b>118,488</b>	<b>38.0</b>	<b>6,621</b>	<b>10,861</b>	<b>64.0</b>

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

[1] Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

[2] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year CPI-U

2011 224.939

2006 201.600

[3] Percentage not computed.

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

Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Canada (the second largest source) was \$1.6 billion. For 2006, the gap in total foreign-earned income reported on returns from these two countries was approximately \$4.0 billion.

China-based U.S. taxpayers continued to report remarkable growth in total foreign-earned income. For these taxpayers, total foreign-earned income grew 71.0 percent, in real terms, from approximately \$1.9 billion for 2006 to nearly \$3.3 billion for 2011. Other Asia-based returns, United Arab Emirates (up 91.5 percent to \$1.6

billion) and Saudi Arabia (up 64.9 percent to \$1.1 billion), also showed large increases during this same period.

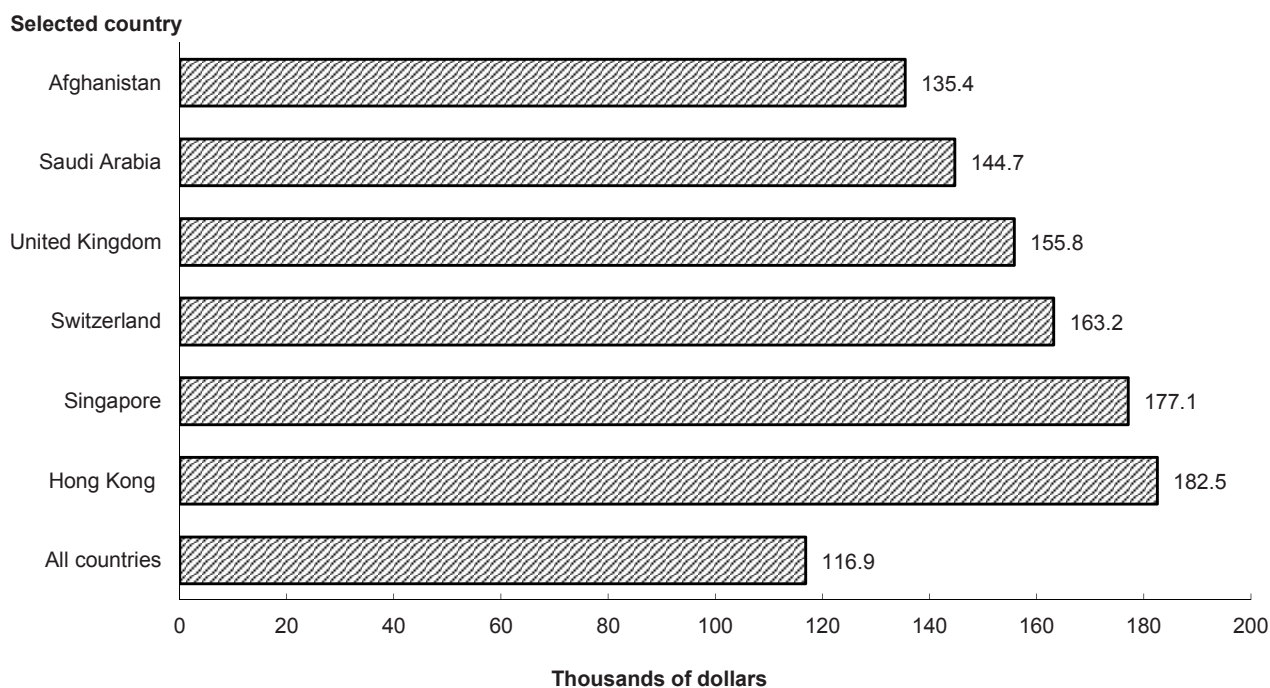
Individuals with tax homes in the United Kingdom (10.0 percent), Canada (7.1 percent), China (6.0 percent), Afghanistan (5.5 percent), Hong Kong (5.4 percent), Japan (4.8 percent), Singapore (3.5 percent), and Germany (3.4 percent) accounted for approximately 45.6 percent of the total foreign-earned income for 2011 (Figure A). Of these selected countries, six also had the largest amounts of income for the 2006 study, with Afghanistan

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### Figure C

#### Average Foreign Salaries and Wages Earned by U.S. Taxpayers Reporting Wages on Form 2555, by Selected Country, Tax Year 2011



NOTE: U.S. taxpayers filed Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*.  
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

and Singapore replacing Iraq and Switzerland for 2011. In rank order, China jumped from the seventh to the third highest amount of foreign-earned income, while Afghanistan took the fourth spot. The only other movement for these countries from the 2006 study was Hong Kong moving ahead of Japan. While foreign-earned income decreased in the United Kingdom (down 22.1 percent) and Germany (down 3.9 percent), it increased in the six remaining countries.

### Composition of Foreign-Earned Income

For 2011, of the \$54.2 billion in foreign-earned income (cited above), taxpayers reported just under \$49.2 billion on Form 2555. Taxpayers reported the remaining \$5.1 billion using Form 2555-EZ. Data related to the composition of foreign-earned income are not available on Form 2555-EZ; therefore, the breakdown in the ensuing discussion includes only those amounts reported on Form 2555.

Salaries and wages comprised 76.7 percent of the total foreign-earned income reported for 2011 (Table 1). Of the remaining 23.3 percent, allowances, reimbursements,

or expenses paid by employers made up 10.6 percent; business or professional, and partnership, noncash and other income accounted for 12.7 percent. The average foreign-source salary for a taxpayer filing Form 2555 (with wages) was approximately \$116,858. This average, however, varied greatly among the various countries. Of the top six countries, (those with the highest average wages with at least 5,000 Forms 2555 attached to individual tax returns); returns from Hong Kong-based taxpayers reported the highest average salary (\$182,500) for 2011, followed by Singapore (\$177,059). Afghanistan reported the lowest average salary (\$135,412) (Figure C).

The average salary reported for Hong Kong returns increased by just over \$23,000 (in real dollars) from 2006. Also, for 2011, the difference in average salary between Hong Kong and Singapore was just over \$5,400. In comparison, for the 2006 study, the United Kingdom and Hong Kong were the top two countries, respectively, based on average salary. At that time, the average salary reported by taxpayers based in the United Kingdom was approximately \$32,000 higher than the average salary earned in Hong Kong.

## Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction

From 2006 to 2011, the total amount reported for the foreign-earned income exclusion grew 38.4 percent (in real terms) to \$28.3 billion. This growth occurred while the amount of foreign-earned income that a taxpayer could exclude increased from \$82,400 to \$92,900. The amount reported for the housing exclusion increased approximately 5.8 percent, from an inflation-adjusted \$1.5 billion to \$1.6 billion. The housing deduction also increased in real terms (6.1 percent), to a total of \$99.0 million for 2011.

Increases in both the housing exclusion and housing deduction can mostly be attributed to more taxpayers claiming these benefits. Also, some of this growth may be due to higher limits placed on the amount of housing expenses eligible for the exclusion or deduction. In general, a limit of \$27,870 (up from \$24,720 in 2006) was placed on eligible housing expenses; however, taxpayers could take a higher expense amount if they resided in specific countries or cities listed by the IRS in the instructions for Form 2555, *Foreign Earned Income*.

For 2011, individuals with a tax home of Canada reported the highest amount of exclusions for foreign-earned income, followed by the United Kingdom and Afghanistan. Canadian-based taxpayers reported \$2.6 billion in foreign-earned income exclusions for the year, up 58.4 percent from the inflation-adjusted \$1.6 billion excluded in 2006. In comparison, United Kingdom-based taxpayers reported over \$1.9 billion, up 1.0 percent from 2006, despite the 22.1-percent decline in reported foreign-earned income cited above. Afghanistan reported over \$1.7 billion in foreign-earned income exclusions, after only reporting \$0.4 billion for 2006. The 375.3-percent growth in Afghanistan, coupled with a 74.4-percent increase in China (to over \$1.4 billion), contributed to much of the overall 44.0-percent growth in foreign-earned income from Asian-based taxpayers for 2011.

Of the \$1.6 billion reported for 2011 (cited above), individuals with a tax home of Hong Kong (14.7 percent), the United Kingdom (9.7 percent), Japan (9.0 percent) or China (8.7 percent) accounted for about 42.1 percent of the housing exclusion reported for the year. This overall increase reversed the 38.7-percent decrease reported in the 2006 study.

Taxpayers with foreign-earned income use the housing deduction to increase their total statutory adjustments, thus decreasing their adjusted gross income. For 2011, just over 5,500 taxpayers claimed the housing

deduction for a total of \$99.0 million. The average housing deduction was \$17,763 for the year.

Individual taxpayers claiming both the foreign-earned income and housing exclusions, along with the housing deduction, reported worldwide income of over \$73.4 billion for 2011. After claiming the exclusions and deduction, these taxpayers reduced their worldwide income by \$30.0 billion, or almost 41 percent. Approximately 60.8 percent of all taxpayers who claimed the exclusions, deduction, and any foreign tax credit to which they were entitled, had no U.S. income tax liability for 2011. This was up from 57.4 percent from 2006.

Starting in 2006, individual taxpayers reporting foreign-earned income used a new foreign-earned income tax worksheet to figure out their tax, and to calculate the tax on nonexcluded income using tax rates that would have applied had they not claimed the exclusion. For 2011, the change in the calculation affected just over 210,000 returns, resulting in an additional \$1.4 billion in tax. In comparison, this change affected nearly 139,000 returns for 2006, resulting in an additional \$0.8 billion in tax.

## Overview of Foreign Tax Credit Provisions

For 2011, U.S. taxpayers with income from sources outside the United States, regardless of their residency, could claim a credit against their U.S. income tax liabilities for most foreign taxes paid or accrued (except for taxes paid on income excluded under the foreign-earned income provisions). The purpose of the credit, originally created in 1918, is to avoid double taxation on foreign-source income, since the United States taxes its citizens and resident aliens based on their worldwide incomes.

The foreign tax credit is subject to a limitation based on the taxpayer's total U.S. income tax liability. This prevents taxpayers from using foreign taxes paid in relatively high-tax-rate countries from offsetting taxes paid on their U.S.-source incomes. The limitation is computed separately for the following categories of foreign-source income: passive income, general income, Section 901(j) income, certain income re-sourced by a treaty, and lump-sum distributions from certain retirement plans. The allowable credits for each category of foreign-source income are then added together.

Passive income generally includes dividends, interest, rents, royalties, and annuities. Section 901(j) income is income earned from activities conducted in a sanctioned country; no credit is allowed for taxes paid or accrued to sanctioned countries.<sup>5</sup> Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty

<sup>5</sup> A foreign tax credit is not allowed for foreign taxes paid or accrued to countries sanctioned by the U.S. Government. Nevertheless, a foreign tax credit limitation is computed for each sanctioned country. For 2011, the countries were Cuba, Iran, North Korea, Sudan, and Syria.

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## Figure D

### Selected Income and Credit Items, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Item	2006 [1]	2011	Percentage change
	(1)	(2)	(3)
<b>Worldwide income, all 1040 returns [2]</b>	<b>9,109,773,918</b>	<b>8,528,125,741</b>	<b>-6.4</b>
<b>Worldwide income, returns with Form 1116 [3]</b>	<b>1,330,969,514</b>	<b>1,155,322,207</b>	<b>-13.2</b>
<b>Form 1116</b>			
Foreign-source gross income	133,857,682	169,982,715	27.0
Foreign tax credit [4]	12,227,706	16,451,088	34.5

[1] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year CPI-U  
2011 224.939  
2006 201.6

[2] Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

[3] U.S. taxpayers file Form 1116, *Foreign Tax Credit*, with Form 1040, *U.S. Individual Income Tax Return*, per the instructions for Form 1116 (see [www.irs.gov/form1116](http://www.irs.gov/form1116)).

[4] Includes foreign tax credits reported on Form 1040 without a supporting Form 1116. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.

Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

that treats it as such, and the treaty is applied. Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging. General income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

In general, for taxpayers who file Form 1116, *Foreign Tax Credit*, with Form 1040, the limitation on the foreign tax credit for each type of income is calculated by multiplying the total U.S. income tax liability before credits by the ratio of the foreign-source taxable income for that type of income to total U.S. taxable income.<sup>6</sup> However, not all taxpayers who claim the foreign tax credit file Form 1116 (see Data Sources and Limitations). Foreign taxes paid in excess of the limitation can be carried back 1 year and then forward for up to 10 years. Taxes carried to another year are added to the taxes available for credit for that year for the same income category. Tables 3 through 5 present statistics on the foreign tax credit and related foreign-source income reported on individual income tax returns.

### Foreign-Source Gross Income

Foreign-source gross income is all income earned outside the United States, except for income used to claim

the foreign-earned income exclusion. Taxpayers reported just under \$170.0 billion in foreign-source gross income for 2011 (Figure D). This represents approximately 14.7 percent of total worldwide income for those taxpayers who reported foreign-source gross income and 2.0 percent of total worldwide income for all U.S. taxpayers. These statistics include only foreign-source gross income reported on Form 1116, because some taxpayers with this type of income do not file this form.<sup>7</sup> Between 2006 and 2011, foreign-source gross income grew 27.0 percent in real percentage terms, whereas worldwide income reported on all individual U.S. tax returns fell 6.4 percent.

Of the nearly \$170.0 billion in foreign-source gross income, taxpayers reported \$87.6 billion (or 51.5 percent) without stating a specific country, and the remaining \$82.4 billion stated a specific country.<sup>8</sup> The United Kingdom (\$13.9 billion), followed by Canada (\$12.9 billion), Germany (\$5.6 billion), Colombia (\$4.3 billion), and China (\$3.9 billion) made up the top five countries with the most foreign-source income. Of these, all but China was in the top five for 2006. China surpassed Japan in this category for 2011.

Together, the top five countries accounted for about half (49.3 percent) of all foreign-source gross income with a stated country. Of this percentage, taxpayers reported earning 16.9 percent from the United Kingdom,

<sup>6</sup>For income from the certain income re-sourced by treaty category, a separate foreign tax credit limitation has to be computed for each amount re-sourced from a treaty country.

<sup>7</sup>Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes, who met certain other conditions, mainly that the foreign-source gross income was from the passive income category, and all of the income and any foreign taxes paid on it were reported on a qualified payee statement, did not have to file Form 1116 to claim the foreign tax credit on Form 1040. Also, some taxpayers deduct their foreign taxes on Schedule A rather than taking a credit by filing Form 1116. Therefore, foreign-source income for these taxpayers would not be reported.

<sup>8</sup>The \$87.6 billion of total foreign-source gross income reported without a stated country includes \$0.1 billion for high-taxed income.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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followed by Canada (15.7 percent), Germany (6.7 percent), Colombia (5.2 percent), and China (4.8 percent) (Figure E).

U.S. taxpayers filing Form 1116 reported earning an average of \$47,522 in foreign-source gross income for 2011. For the top five countries, taxpayers reported the highest average foreign-source gross income for Colombia (\$1,244,965), followed by China (\$162,219), the United Kingdom (\$133,849), Germany (\$124,558), and Canada (\$40,442) (Figure F).

Among the geographic regions with the most significant foreign-source gross income, Oceania had the highest growth between 2006 and 2011. For this region, foreign-source gross income grew 100.9 percent, rising to just under \$2.7 billion for 2011, from an inflation-adjusted \$1.3 billion for 2006. Much of this increase was due to the growth in Australia, up 113.9 percent from \$1.1 billion for 2006 to \$2.4 billion for 2011.

Despite the large growth for Oceania countries, the amount of foreign-source gross income (\$2.7 billion) was still much smaller than for other regions. Europe had the largest foreign-source gross income (\$32.4 billion), yet the percentage growth for this region (16.9 percent) between 2006 and 2011 was the smallest. Asia had the second largest amount of foreign-source gross income (\$19.1 billion), followed by North America (\$16.7 billion). For additional data on foreign-source gross income by region or country, see Table 4.

## Foreign Taxes and Foreign Tax Credit

For 2011, U.S. taxpayers paid (or accrued) \$22.0 billion in foreign taxes as reported on Form 1116. This was before carrybacks, carryovers, reductions, and reclassifications. The United Kingdom, Canada, Germany, China, and Switzerland made up the top five countries in terms of foreign taxes paid or accrued and accounted for 44.4 percent of the total.

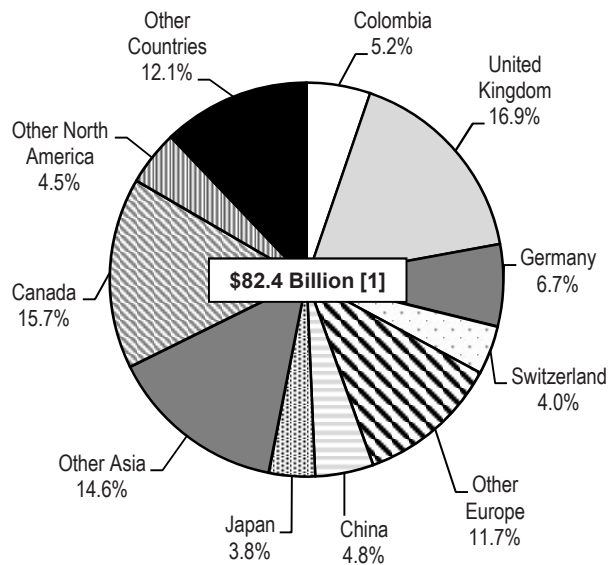
Similar to foreign-source gross income, the highest amount (\$4.4 billion) and greatest share (25.8 percent) of total foreign taxes paid or accrued to a stated country was for the United Kingdom. Canada was the next largest recipient of foreign taxes paid or accrued (\$2.4 billion or 14.0 percent), followed by Germany (\$1.1 billion or 6.1 percent), China (nearly \$1.0 billion or 5.7 percent), and Switzerland (\$0.9 billion or 5.1 percent). Of the \$22.0 billion in foreign taxes paid or accrued, taxpayers reported \$4.8 billion (approximately 21.8 percent of the total amount) without a stated country (Figure G).<sup>9</sup>

Total foreign taxes paid or accrued grew 42.3 percent between 2006 and 2011. Among the most significant regions, Oceania had the highest growth (126.3 percent). This was primarily due to the 131.0-percent real growth in foreign taxes paid or accrued to Australia. Latin/South America showed the next highest growth (103.9 percent). Even with this large growth, however, the amount paid or accrued to Oceania and Latin/South America countries (about \$0.65 billion each) was still small compared to Europe, Asia, and North America, the three largest regions in terms of foreign taxes paid. Of these regions, Asia grew the most (59.4 percent), followed by Europe (37.2 percent) and North America (22.4 percent) in terms of foreign taxes paid or accrued.

Collectively, European countries made up the largest recipient of foreign taxes paid or accrued (\$8.3 billion), and the United Kingdom accounted for over half (\$4.4 billion) of this amount. In addition, foreign taxes paid or

**Figure E**

**Foreign-Source Gross Income, by Selected Country or Region, Tax Year 2011**



[1] Foreign-source gross income reported on the Form 1116, *Foreign Tax Credit*, with stated country or region. Total foreign-source gross income (including that reported without a country or region) was \$170.0 billion. NOTE: Percentages may not add to 100 due to rounding. Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

<sup>9</sup> The \$4.8 billion of total foreign taxes paid or accrued without a stated country includes \$4.3 million in taxes paid or accrued on high-taxed income.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Figure F**

## Foreign-Source Gross Income and Foreign Taxes, by Selected Country or Region, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Item, selected country or region	2006 [1]		2011		Percentage change in amount
	Number of returns [2]	Amount	Number of returns [2]	Amount	
	(1)	(2)	(3)	(4)	(5)
<b>Foreign-source gross income, total</b>	<b>2,789,011</b>	<b>133,857,682</b>	<b>3,576,909</b>	<b>169,982,715</b>	<b>27.0</b>
<b>North America</b>	<b>227,240</b>	<b>13,538,418</b>	<b>336,594</b>	<b>16,652,533</b>	<b>23.0</b>
Canada	212,857	11,120,480	319,821	12,934,181	16.3
Other North America	16,723	2,417,937	29,071	3,718,353	53.8
<b>Asia</b>	<b>102,977</b>	<b>13,051,307</b>	<b>140,980</b>	<b>19,093,930</b>	<b>46.3</b>
China	14,079	1,761,713	24,258	3,935,103	123.4
Hong Kong	7,306	1,767,011	8,578	2,660,033	50.5
Japan	34,876	2,897,434	35,140	3,115,052	7.5
Other Asia	58,486	6,625,150	78,459	9,383,744	41.6
<b>Europe</b>	<b>277,003</b>	<b>27,683,076</b>	<b>291,596</b>	<b>32,365,839</b>	<b>16.9</b>
Germany	38,839	4,175,696	44,614	5,557,019	33.1
Switzerland	19,591	1,527,427	18,273	3,299,242	116.0
United Kingdom	104,193	13,323,192	103,755	13,887,534	4.2
Other Europe	146,479	8,656,761	142,586	9,622,041	11.2
<b>Latin/South America</b>	<b>14,554</b>	<b>4,832,364</b>	<b>26,997</b>	<b>7,202,573</b>	<b>49.0</b>
Colombia	1,233	3,585,999	3,467	4,316,293	20.4
Other Latin/South America	14,867	1,246,366	23,975	2,886,280	131.6
<b>Oceania</b>	<b>14,434</b>	<b>1,335,292</b>	<b>22,867</b>	<b>2,682,217</b>	<b>100.9</b>
Australia	10,373	1,120,991	16,929	2,398,005	113.9
Other Oceania	4,225	214,300	6,140	284,213	32.6
<b>Other</b>	<b>42,561</b>	<b>3,055,492</b>	<b>43,331</b>	<b>4,395,318</b>	<b>43.8</b>
<b>Country not stated [3]</b>	<b>2,288,708</b>	<b>70,361,733</b>	<b>2,972,191</b>	<b>87,590,305</b>	<b>24.5</b>
<b>Foreign taxes paid or accrued, total</b>	<b>2,648,572</b>	<b>15,493,433</b>	<b>3,366,548</b>	<b>22,039,411</b>	<b>42.3</b>
<b>North America</b>	<b>215,827</b>	<b>2,270,168</b>	<b>316,829</b>	<b>2,778,640</b>	<b>22.4</b>
Canada	201,280	1,978,872	296,762	2,414,016	22.0
Other North America	15,132	291,297	23,392	364,624	25.2
<b>Asia</b>	<b>90,063</b>	<b>2,620,337</b>	<b>133,848</b>	<b>4,177,757</b>	<b>59.4</b>
China	12,165	524,033	21,861	981,874	87.4
Hong Kong	5,960	302,276	7,715	395,809	30.9
Japan	29,902	734,963	34,504	861,206	17.2
Other Asia	50,056	1,059,065	73,138	1,938,866	83.1
<b>Europe</b>	<b>246,302</b>	<b>6,052,802</b>	<b>264,856</b>	<b>8,305,468</b>	<b>37.2</b>
Germany	35,194	848,231	42,952	1,058,811	24.8
Switzerland	18,262	434,353	16,692	880,575	102.7
United Kingdom	84,396	3,399,853	92,524	4,440,803	30.6
Other Europe	130,914	1,370,366	127,603	1,925,280	40.5
<b>Latin/South America</b>	<b>13,639</b>	<b>319,324</b>	<b>23,406</b>	<b>651,001</b>	<b>103.9</b>
Colombia	1,190	92,527	2,401	135,133	46.0
Other Latin/South America	13,165	226,796	21,279	515,869	127.5
<b>Oceania</b>	<b>11,620</b>	<b>285,084</b>	<b>20,897</b>	<b>645,055</b>	<b>126.3</b>
Australia	7,950	258,880	15,107	598,001	131.0
Other Oceania	3,801	26,203	5,921	47,054	79.6
<b>Other</b>	<b>37,266</b>	<b>397,396</b>	<b>34,608</b>	<b>678,629</b>	<b>70.8</b>
<b>Country not stated [4]</b>	<b>2,175,744</b>	<b>3,548,317</b>	<b>2,751,865</b>	<b>4,802,859</b>	<b>35.4</b>

[1] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

Year CPI-U  
2011 224.939  
2006 201.6

[2] Number of returns detail does not add to total because taxpayers may report data for more than one country per return.

[3] For Tax Year 2011 the \$87.6 billion of total foreign-source gross income reported without a specific country or region being stated include \$0.1 billion for high-taxed income.

[4] For Tax Year 2011 the \$4.8 billion of total foreign taxes paid or accrued reported without a specific country or region being stated include \$4.3 million for high-taxed income.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

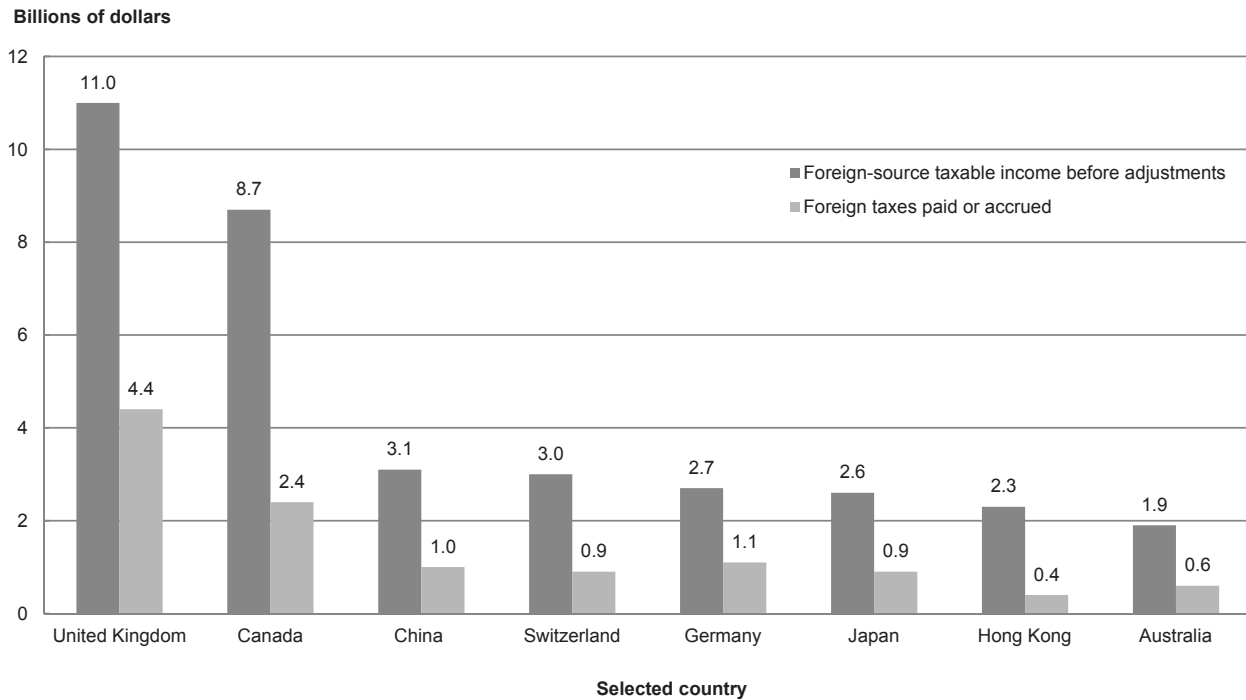
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Figure G**

## Foreign-Source Taxable Income and Foreign Taxes, by Selected Country, Tax Year 2011



Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax and Credit, April 2014.

accrued to European countries was nearly twice as high as Asian countries (\$4.2 billion), the next highest region.

General limitation income, the income type for which most of the \$22.0 billion in foreign taxes reported on Form 1116 was paid or accrued, accounted for nearly \$18.1 billion in foreign taxes (82.0 percent of the total). Passive income was the next largest income type with just over \$3.8 billion (17.4 percent of the total) in foreign taxes. Total foreign taxes available for credit after carrybacks, carryover, reductions, and reclassifications under high-tax kickout<sup>10</sup> were \$33.8 billion, and the foreign tax credit before adjustments (gross foreign tax credit) was approximately \$16.2 billion (Table 3) (See Explanation of Selected Terms). Table 5 presents additional data on foreign taxes, by income type.

For 2011, taxpayers reported a foreign tax credit on 6.9 million individual tax returns, an increase of 7.6 percent from 6.4 million returns for 2006. The foreign tax credit grew 34.5 percent in real terms, rising \$4.2

billion from the inflation-adjusted \$12.2 billion reported for 2006 to slightly under \$16.5 billion for 2011.

Though the foreign tax credit grew between 2006 and 2011, it did not do so each year. For 2009, the total inflation-adjusted foreign tax credits claimed fell 20.9 percent. For all other years, the foreign tax credit grew, rising 36.9 percent for 2007, followed by a 3.4-percent growth for 2008, a 14.7-percent growth for 2010, and a 4.8-percent growth for 2011. The average foreign tax credit for 2011 was \$2,383, up from \$1,905 (in 2011 constant dollars) for 2006 (Figure H).

### Summary

For 2011, the total amount of foreign-earned income reported by U.S. taxpayers grew 32.3 percent, in real terms, to over \$54.2 billion. Returns from Asian-based countries realized the largest increase (in real dollars), rising by more than \$8.5 billion, while North American-based countries (up \$0.8 billion) and Oceania-based countries

<sup>10</sup> As stipulated on Form 1116, *Foreign Tax Credit*, Part III Figuring the Credit.



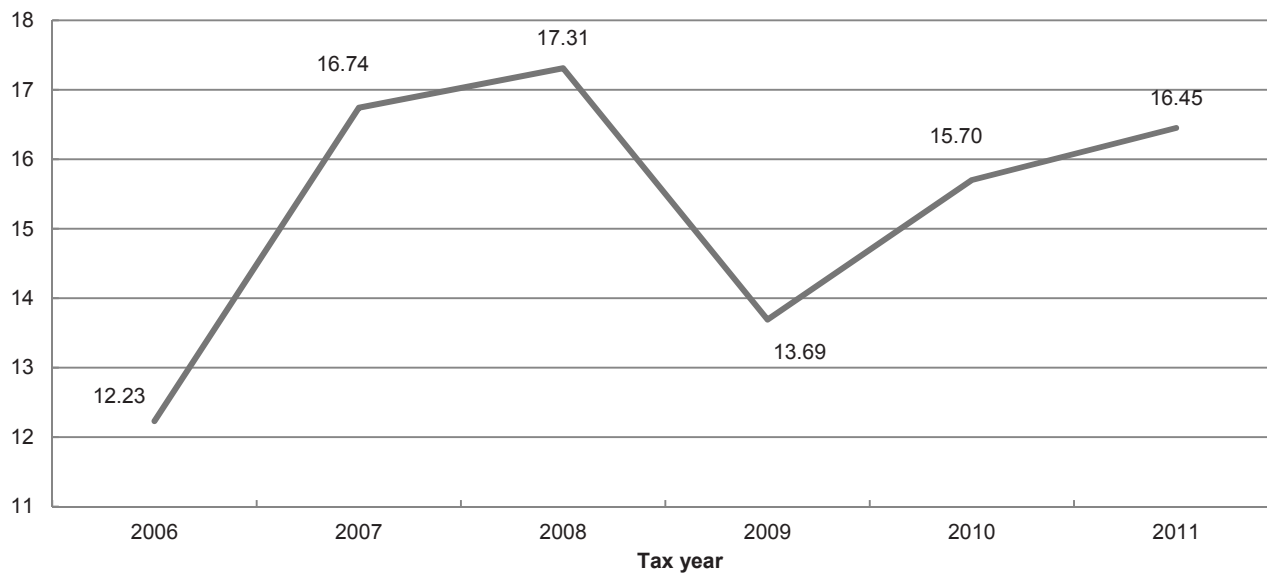
# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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## Figure H

### Foreign Tax Credit, Tax Years 2006–2011

Billions of dollars



NOTES: For comparability, all amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

Year	CPI-U
2011	224.939
2010	281.056
2009	214.537
2008	215.303
2007	207.342
2006	201.6

Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.  
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

(also, up \$0.8 billion) showed modest gains. Foreign-earned income in European-based countries declined 3.2 percent, after showing an increase of 10.2 percent during the 2006 study.

While taxpayers with a tax home in the United Kingdom reported the most foreign-earned income (just over \$5.4 billion), those in Afghanistan reported the largest overall growth, increasing 496.8 percent to just under \$3.0 billion for 2011. U.S. taxpayers in Australia (up 95.5 percent), United Arab Emirates (up 91.5 percent), China (up 71.0 percent), and Saudi Arabia (up 64.9 percent) reported substantial growth in foreign-earned income. China-based (\$3.3 billion) and Afghanistan-based (\$3.0 billion) taxpayers reported the third and fourth highest amount of foreign-earned income. The total amount of housing exclusion claimed increased by 5.8 percent, from \$1.5 billion reported for 2006 to \$1.6 billion for 2011.

Foreign-source gross income reported by U.S. taxpayers reached nearly \$170.0 billion for 2011, and the total

foreign tax credit claimed was just under \$16.5 billion. In real terms, this represents a 27.0-percent growth in foreign-source gross income and a 34.5-percent growth in the foreign tax credit from 2006, the last year a study was prepared on these data. As the source of \$32.4 billion in foreign-source gross income and the recipient of \$8.3 billion in foreign taxes paid, European countries were the largest component of these measures. The United Kingdom had the largest of these measures, with \$13.9 billion in foreign-source gross income and \$4.4 billion in foreign taxes paid. Additionally, taxpayers claimed a foreign tax credit on 6.9 million returns, an increase of just 7.6 percent from 2006, while the size of the credit grew 34.5 percent in real terms over this period.

### Data Sources and Limitations

The IRS Statistics of Income Division (SOI) based the 2011 data presented in this article on a sample of individual income tax returns, Forms 1040, processed during

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Calendar Year 2012. These returns had one or more of the following: a foreign tax credit, an attached Form 1116, foreign-earned income exclusion, housing exclusion or housing deduction, or an attached Form 2555 or Form 2555-EZ. SOI understated the foreign-source income and taxes in this article to the extent that they either were not, or did not, have to be reported on Form 1116 to support the foreign tax credit claimed on Form 1040. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also met certain other conditions were not required to file Form 1116 to claim the foreign tax credit. Therefore, about 60.0 percent of Forms 1040 (as originally filed) with a foreign tax credit did not include the supporting Form 1116. The average foreign tax credit reported on these returns was \$69. Foreign-source income and losses are also understated to the extent that taxpayers who were not eligible for a credit did not file Form 1116. Taxpayers who had foreign-source income, but paid no taxes or had no U.S. tax liability before credits, could not claim a foreign tax credit.

Of the sampled returns, taxpayers filed about 1.8 percent with a foreign tax credit or an attached Form 1116, and 13.7 percent with an attached Form 2555 or Form 2555-EZ, on delinquent returns for tax years prior to 2011. Because these prior-year returns were processed during the 2011 filing period, SOI included them as a representation of 2011 returns filed after December 31, 2012. The sampled returns used for the statistics do not reflect adjustments made during audit examination, which determines the acceptability of the reported data.

SOI stratified the sample based on the: (1) presence or absence of Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, and Form 1116, *Foreign Tax Credit*; (2) presence or absence of other specific forms or schedules; (3) larger of positive income or negative income; (4) size of business and farm receipts; and (5) usefulness of returns for tax policy modeling purposes. The data from Form 2555, *Foreign Earned Income* and Form 1116, *Foreign Tax Credit*, for 2011 are based on a sample of 124,704 returns and a population of 8,372,358 returns. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see *Statistics of Income, Individual Income Tax Returns 2011*, IRS Publication 1304, and the appendix to this issue of the *Bulletin*.

## Additional Tabular Data on Tax Stats

For additional Form 2555 and Form 1116 data, see the Individual section of the Tax Stats Webpages at <http://www.irs.gov/uac/SOI-Tax-Stats-Individual-Income-Tax-Return-Form-1040-Statistics>. This site includes data on foreign-earned income and the foreign tax credit, by form, tax years, country or region, type of income, and size of adjusted gross income. Since 1991, the IRS Statistics of Income (SOI) Division has published these data in 5-year intervals. *SOI Bulletin* articles are also available for 1996, 2001, and 2006.

## Explanation of Selected Terms

Definitions used in this article are generally the same as those in *Statistics of Income, Individual Income Tax Returns 2011*, IRS Publication 1304. The following is a partial list of definitions for terms that cannot be found in IRS Publication 1304.

*Foreign Taxes Available for Credit*—This is total foreign taxes paid or accrued plus carryovers, less reductions in foreign taxes, and adjusted for taxes reclassified under high-tax kickout.

*Foreign Tax Credit Adjustments*—These include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

*Foreign-Source Taxable Income*—This is foreign-source gross income less deductions and losses. The deductions include any expenses directly related to foreign-source income, a prorated share of the taxpayer's itemized or standard deductions, and a prorated share of interest expenses.

*Gross Foreign Tax Credit*—This is foreign tax credits before being limited to tax and before foreign tax credit adjustments are taken.

*Worldwide Income*—This is the total income or loss reported on Form 1040 before taxpayers claim the foreign-earned income and foreign housing exclusions. It includes salaries and wages; taxable interest; dividends; taxable refunds of State and local income taxes; alimony received; business income or loss; capital gains or losses; taxable distributions from an IRA; taxable pensions and annuities; income or loss from rents, royalties, partnerships, S corporations, and estates and trusts; farm income or loss; unemployment compensation; taxable Social Security benefits, and other income or losses.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Total number of returns [1]	Selected income, exclusion, deduction, and credit items reported on Form 1040					
		Adjusted gross income or deficit	Worldwide income [2]	Salaries and wages		Foreign-earned income exclusion [3]	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All returns</b>	<b>449,277</b>	<b>43,106,077</b>	<b>73,434,409</b>	<b>426,689</b>	<b>60,407,706</b>	<b>445,276</b>	<b>28,061,251</b>
No adjusted gross income (includes deficits)	105,777	-632,662	4,432,755	98,801	4,813,501	104,425	4,960,679
\$1 under \$10,000	98,095	279,925	5,564,540	92,916	5,226,686	97,718	5,178,124
\$10,000 under \$25,000	51,607	875,669	4,158,481	48,165	3,640,852	50,496	3,161,098
\$25,000 under \$50,000	50,714	1,837,429	5,539,923	48,444	4,825,124	50,519	3,514,955
\$50,000 under \$75,000	34,283	2,114,744	4,788,519	33,602	4,321,884	34,222	2,510,691
\$75,000 under \$100,000	22,551	1,944,643	3,723,551	21,599	3,266,286	22,154	1,661,268
\$100,000 under \$200,000	41,235	5,796,342	9,403,158	40,091	8,170,347	41,134	3,246,497
\$200,000 under \$500,000	29,928	9,189,865	12,218,281	28,978	10,682,610	29,658	2,487,697
\$500,000 under \$1,000,000	9,701	6,637,248	7,812,307	9,252	6,574,682	9,625	867,120
\$1,000,000 under \$1,500,000	2,494	3,012,858	3,343,277	2,220	2,503,441	2,481	220,793
\$1,500,000 under \$2,000,000	1,081	1,862,165	2,007,390	993	1,492,239	1,062	92,697
\$2,000,000 under \$5,000,000	1,359	3,980,843	4,171,922	1,210	2,723,571	1,337	119,562
\$5,000,000 under \$10,000,000	303	2,051,729	2,091,670	280	1,171,649	298	27,135
\$10,000,000 or more	149	4,155,280	4,178,637	139	994,837	149	12,935

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040—continued							
	Total adjustments		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>All returns</b>	<b>97,612</b>	<b>688,818</b>	<b>216,961</b>	<b>36,750,497</b>	<b>107,029</b>	<b>5,737,902</b>	<b>176,124</b>	<b>5,014,836</b>
No adjusted gross income (includes deficits)	19,162	61,232	0	0	0	0	29	327
\$1 under \$10,000	15,419	39,558	1,835	1,328	401	19	1,055	115
\$10,000 under \$25,000	13,054	50,798	27,657	176,326	9,009	10,563	19,655	24,848
\$25,000 under \$50,000	14,553	77,891	45,119	798,269	15,077	50,656	32,174	118,189
\$50,000 under \$75,000	9,165	54,945	33,742	1,340,973	12,243	91,486	28,295	221,936
\$75,000 under \$100,000	6,125	39,711	22,459	1,352,591	8,948	94,611	19,492	230,387
\$100,000 under \$200,000	9,737	93,419	41,146	4,592,702	22,621	487,824	35,670	739,288
\$200,000 under \$500,000	6,537	94,180	29,917	8,112,173	24,414	1,339,910	26,158	1,101,198
\$500,000 under \$1,000,000	2,150	70,995	9,701	6,154,749	9,155	1,212,458	8,709	775,716
\$1,000,000 under \$1,500,000	735	40,802	2,494	2,826,813	2,390	549,389	2,257	374,390
\$1,500,000 under \$2,000,000	339	21,331	1,081	1,758,050	1,028	339,279	984	231,497
\$2,000,000 under \$5,000,000	457	32,416	1,359	3,764,599	1,311	716,550	1,231	487,094
\$5,000,000 under \$10,000,000	117	4,698	303	1,958,822	290	350,364	280	231,945
\$10,000,000 or more	63	6,843	149	3,913,102	142	494,792	135	477,908

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Number of Forms 2555 filed by primary taxpayer	Number of Forms 2555 filed by secondary taxpayer	Total foreign-earned income		Foreign-earned income reported on Form 2555 only		Salaries and wages	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>All returns</b>	<b>437,127</b>	<b>51,014</b>	<b>448,728</b>	<b>54,244,646</b>	<b>346,414</b>	<b>49,176,467</b>	<b>322,841</b>	<b>37,726,589</b>
No adjusted gross income (includes deficits)	105,023	8,062	105,319	5,178,185	59,175	3,059,042	52,771	2,663,720
\$1 under \$10,000	97,482	8,269	98,144	5,413,162	66,665	3,865,008	61,719	3,514,071
\$10,000 under \$25,000	50,272	6,187	51,007	3,688,343	42,744	3,264,588	40,227	3,007,351
\$25,000 under \$50,000	47,835	7,940	50,813	4,625,324	43,136	4,206,319	40,569	3,859,526
\$50,000 under \$75,000	31,955	5,152	34,460	3,915,124	29,645	3,652,838	28,546	3,301,532
\$75,000 under \$100,000	21,240	3,097	22,386	2,907,096	20,772	2,818,341	19,706	2,550,072
\$100,000 under \$200,000	39,738	5,568	41,432	7,303,082	39,531	7,174,277	37,642	6,067,179
\$200,000 under \$500,000	28,709	4,714	30,002	9,074,786	29,686	9,037,851	28,069	6,097,203
\$500,000 under \$1,000,000	9,564	1,385	9,767	5,359,950	9,693	5,345,226	8,959	2,982,933
\$1,000,000 under \$1,500,000	2,451	315	2,506	2,004,446	2,494	1,996,993	2,148	1,063,209
\$1,500,000 under \$2,000,000	1,071	122	1,078	1,116,153	1,073	1,109,597	945	616,865
\$2,000,000 under \$5,000,000	1,339	158	1,363	2,058,124	1,353	2,053,137	1,137	1,138,957
\$5,000,000 under \$10,000,000	301	32	303	795,635	299	788,274	271	426,455
\$10,000,000 or more	147	13	150	805,236	147	804,977	131	437,517

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555—continued							
	Business or professional income (less loss)		Partnership income (less loss)		Noncash income		Allowances, reimbursements, or expenses paid by employers	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
<b>All returns</b>	<b>28,058</b>	<b>1,979,879</b>	<b>2,621</b>	<b>1,448,735</b>	<b>13,319</b>	<b>182,889</b>	<b>45,007</b>	<b>5,226,743</b>
No adjusted gross income (includes deficits)	6,930	276,962	* 325	* 20,847	3,309	30,347	2,420	31,194
\$1 under \$10,000	6,037	214,417	* 298	* 6,576	3,245	26,672	4,698	66,456
\$10,000 under \$25,000	3,507	159,232	* 96	* 6,344	1,360	14,789	2,805	50,347
\$25,000 under \$50,000	3,494	190,696	* 51	* 3,777	1,571	21,277	3,450	89,554
\$50,000 under \$75,000	1,935	141,095	* 120	* 35,636	896	16,264	3,200	121,056
\$75,000 under \$100,000	1,403	103,398	* 41	* 3,315	387	4,737	2,043	101,878
\$100,000 under \$200,000	2,522	260,440	158	28,497	820	19,134	8,005	592,583
\$200,000 under \$500,000	1,485	309,648	490	176,359	1,144	26,526	11,452	1,735,709
\$500,000 under \$1,000,000	461	149,520	440	262,191	435	16,405	4,729	1,307,944
\$1,000,000 under \$1,500,000	120	48,476	283	232,115	86	3,908	1,138	409,469
\$1,500,000 under \$2,000,000	57	16,750	106	149,283	29	619	439	189,190
\$2,000,000 under \$5,000,000	88	71,637	170	253,529	23	697	472	306,624
\$5,000,000 under \$10,000,000	11	17,843	24	79,049	10	764	110	124,633
\$10,000,000 or more	* 7	* 19,767	18	191,218	* 3	* 750	45	100,107

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555—continued									
	Less: meals and lodging excluded		Other foreign-earned income (less loss)		Foreign-earned income exclusion before deductions		Housing exclusion		Housing deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All returns</b>	<b>2,576</b>	<b>31,850</b>	<b>22,351</b>	<b>2,643,482</b>	<b>447,281</b>	<b>28,344,312</b>	<b>71,599</b>	<b>1,578,263</b>	<b>5,574</b>	<b>99,010</b>
No adjusted gross income (includes deficits)	* 302	* 800	2,438	36,772	104,733	4,999,209	3,761	43,505	336	3,715
\$1 under \$10,000	822	5,347	2,433	42,163	97,969	5,234,300	5,484	66,933	332	3,594
\$10,000 under \$25,000	* 451	* 3,062	1,313	29,587	50,945	3,205,282	5,301	70,916	783	4,787
\$25,000 under \$50,000	* 317	* 3,333	1,257	44,821	50,670	3,547,245	7,920	109,649	784	8,131
\$50,000 under \$75,000	* 270	* 6,737	1,130	43,993	34,411	2,532,612	6,396	108,139	510	7,896
\$75,000 under \$100,000	* 108	* 3,745	944	58,687	22,338	1,677,456	4,555	77,930	495	5,433
\$100,000 under \$200,000	189	5,358	3,394	211,803	41,355	3,278,197	12,734	266,899	693	8,255
\$200,000 under \$500,000	95	2,943	5,461	695,348	29,793	2,511,273	15,826	446,539	637	12,392
\$500,000 under \$1,000,000	** 22	** 524	2,555	626,732	9,703	875,471	6,457	236,943	442	16,166
\$1,000,000 under \$1,500,000	0	0	677	239,816	2,496	225,201	1,563	68,825	278	13,645
\$1,500,000 under \$2,000,000	0	0	306	136,892	1,067	94,298	660	31,197	98	5,383
\$2,000,000 under \$5,000,000	0	0	329	281,694	1,353	123,116	711	39,101	152	8,051
\$5,000,000 under \$10,000,000	**	**	87	139,555	299	27,573	157	8,108	22	1,036
\$10,000,000 or more	0	0	27	55,618	150	13,080	75	3,579	13	525

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

\*\*Data combined to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

[1] Includes returns with no foreign-earned income, but filed Form 2555, *Foreign Earned Income*, to claim an exclusion for a prior year or for reporting purposes.

[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return*, before the foreign-earned income and housing exclusions have been taken.

[3] Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011**

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

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All geographic areas</b>	<b>449,277</b>	<b>54,244,646</b>	<b>37,726,589</b>	<b>1,979,879</b>	<b>1,448,735</b>	<b>182,889</b>
<b>North America, total</b>	<b>52,883</b>	<b>4,455,934</b>	<b>3,264,593</b>	<b>327,521</b>	<b>35,464</b>	<b>6,457</b>
Canada	45,949	3,841,763	2,838,767	281,626	20,783	3,180
Greenland	0	0	0	0	0	0
Mexico	6,934	614,171	425,826	45,895	* 14,681	3,277
<b>Latin/South America, total</b>	<b>14,732</b>	<b>1,757,461</b>	<b>1,070,212</b>	<b>104,699</b>	<b>132,060</b>	<b>9,188</b>
Argentina	986	101,199	46,560	* 5,150	* 2,888	* 2,050
Brazil	3,351	658,798	346,275	27,689	* 121,521	1,310
Chile	1,383	186,795	122,445	* 678	* 5,150	795
Colombia	1,524	169,776	123,916	* 12,467	* 1,231	* 482
Costa Rica	2,147	115,691	44,344	* 24,115	* 891	* 1,260
Panama	1,187	135,904	106,562	* 5,806	0	* 87
Peru	1,098	140,886	104,471	* 6,361	0	* 161
Venezuela	778	87,159	62,011	* 2,161	0	* 956
Other Latin and South American countries	2,280	161,252	113,629	20,272	378	2,086
<b>Caribbean, total</b>	<b>8,437</b>	<b>900,047</b>	<b>621,050</b>	<b>33,485</b>	<b>* 10,529</b>	<b>3,011</b>
Bermuda	1,611	375,284	281,399	* 11,871	* 1,233	* 344
Cayman Islands	1,522	112,545	59,678	* 9,273	0	* 351
Dominican Republic	678	65,941	38,884	* 4,942	* 232	* 104
Jamaica	792	54,305	29,674	* 25	* 100	* 1,039
Other Caribbean countries	3,834	291,974	211,413	* 7,375	* 8,964	* 1,171
<b>Europe, total</b>	<b>107,220</b>	<b>14,367,774</b>	<b>9,181,012</b>	<b>643,645</b>	<b>778,849</b>	<b>19,413</b>
Austria	1,446	135,671	81,474	* 4,792	* 672	0
Belgium	1,613	272,956	155,975	4,810	* 21,486	* 378
Czech Republic	1,318	123,737	72,741	* 7,636	* 8,893	* 1,290
Denmark	1,525	139,682	108,913	* 279	0	* 28
Finland	683	41,279	21,595	0	* 7,626	* 11
France	11,111	1,209,808	786,677	65,686	62,834	393
Germany	19,173	1,843,857	1,192,016	103,888	49,923	2,436
Greece	1,082	90,726	58,448	* 4,406	0	* 293
Hungary	428	44,915	30,566	* 3,559	* 367	* 307
Ireland	1,723	183,087	131,083	8,211	* 3,344	0
Italy	5,528	582,527	347,861	47,617	* 15,257	* 2,147
Luxembourg	521	92,352	74,249	* 341	0	0
Netherlands	3,512	533,276	317,467	7,373	* 6,065	* 636
Norway	1,336	166,735	114,207	* 957	* 1,084	* 22
Poland	756	86,888	58,047	* 3,488	* 2,377	0
Portugal	689	60,166	35,613	* 8,646	0	* 101
Russia	2,048	488,463	331,776	22,596	* 19,694	* 651
Spain	2,993	274,845	179,070	13,085	* 2,211	* 45
Sweden	1,772	161,194	115,418	* 4,164	0	* 45
Switzerland	10,548	1,832,499	1,357,515	98,325	11,514	1,933
Turkey	1,647	195,223	103,930	* 9,731	* 832	* 826
United Kingdom	31,599	5,421,593	3,279,729	185,354	563,016	5,829
Other European countries	4,170	386,296	226,641	38,705	* 1,653	* 2,044

Footnotes at end of table.



# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued**

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

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Africa, total</b>	<b>14,530</b>	<b>1,588,249</b>	<b>1,058,435</b>	<b>67,476</b>	<b>* 6,641</b>	<b>4,866</b>
Angola	622	156,312	85,953	* 2,349	0	* 37
Egypt	1,752	238,765	172,968	* 5,778	* 2,757	* 280
Kenya	1,505	79,646	63,194	* 6,118	0	* 1,126
Morocco	491	30,419	11,535	0	0	* 7
Nigeria	1,241	234,120	120,178	* 4,592	* 1,225	* 471
South Africa	1,534	210,482	127,714	15,867	0	* 68
Other African countries	7,386	638,507	476,895	32,773	* 2,658	2,878
<b>Asia, total</b>	<b>194,703</b>	<b>24,911,137</b>	<b>17,577,987</b>	<b>607,044</b>	<b>445,465</b>	<b>114,295</b>
Afghanistan	22,951	2,961,433	2,652,455	104,170	0	* 2,746
China	22,328	3,267,117	2,033,969	40,468	70,395	13,441
Hong Kong	13,181	2,905,841	1,891,435	50,163	152,494	11,879
India	6,402	735,565	501,332	28,183	* 6,974	3,546
Indonesia	1,745	300,606	161,455	* 12,191	* 3,607	* 261
Iraq	14,021	1,552,010	1,350,441	22,118	0	* 416
Israel	9,872	645,902	451,668	45,656	* 9,593	* 54
Japan	23,054	2,593,308	1,570,777	44,165	90,503	6,192
Kuwait	7,481	780,878	640,581	* 13,772	* 2,547	5,273
Lebanon	2,230	147,825	114,621	* 13,727	* 145	* 1,503
Malaysia	1,405	208,115	101,042	14,581	0	* 203
Philippines	2,910	305,849	213,560	* 19,011	0	* 670
Qatar	4,205	571,297	358,203	* 8,090	* 7,896	5,503
Saudi Arabia	7,968	1,135,434	959,948	17,178	* 4,874	5,085
Singapore	7,749	1,914,293	1,235,869	17,281	23,210	11,244
South Korea	13,659	1,123,230	745,544	37,994	* 9,167	7,583
Taiwan	7,482	715,328	533,543	7,614	20,342	* 2,485
Thailand	4,205	432,292	248,496	39,300	* 1,006	2,108
United Arab Emirates	12,153	1,623,109	1,171,856	33,752	36,377	26,758
Other Asian countries	9,704	991,706	641,191	37,632	* 6,335	7,345
<b>Oceania, total</b>	<b>14,449</b>	<b>1,742,935</b>	<b>1,209,658</b>	<b>31,094</b>	<b>13,180</b>	<b>7,047</b>
Australia	10,353	1,443,738	974,038	27,320	13,180	4,430
New Zealand	2,563	226,704	176,561	3,744	0	* 710
Other Oceania countries	1,534	72,494	59,059	* 30	0	* 1,907
<b>All other countries</b>	<b>42,323</b>	<b>4,521,108</b>	<b>3,743,641</b>	<b>164,915</b>	<b>26,549</b>	<b>18,611</b>

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued**

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

Country or region	Foreign-earned income—continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All geographic areas</b>	<b>5,226,743</b>	<b>31,850</b>	<b>2,643,482</b>	<b>28,344,312</b>	<b>1,578,263</b>	<b>99,010</b>
<b>North America, total</b>	<b>108,186</b>	<b>* 1,023</b>	<b>103,137</b>	<b>2,938,301</b>	<b>22,816</b>	<b>1,949</b>
Canada	64,665	* 1	61,210	2,580,459	14,766	1,789
Greenland	0	0	0	0	0	0
Mexico	43,521	* 1,022	41,927	357,842	8,049	* 160
<b>Latin/South America, total</b>	<b>205,444</b>	<b>* 3,760</b>	<b>89,763</b>	<b>880,165</b>	<b>31,846</b>	<b>2,577</b>
Argentina	20,945	0	* 3,017	56,887	2,522	0
Brazil	99,360	0	38,129	195,687	14,298	* 1,223
Chile	31,239	* 38	13,658	93,035	4,426	* 254
Colombia	11,001	0	* 10,278	105,147	3,213	0
Costa Rica	* 2,316	0	* 1,856	102,470	* 307	* 10
Panama	5,203	* 2,146	* 8,078	87,752	2,387	* 698
Peru	11,613	0	6,728	79,340	1,302	* 13
Venezuela	18,344	* 956	* 2,810	44,599	1,663	0
Other Latin and South American countries	5,424	* 620	5,207	115,247	1,729	378
<b>Caribbean, total</b>	<b>52,800</b>	<b>* 117</b>	<b>34,248</b>	<b>539,367</b>	<b>37,894</b>	<b>* 687</b>
Bermuda	33,290	0	21,009	138,096	28,241	* 674
Cayman Islands	* 4,447	0	* 1,965	97,601	3,143	* 1
Dominican Republic	1,676	0	* 5,391	50,393	* 390	0
Jamaica	* 278	* 12	* 509	47,887	* 26	0
Other Caribbean countries	13,110	* 105	* 5,374	205,394	6,093	* 13
<b>Europe, total</b>	<b>1,496,297</b>	<b>* 2,226</b>	<b>871,562</b>	<b>6,668,589</b>	<b>447,264</b>	<b>35,879</b>
Austria	10,352	0	* 921	97,363	2,523	* 116
Belgium	49,828	* 30	30,713	124,682	13,001	* 252
Czech Republic	17,057	0	10,299	70,147	1,423	* 222
Denmark	* 2,042	0	* 3,537	106,224	883	* 10
Finland	* 2,251	0	* 2,164	26,439	* 227	* 68
France	114,962	* 4	44,191	623,621	53,453	4,229
Germany	121,908	0	77,510	1,101,969	50,701	5,704
Greece	* 1,788	0	* 238	64,613	1,445	0
Hungary	* 5,819	0	* 1,832	21,621	* 878	0
Ireland	8,953	0	12,904	98,620	3,581	* 214
Italy	69,033	0	37,296	319,520	16,636	1,067
Luxembourg	* 1,352	0	11,944	42,776	2,842	* 251
Netherlands	111,856	0	36,350	257,283	18,194	* 20
Norway	14,061	0	5,283	99,775	2,680	* 24
Poland	8,102	0	7,109	38,627	2,358	* 13
Portugal	0	* 57	* 8,072	48,627	* 398	* 37
Russia	56,737	0	37,190	137,514	29,876	2,613
Spain	14,171	0	17,752	153,266	10,228	* 39
Sweden	8,052	0	* 1,769	115,135	2,354	0
Switzerland	161,170	* 647	115,226	834,680	69,010	3,245
Turkey	36,158	0	11,677	102,168	3,912	* 162
United Kingdom	649,332	* 21	388,128	1,944,761	153,213	17,090
Other European countries	31,314	* 1,467	9,453	239,158	7,451	* 503

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued**

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

Country or region	Foreign-earned income—continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Africa, total</b>	<b>259,439</b>	<b>* 1,346</b>	<b>81,886</b>	<b>839,441</b>	<b>33,650</b>	<b>2,341</b>
Angola	59,755	0	7,871	48,570	9,341	0
Egypt	35,634	* 93	* 11,312	114,203	3,701	* 617
Kenya	* 2,679	* 1,101	* 2,010	57,790	1,749	* 14
Morocco	* 1,412	0	* 956	24,287	* 248	0
Nigeria	79,667	0	7,229	89,842	2,319	* 13
South Africa	32,868	0	25,799	96,921	4,167	* 18
Other African countries	47,423	* 152	26,710	407,829	12,127	* 1,679
<b>Asia, total</b>	<b>2,797,480</b>	<b>20,044</b>	<b>1,330,596</b>	<b>12,730,672</b>	<b>923,406</b>	<b>47,189</b>
Afghanistan	6,819	* 2,917	* 2,334	1,749,519	3,220	* 254
China	629,455	4,055	276,667	1,444,917	137,003	5,610
Hong Kong	408,145	* 532	261,570	975,487	232,093	11,677
India	89,008	* 717	57,469	388,602	13,790	183
Indonesia	91,112	0	16,202	113,944	7,425	0
Iraq	* 9,718	0	* 180	1,029,197	2,757	* 150
Israel	9,161	0	8,631	488,073	2,515	* 146
Japan	307,977	* 564	255,376	1,246,605	141,647	13,963
Kuwait	23,208	* 1,218	* 4,836	575,054	17,014	* 557
Lebanon	* 8,709	0	* 1,215	124,862	* 984	* 16
Malaysia	75,213	0	12,262	79,825	7,712	* 14
Philippines	35,759	0	17,150	168,519	6,966	* 269
Qatar	113,208	* 1,843	14,951	322,587	22,200	* 801
Saudi Arabia	62,534	* 258	12,027	598,546	9,095	980
Singapore	381,621	* 104	213,001	634,166	153,308	3,123
South Korea	121,134	* 3,345	45,789	656,363	33,895	1,764
Taiwan	35,004	0	22,351	417,302	10,750	* 390
Thailand	90,096	0	13,500	227,775	11,908	483
United Arab Emirates	158,196	* 3,471	56,662	905,731	89,278	5,738
Other Asian countries	141,404	* 1,020	38,422	583,597	19,847	1,070
<b>Oceania, total</b>	<b>219,851</b>	<b>* 2,481</b>	<b>79,470</b>	<b>954,874</b>	<b>34,444</b>	<b>556</b>
Australia	218,237	* 404	78,759	707,197	32,469	441
New Zealand	* 454	0	* 712	181,218	1,970	* 107
Other Oceania countries	1,161	* 2,076	0	66,458	* 5	* 8
<b>All other countries</b>	<b>87,246</b>	<b>852</b>	<b>52,819</b>	<b>2,792,904</b>	<b>46,944</b>	<b>7,833</b>

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

[1] Includes returns with no foreign-earned income, but filed Form 2555 to claim an exclusion for a prior year or for reporting purposes.

NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011**

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

Size of adjusted gross income	Number of returns [1]	Selected income, exclusion, deduction, and credit items reported on Form 1040						
		Adjusted gross income or deficit	Worldwide income [2]		Salaries and wages		Foreign-earned income exclusion [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns</b>	<b>8,065,020</b>	<b>1,758,261,571</b>	<b>8,065,016</b>	<b>1,803,299,777</b>	<b>5,394,247</b>	<b>862,273,355</b>	<b>141,438</b>	<b>10,991,801</b>
No adjusted gross income (includes deficits)	181,378	-60,718,996	181,374	-59,858,704	54,458	3,619,008	7,787	404,596
\$1 under \$10,000	291,945	1,382,352	291,945	2,301,536	122,358	1,354,476	13,100	779,502
\$10,000 under \$25,000	563,705	10,061,586	563,705	11,380,781	238,928	4,394,808	14,197	938,365
\$25,000 under \$50,000	1,028,019	38,927,994	1,028,019	41,567,598	544,622	17,490,731	18,874	1,484,168
\$50,000 under \$75,000	1,145,759	71,648,271	1,145,759	74,222,561	684,444	33,125,727	13,695	1,091,036
\$75,000 under \$100,000	1,055,408	92,250,401	1,055,408	94,862,653	700,750	47,075,864	9,972	817,752
\$100,000 under \$200,000	2,055,774	289,593,370	2,055,774	297,534,589	1,573,974	172,228,122	24,183	2,021,271
\$200,000 under \$500,000	1,214,954	365,217,580	1,214,954	376,305,084	1,034,808	232,438,972	25,251	2,159,301
\$500,000 under \$1,000,000	321,338	219,839,034	321,338	225,902,650	271,347	123,848,691	9,220	836,086
\$1,000,000 under \$1,500,000	87,211	105,953,545	87,211	108,274,916	71,500	50,396,960	2,398	214,462
\$1,500,000 under \$2,000,000	37,555	64,543,219	37,555	65,712,771	30,415	27,972,649	1,025	90,000
\$2,000,000 under \$5,000,000	57,238	171,756,306	57,238	174,189,936	46,438	65,571,696	1,303	116,171
\$5,000,000 under \$10,000,000	15,045	102,789,079	15,045	103,789,194	12,399	34,010,736	288	26,338
\$10,000,000 or more	9,690	285,017,830	9,690	287,114,212	7,807	48,744,916	146	12,754

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040—Continued							
	Foreign housing deduction		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All returns</b>	<b>2,778</b>	<b>67,229</b>	<b>7,471,819</b>	<b>1,452,572,118</b>	<b>6,904,438</b>	<b>16,451,088</b>	<b>7,047,214</b>	<b>340,706,955</b>
No adjusted gross income (includes deficits)	**36	**139	0	0	* 59	* 7	897	56,853
\$1 under \$10,000	**	**	105,290	224,216	64,717	2,927	72,033	28,794
\$10,000 under \$25,000	* 218	* 619	420,018	2,935,828	347,554	31,528	312,293	204,262
\$25,000 under \$50,000	184	1,063	982,277	20,543,889	879,375	162,771	840,132	1,921,264
\$50,000 under \$75,000	281	3,191	1,132,487	46,415,606	1,051,447	245,067	1,067,412	5,688,386
\$75,000 under \$100,000	196	2,702	1,049,172	64,557,185	988,734	272,407	1,019,099	8,645,520
\$100,000 under \$200,000	367	5,339	2,045,226	216,579,546	1,933,133	1,204,407	2,007,569	36,563,085
\$200,000 under \$500,000	524	10,198	1,211,203	292,758,715	1,142,539	3,071,156	1,203,511	71,138,045
\$500,000 under \$1,000,000	419	15,571	320,064	184,213,064	302,252	2,542,393	318,884	51,789,893
\$1,000,000 under \$1,500,000	267	13,410	86,911	90,260,042	81,708	1,331,248	86,595	25,609,516
\$1,500,000 under \$2,000,000	98	5,383	37,434	55,135,930	35,636	835,052	37,289	15,748,151
\$2,000,000 under \$5,000,000	152	8,051	57,077	147,721,726	53,958	2,087,824	56,881	41,848,159
\$5,000,000 under \$10,000,000	22	1,036	15,003	88,734,914	14,187	1,177,830	14,976	24,309,171
\$10,000,000 or more	13	525	9,657	242,491,457	9,139	3,486,470	9,644	57,155,855

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Returns with a Form 1116							
	Foreign income, taxes and credit reported on Form 1116							
	Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments [4]		Foreign taxes paid or accrued on:	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns</b>	<b>3,575,251</b>	<b>169,982,715</b>	<b>3,443,372</b>	<b>70,628,235</b>	<b>3,583,324</b>	<b>99,354,480</b>	<b>3,366,547</b>	<b>22,039,411</b>
No adjusted gross income (includes deficits)	138,644	7,034,246	133,929	6,225,658	141,067	808,588	130,051	242,676
\$1 under \$10,000	207,402	514,699	203,137	364,303	208,065	150,396	190,117	96,264
\$10,000 under \$25,000	279,331	1,902,940	271,769	1,146,176	280,256	756,764	261,797	212,027
\$25,000 under \$50,000	404,393	3,017,088	393,306	706,324	406,168	2,310,764	377,909	448,600
\$50,000 under \$75,000	421,035	3,050,756	406,310	583,037	421,441	2,467,719	391,814	515,090
\$75,000 under \$100,000	365,695	3,130,087	349,557	561,357	366,023	2,568,730	344,774	449,483
\$100,000 under \$200,000	775,745	10,848,511	738,108	1,593,917	776,291	9,254,594	728,925	2,004,294
\$200,000 under \$500,000	616,633	21,818,891	590,575	4,371,238	617,383	17,447,653	584,811	4,278,987
\$500,000 under \$1,000,000	206,798	17,350,289	200,855	5,096,068	206,806	12,254,221	200,076	3,290,831
\$1,000,000 under \$1,500,000	63,309	9,360,918	61,626	2,880,718	63,449	6,480,200	61,610	1,724,656
\$1,500,000 under \$2,000,000	28,459	6,928,603	27,827	2,846,243	28,483	4,082,360	27,890	1,013,409
\$2,000,000 under \$5,000,000	46,036	18,631,956	44,982	7,406,767	46,099	11,225,189	45,271	2,515,536
\$5,000,000 under \$10,000,000	12,931	13,035,646	12,682	6,065,264	12,949	6,970,382	12,734	1,360,852
\$10,000,000 or more	8,839	53,358,084	8,710	30,781,164	8,845	22,576,920	8,767	3,886,706

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Returns with a Form 1116—continued							
	Foreign income, taxes and credit reported on Form 1116—continued							
	Foreign taxes paid or accrued on:—continued							
	Dividends		Rents and royalties		Interest		Other income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	
<b>All returns</b>	<b>2,878,341</b>	<b>2,223,581</b>	<b>25,151</b>	<b>166,865</b>	<b>80,196</b>	<b>240,054</b>	<b>721,330</b>	<b>19,408,912</b>
No adjusted gross income (includes deficits)	115,145	55,866	460	3,953	1,677	1,087	21,892	181,770
\$1 under \$10,000	166,460	10,775	* 741	* 3,169	1,419	390	27,418	81,931
\$10,000 under \$25,000	219,645	26,088	* 1,270	* 1,645	5,274	4,778	46,767	179,515
\$25,000 under \$50,000	312,918	48,558	2,207	2,246	8,434	12,017	78,525	385,779
\$50,000 under \$75,000	338,491	69,272	2,689	6,948	6,081	3,523	67,983	435,348
\$75,000 under \$100,000	304,962	79,322	1,468	1,880	7,498	5,407	55,079	362,875
\$100,000 under \$200,000	620,080	301,316	4,976	16,993	15,965	16,179	144,082	1,669,805
\$200,000 under \$500,000	500,500	353,950	7,010	40,704	21,493	20,501	142,020	3,863,832
\$500,000 under \$1,000,000	169,293	243,900	2,354	24,967	6,484	29,879	64,587	2,992,085
\$1,000,000 under \$1,500,000	52,063	137,267	692	8,370	1,970	6,121	24,720	1,572,898
\$1,500,000 under \$2,000,000	23,381	90,812	289	4,287	1,104	3,468	12,492	914,842
\$2,000,000 under \$5,000,000	38,114	220,540	691	17,113	1,879	20,500	22,608	2,257,382
\$5,000,000 under \$10,000,000	10,459	144,240	167	17,761	519	7,487	7,252	1,191,366
\$10,000,000 or more	6,832	441,676	139	16,829	401	108,718	5,904	3,319,483

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued**

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

Size of adjusted gross income	Returns with a Form 1116—continued									
	Foreign income, taxes and credit reported on Form 1116—continued									
	Foreign taxes available for credit		Foreign tax carryover		Reduction in foreign taxes		Gross foreign tax credit		Foreign tax credit after adjustments [5]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>All returns</b>	<b>3,746,457</b>	<b>33,821,904</b>	<b>1,577,864</b>	<b>13,735,047</b>	<b>88,754</b>	<b>1,974,191</b>	<b>2,758,322</b>	<b>16,180,506</b>	<b>2,761,046</b>	<b>16,164,689</b>
No adjusted gross income (includes deficits)	175,523	1,215,057	127,615	995,258	3,342	24,215	* 44	* 6	* 44	* 6
\$1 under \$10,000	241,495	163,718	156,195	122,015	5,202	58,198	26,496	1,551	26,496	1,551
\$10,000 under \$25,000	316,983	530,508	196,122	400,698	5,710	82,217	114,620	24,040	114,620	23,947
\$25,000 under \$50,000	428,115	730,058	236,681	434,110	8,841	153,541	301,932	138,276	301,921	137,671
\$50,000 under \$75,000	437,232	779,499	185,809	408,228	7,736	143,857	362,683	211,889	363,680	211,424
\$75,000 under \$100,000	376,538	676,279	135,282	334,931	5,903	109,238	329,410	234,987	330,381	234,087
\$100,000 under \$200,000	786,179	2,916,247	264,151	1,306,386	16,456	391,294	705,138	1,119,482	705,239	1,117,927
\$200,000 under \$500,000	616,978	6,692,379	175,258	2,930,243	21,047	529,116	572,746	3,022,388	572,898	3,016,545
\$500,000 under \$1,000,000	207,398	4,717,409	57,812	1,691,005	8,656	264,749	194,201	2,528,818	194,622	2,526,746
\$1,000,000 under \$1,500,000	63,337	2,474,729	17,712	823,355	2,387	75,480	59,497	1,324,762	59,513	1,326,892
\$1,500,000 under \$2,000,000	28,524	1,544,885	7,292	564,155	1,061	33,159	27,132	833,437	27,156	832,607
\$2,000,000 under \$5,000,000	46,272	3,872,573	12,130	1,401,277	1,567	45,087	43,705	2,083,088	43,742	2,082,823
\$5,000,000 under \$10,000,000	12,988	2,029,181	3,314	682,510	460	14,949	12,309	1,172,153	12,320	1,171,342
\$10,000,000 or more	8,895	5,479,381	2,492	1,640,875	387	49,091	8,411	3,485,628	8,416	3,481,123

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

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

[1] Not all taxpayers with a foreign tax credit file the Form 1116, *Foreign Tax Credit*. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.

[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return*, before the foreign-earned income and housing exclusions have been taken.

[3] Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

[4] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[5] Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.



# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2011**

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

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All geographic areas</b>	<b>3,921,628</b>	<b>169,982,715</b>	<b>70,628,235</b>	<b>99,354,480</b>	<b>22,039,411</b>	<b>2,223,581</b>	<b>166,865</b>	<b>240,054</b>	<b>19,408,912</b>
<b>North America, total</b>	<b>442,718</b>	<b>16,652,533</b>	<b>6,293,190</b>	<b>10,359,344</b>	<b>2,778,640</b>	<b>182,469</b>	<b>39,471</b>	<b>20,417</b>	<b>2,536,283</b>
Canada	405,886	12,934,181	4,232,307	8,701,874	2,414,016	153,629	24,957	19,497	2,215,932
Mexico	36,827	3,718,006	2,060,862	1,657,144	364,501	28,839	14,514	920	320,228
Other North American countries	* 5	* 347	* 21	* 326	* 123	0	0	0	* 123
<b>Latin/South America, total</b>	<b>31,961</b>	<b>7,202,573</b>	<b>4,931,331</b>	<b>2,271,242</b>	<b>651,001</b>	<b>40,016</b>	<b>3,538</b>	<b>4,613</b>	<b>602,834</b>
Argentina	3,128	197,403	53,656	143,747	34,034	381	* 198	0	33,456
Brazil	18,052	1,421,725	330,261	1,091,465	279,093	8,162	3,116	4,036	263,779
Chile	2,058	493,583	376,094	117,489	61,691	774	0	* 15	60,902
Colombia	3,821	4,316,293	4,014,744	301,549	135,133	633	* 67	336	134,097
Costa Rica	341	25,974	17,113	8,861	2,509	* 3	* 3	* 13	2,490
Panama	432	114,679	25,463	89,216	12,764	* 66	* 52	* 1	12,645
Peru	2,025	241,355	31,406	209,950	31,656	672	* 23	* 130	30,832
Venezuela	962	203,105	29,270	173,835	56,439	* 29,036	0	0	27,404
Other Latin/South American countries	1,145	188,456	53,324	135,132	37,683	289	* 81	* 82	37,231
<b>Caribbean, total</b>	<b>9,197</b>	<b>1,023,967</b>	<b>170,672</b>	<b>853,295</b>	<b>73,322</b>	<b>14,632</b>	<b>* 111</b>	<b>* 64</b>	<b>58,516</b>
Bermuda	1,540	193,198	27,184	166,014	4,516	168	* [2]	0	4,348
Cayman Islands	1,607	277,009	19,035	257,974	1,952	* [2]	* 2	0	1,950
Dominican Republic	196	35,453	3,945	31,508	6,146	* 49	* 55	0	6,042
Jamaica	735	104,481	49,376	55,105	16,696	* 8,309	0	* 58	8,328
Other Caribbean countries	5,118	413,826	71,134	342,694	44,014	6,105	* 53	* 6	37,847
<b>Europe, total</b>	<b>393,233</b>	<b>32,365,839</b>	<b>8,489,532</b>	<b>23,876,307</b>	<b>8,305,468</b>	<b>393,232</b>	<b>54,548</b>	<b>142,029</b>	<b>7,715,659</b>
Austria	2,412	195,493	90,735	104,758	35,335	1,546	* 115	201	33,473
Belgium	5,553	437,335	127,751	309,584	133,914	11,240	* 3	58	122,613
Czech Republic	475	91,820	16,904	74,916	13,889	* 1,799	* 2	55	12,033
Denmark	5,527	368,399	156,804	211,595	72,774	4,647	* 1	* 236	67,889
Finland	10,768	66,137	6,565	59,572	15,042	2,298	* 2	19	12,724
France	53,858	1,894,704	615,101	1,279,603	311,276	12,563	6,515	586	291,611
Germany	55,654	5,557,019	2,812,842	2,744,178	1,058,811	83,931	3,784	9,309	961,787
Greece	2,813	259,270	52,971	206,299	48,202	* 245	2,721	296	44,939
Hungary	316	223,607	138,251	85,356	19,134	* 2,879	* 39	* 12	16,204
Ireland	5,508	411,330	65,547	345,783	133,983	894	* 760	121	132,207
Italy	7,881	652,651	150,262	502,389	200,262	12,862	15,605	331	171,464
Luxembourg	7,459	670,717	30,299	640,418	110,969	68,005	* 120	* 29	42,814
Netherlands	19,467	987,306	254,802	732,505	218,123	16,434	* 586	249	200,854
Norway	6,509	353,402	51,836	301,566	85,149	1,950	* 4,371	784	78,043
Poland	1,170	198,068	82,050	116,019	34,708	1,326	* 30	131	33,220
Portugal	779	37,396	4,631	32,765	8,205	27	* 35	* 125	8,017
Russia	2,577	1,216,501	330,355	886,146	173,232	21,314	* 914	377	150,628
Spain	16,094	418,019	49,790	368,229	100,301	12,985	104	708	86,504
Sweden	12,692	472,749	89,533	383,216	105,396	20,852	* 110	175	84,258
Switzerland	24,127	3,299,242	316,677	2,982,565	880,575	46,466	7,834	112,673	713,602
Turkey	613	199,262	16,065	183,197	52,128	1,590	429	472	49,638
United Kingdom	135,324	13,887,534	2,916,872	10,970,662	4,440,803	59,563	9,635	15,042	4,356,562
Other European countries	15,656	467,875	112,890	354,989	53,258	7,816	* 833	36	44,574

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

Statistics of Income Bulletin | Spring 2014

**Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2011—Continued**

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

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Africa, total</b>	<b>10,535</b>	<b>1,940,849</b>	<b>237,593</b>	<b>1,703,257</b>	<b>439,534</b>	<b>1,495</b>	<b>* 1,647</b>	<b>1,568</b>	<b>434,824</b>
Angola	1,365	391,589	23,340	368,249	60,809	* 47	0	0	60,763
Egypt	672	183,397	8,212	175,185	46,450	68	0	0	46,382
Kenya	93	13,146	6,002	7,144	2,114	* [2]	* 15	* 21	2,079
Morocco	59	8,682	2,124	6,558	2,843	0	0	0	2,843
Nigeria	1,780	506,833	43,094	463,738	69,992	* 8	0	0	69,985
South Africa	2,165	382,845	84,840	298,005	160,015	744	* 541	* 120	158,609
Other African countries	4,402	454,357	69,983	384,377	97,310	628	* 1,091	* 1,428	94,162
<b>Asia, total</b>	<b>182,776</b>	<b>19,093,930</b>	<b>2,964,048</b>	<b>16,129,883</b>	<b>4,177,757</b>	<b>147,418</b>	<b>30,055</b>	<b>32,767</b>	<b>3,967,518</b>
Afghanistan	2,403	104,892	28,005	76,886	13,740	89	0	* 131	13,520
China	27,027	3,935,103	818,828	3,116,275	981,874	14,734	1,416	1,404	964,321
Hong Kong	10,457	2,660,033	397,229	2,262,804	395,809	3,807	790	* 206	391,007
India	28,657	1,841,732	274,453	1,567,279	462,874	10,030	14,089	19,427	419,328
Indonesia	1,929	393,580	22,515	371,065	104,507	497	* 12	129	* 103,869
Iraq	484	81,650	33,425	48,225	* 584	0	0	0	* 584
Israel	21,331	841,584	108,313	733,271	257,029	37,478	547	3,025	215,979
Japan	48,202	3,115,052	503,691	2,611,361	861,206	9,213	1,748	1,240	849,005
Kuwait	191	26,594	2,398	24,196	* 1	* 1	0	0	0
Lebanon	1,138	53,952	14,559	39,393	3,324	* 77	0	* 2,045	1,202
Malaysia	1,412	260,747	38,597	222,150	57,012	220	* 172	0	56,620
Philippines	3,373	223,548	19,426	204,122	54,291	5,995	* 2,097	27	46,172
Qatar	732	187,843	40,366	147,477	9,187	* 17	0	0	9,170
Saudi Arabia	961	244,967	31,611	213,356	12,685	* 79	0	* [2]	12,607
Singapore	9,168	2,017,640	226,653	1,790,987	349,718	13,085	690	* 46	335,897
South Korea	8,811	898,763	125,434	773,329	160,839	10,854	6,715	4,720	138,550
Taiwan	6,401	708,351	81,555	626,796	191,255	39,503	1,132	238	150,382
Thailand	1,980	355,725	36,949	318,777	110,180	717	* 24	28	109,410
United Arab Emirates	2,394	353,006	49,557	303,450	4,390	102	0	0	4,288
Other Asian countries	5,725	789,170	110,481	678,685	147,250	920	621	100	145,607
<b>Oceania, total</b>	<b>30,662</b>	<b>2,682,217</b>	<b>604,963</b>	<b>2,077,255</b>	<b>645,055</b>	<b>12,055</b>	<b>4,337</b>	<b>13,153</b>	<b>615,510</b>
Australia	22,391	2,398,005	516,561	1,881,444	598,001	10,418	3,938	9,112	574,532
New Zealand	6,901	241,949	71,468	170,481	44,029	1,615	* 399	4,034	37,982
Other Oceania countries	1,369	42,264	16,934	25,331	3,025	* 22	0	* 7	2,996
<b>U.S. Possessions, total</b>	<b>31,285</b>	<b>1,430,502</b>	<b>348,711</b>	<b>1,081,791</b>	<b>165,772</b>	<b>2,989</b>	<b>* 78</b>	<b>* 438</b>	<b>162,267</b>
Puerto Rico	29,700	1,309,533	269,338	1,040,196	156,105	1,116	* 78	0	154,910
Other U.S. Possessions	1,585	120,969	79,373	41,594	9,667	* 1,872	0	* 438	7,357
<b>Country not stated</b>	<b>3,503,482</b>	<b>87,494,522</b>	<b>46,560,248</b>	<b>40,934,274</b>	<b>4,798,598</b>	<b>1,427,472</b>	<b>33,072</b>	<b>24,557</b>	<b>3,313,497</b>
<b>High taxed [3]</b>	<b>106,047</b>	<b>95,783</b>	<b>27,949</b>	<b>67,834</b>	<b>4,261</b>	<b>1,803</b>	<b>* 8</b>	<b>448</b>	<b>2,003</b>

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

[1] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[2] Less than \$500.

[3] High taxed is passive category income and taxes treated as general category income and taxes because the foreign taxes paid on the income (after expenses) exceeds the highest U.S. tax that can be imposed on the income.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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**Table 5. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Type of Income, Tax Year 2011**

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

Type of income	Number of returns [1]	Foreign-source gross income		Foreign-source deductions and losses	
		Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>3,921,628</b>	<b>3,576,909</b>	<b>169,982,715</b>	<b>3,444,866</b>	<b>70,628,235</b>
Passive income [4]	2,983,396	2,722,673	47,923,175	2,615,314	13,762,424
General limitation income [5]	1,213,622	1,065,050	121,378,748	1,035,268	56,666,713
Section 901(j) income [6]	243	191	63,966	51	93,933
Certain income re-sourced by treaty [7]	10,059	9,726	593,721	9,371	103,586
Lump-sum distributions [8]	3,689	1,075	23,105	1,072	1,580

Type of income	Foreign-source taxable income before adjustments [2]		Foreign taxes paid or accrued on:					
	Number of returns	Amount	Total		Dividends		Rents and royalties	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>All returns</b>	<b>3,584,450</b>	<b>99,354,480</b>	<b>3,366,548</b>	<b>22,039,411</b>	<b>2,878,342</b>	<b>2,223,581</b>	<b>25,151</b>	<b>166,865</b>
Passive income [4]	2,724,505	34,160,751	2,545,713	3,831,812	2,329,866	1,745,594	16,153	82,823
General limitation income [5]	1,075,038	64,712,035	957,534	18,079,872	561,944	474,719	9,010	83,569
Section 901(j) income [6]	192	-29,967	60	1,421	* 43	* 1	0	0
Certain income re-sourced by treaty [7]	9,729	490,135	9,521	120,240	** 2,482	** 3,267	** 61	** 473
Lump-sum distributions [8]	1,075	21,525	1,290	6,065	**	**	**	**

Type of income	Foreign taxes paid or accrued on:				Foreign taxes available for credit		Gross foreign tax credit [3]	
	Interest		Other income		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>All returns</b>	<b>80,196</b>	<b>240,054</b>	<b>721,330</b>	<b>19,408,912</b>	<b>3,746,457</b>	<b>33,821,904</b>	<b>2,758,322</b>	<b>16,180,506</b>
Passive income [4]	72,043	210,837	333,636	1,792,558	2,803,084	6,659,664	2,049,520	2,787,237
General limitation income [5]	7,236	27,358	425,592	17,494,226	1,129,560	26,969,980	822,593	13,298,489
Section 901(j) income [6]	**	**	**	**	64	4,164	0	0
Certain income re-sourced by treaty [7]	** 1,805	** 1,856	** 7,644	** 116,092	9,813	180,635	8,939	91,312
Lump-sum distributions [8]	0	0	1,239	6,036	3,688	7,461	1,082	3,467

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

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

[1] Taxpayers may report more than one type of foreign-source income on a return. Consequently, the number of returns by type of income do not add to total.

[2] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[3] This is before adjustments. Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

[4] Passive income generally includes dividends, interest, rents, royalties, and annuities.

[5] General limitation income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

[6] Section 901(j) income is income earned from activities conducted in a sanctioned country. No credit is allowed for taxes paid or accrued to sanctioned countries, which for 2011 were Cuba, Iran, North Korea, Sudan, and Syria.

[7] Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty that treats it as such, and the treaty is applied.

[8] Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

# Sampling Methodology and Data Limitations

**T**his 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, 1111 Constitution Avenue, NW, K-Room 4112, Washington, DC 20224-0002.

## 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 processing 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 and outliers. 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 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

**Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.**

## Sampling Methodology and Data Limitations

**In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.**

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 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

## Sampling Methodology and Data Limitations

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.

# SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 803-9285 Fax: (202) 803-9393 e-mail: [sis@irs.gov](mailto:sis@irs.gov)

Project name and contact	Program content and frequency	Program year	End of tax year	Close of filing period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Individuals, County Data: Kevin Pierce	County or State income data are available annually.	2011	December 2011	April 2012	October 2012	December 2012	January 2014
Corporations, U.S. Controlled Foreign: Jason Wenrich	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.	2010	June 2011	September 2011	March 2012	June 2012	January 2014
Individuals, Foreign Earned Income and Foreign Tax Credit: Scott Hollenbeck; Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign-earned income, foreign-earned exclusion, foreign housing exclusion, 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.	2011	December 2011	April 2012	October 2012	December 2012	February 2014
Individuals, Noncash Charitable Contributions: Janette Wilson; P.J. Liddell; Young Lim	This study of individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deductions claimed on Form 8283, <i>Noncash Charitable Contributions</i> .	2011	December 2011	April 2012	October 2012	December 2012	February 2014
Individuals, Advance Data: Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules. The file contains information on returns filed through Cycle 38 weighted up to represent a full year of data.	2012	December 2012	April 2013	October 2013	September 2013	February 2014
SOI Bulletin: Wayne Kei	Winter Issue	2014	N/A	N/A	N/A	N/A	February 2014
Individuals, Migration Flow Data: Kevin Pierce	Migration flow data (based on year-to-year changes in individual tax return addresses) provide data on the number of returns, number of exemptions, and aggregate adjusted gross income at the State and county level.	2011	December 2011	April 2012	October 2012	December 2012	March 2014
Individuals, ZIP Code Data: Kevin Pierce	This study provides detailed tabulations of individual income tax return data at the State and ZIP code level.	2008	December 2008	April 2009	October 2009	December 2008	March 2014

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Corporations, Complete Report Tabulations: Bill Rush	This annual report provides comprehensive data on corporation income tax returns classified by industry, size of total assets, and size of business receipts.	2011	June 2012	September 2012	March 2013	June 2013	May 2014
SOI Bulletin: Wayne Kei	Spring Issue	2014	N/A	N/A	N/A	N/A	May 2014
Partnerships, Withholding on Foreign Recipients of U.S. Income: Scott Luttrell	This annual study provides data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.	2011	December 2011	April 2012	October 2012	September 2013	May 2014
Individuals, Mid-May Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 20 of the processing season.	2014	December 2014	N/A	N/A	N/A	June 2014
Individuals, High-Income Returns Study: Justin Bryan	This annual study provides detailed data on returns with adjusted gross income or expanded income greater than \$200,000. The study also looks at high-income nontaxable returns (HINTs) and the reason for nontaxability. Tables are provided annually to OTA. An annual <i>Bulletin</i> article is also produced.	2011	December 2011	April 2012	October 2012	December 2012	June 2014
Individuals, Foreign Person's Real Property Tax: Scott Luttrell	This annual study provides data on distributions of U.S. real property interests by foreign persons.	2011	December 2011	April 2012	October 2012	September 2013	June 2014
Partnerships, Income: Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.	2012	December 2012	April 2013	September 2013	December 2013	July 2014
Bonds, Tax-Exempt Governmental: Aaron Barnes	This annual study provides information on Governmental bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014



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Bonds, Tax-Exempt Private Activity: Aaron Barnes	This annual study provides information on private activity bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Bonds, Tax Credit: Aaron Barnes	This annual study provides information on Tax Credit bonds and Specified Tax Credit bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Bonds, Credit Payments: Aaron Barnes	This annual study provides information on credit payments to issuers of qualified bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Tax-Exempt Organizations (Except Private Foundations): 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.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
Tax-Exempt Organizations (Private Foundations): Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
Individuals, Complete Report Tabulations: Michael Parisi; Justin Bryan	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, age, or type of tax computation.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
Individuals, Nonfarm Sole Proprietorships: 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.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
SOI Bulletin: Wayne Kei	Summer Issue	2014	N/A	N/A	N/A	N/A	August 2014

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of filing period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Estate Tax, Nonresident Alien: Joseph Newcomb	This annual study provides information on gross estates, including composition, deductions, and tax, of nonresident aliens who owned at least \$60,000 worth of property within the U.S. at time of death.	2013	N/A	N/A	N/A	December 2013	August 2014
Individuals, Mid-July Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 30 of the processing season.	2014	December 2014	N/A	N/A	N/A	August 2014
Corporations, Foreign Tax Credit: Scott Luttrell; Lissa Costa; Nuria McGrath	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.	2011	June 2012	September 2012	March 2013	June 2013	August 2014
Individual Public Use File (PUF): Victoria Bryant	A microdata file produced annually from a sample of individual income tax returns filed with the IRS for use by researchers and analysts to examine issues in economics and public policy.	2009	December 2009	April 2010	October 2010	December 2010	September 2014
Individuals, Withholding on Foreign Recipients of U.S. Income: 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.	2012	December 2012	March 2013	April 2013	March 2014	September 2014
Individuals, Income Tax Percentile Tabulations: Michael Parisi	This annual study provides data on income and tax distribution for all nondependent individual income tax returns by percentiles.	2012	December 2012	April 2013	October 2013	December 2013	October 2014
Estate Tax: Brian Raub	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. Other statistics are available on a year-of-death basis (approximately every 3 years).	2013	N/A	N/A	N/A	December 2013	October 2014
Gift Tax: 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.	2013	N/A	N/A	N/A	December 2013	October 2014

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Tax-Exempt Organizations, Unrelated Business Income: Jael Jackson	This annual study provides data on unrelated business income and deductions for organizations classified as tax exempt under the Internal Revenue Code.	2011	November 2012	April 2013	October 2013	December 2013	October 2014
Trusts (and Estates), Income Tax : Joseph Newcomb	This annual study provides data on income, deductions, gains, and losses reported by estates and trusts, as well as distributions to beneficiaries and income tax liability.	2013	N/A	N/A	N/A	December 2013	October 2014
SOI Bulletin: Wayne Kei	Fall Issue	2014	N/A	N/A	N/A	N/A	November 2014
Individuals, Mid-November Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 47 of the processing season.	2014	December 2014	N/A	N/A	N/A	December 2014

# SOI Products and Services

**S**tatistics 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 • RAS:S  
1111 Constitution Avenue, NW, K-Room 4112  
Washington, DC 20224-0002  
(202) 803-9285 • Fax: (202) 803-9393

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, at (202) 317-4000.

## 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. Almost 12,000 files are currently available at:

[www.irs.gov/taxstats](http://www.irs.gov/taxstats)

There is also a direct link to our Website from FedStats, the gateway to official statistics from the Federal Government: [www.fedstats.gov](http://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

### Charitable and Exempt Organization Statistics

Charities • Private Foundations • Exempt  
Organization Population Data • Trusts •  
Tax-Exempt Bonds

## Individual Tax Statistics

Individual Income Tax • Estate and Gift Tax  
International • Personal Wealth

## Products, Publications, and Papers

*SOI Bulletins* • IRS Data Books • Archive  
SOI Working Papers • U.S. Population Migration  
Data • Historical Data Tables

## IRS Operations and Budget

Issuing Refunds • Collecting Revenue  
Enforcing Laws • Assisting Taxpayers

## Statistics by Form

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## Statistics of Income (SOI)

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and Services • SOI Studies • Statistical Methodology

## Additional Information

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## Other IRS Data and Research

Taxpayer Compliance Research  
Projections • Filing Season Stats  
IRS Research Conference

## SOI Products and Publications

### Corporation Income Tax Returns

#### Statistics of Income—2010, Corporation Income Tax Returns *Publication 16*

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2010 through June 2011. Data are classified by industry, size of total assets, and size of business receipts.

### Corporation Source Book

Data from the 2000 through 2011 *Corporation Source Books* are available at no charge from the Tax Stats Website. Data for most years from 1964 through 1999 are also available in the archive section of Tax Stats.

## SOI Products and Services

### **Statistics of Income—2011, Corporation Source Book**

*Publication 1053*

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.

### **Individual Income Tax Returns**

#### **Statistics of Income—2011, Individual Income Tax Returns**

*Publication 1304*

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2011 than those published earlier in the *SOI Bulletin*.

Presents information on: Classifies data by:

- sources of income
- exemptions
- itemized deductions
- tax computations
- size of adjusted gross income
- marital status
- type of tax computation
- age

### **Compendium of Federal Estate Tax and Personal Wealth Studies**

*Publication 1773*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition 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.

### **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 1989–2010. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **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 1989–2010. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **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 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 1989–2009 and 2011 for the entire United States. Tax Year 2011 expanded data by size of adjusted gross income are available at the same web page. All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on “County Income” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### **Individual Income Tax ZIP Code Data**

ZIP Code data show selected income and tax items classified by State, ZIP code, and size of adjusted gross income. Data are based on individual income tax returns filed with the IRS and are available for Tax Years 1998, 2001, 2004, 2005, 2006, 2007, 2008, and 2011. The data include items, such as:

- Number of returns, which approximates the number of households;

- Number of personal exemptions, which approximates the population;
- Adjusted gross income;
- Wage and salaries;
- Dividends before exclusion; and
- Interest received.

All years are available at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "ZIP Code Data (SOI)" under Individual Tax Statistics; Individual Income Tax; 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 Internal 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.

#### **Microdata Records for Tax Year 2010**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 14,143 Internal Revenue Code section 501(c)(3) organizations and 6,388 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 Website.

#### **Microdata Records for Tax Years 1985–2009**

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 Website.

### **Private Foundations (and Charitable Trusts)**

#### **Microdata Records for Tax Years 1985–2010**

Microdata records of all Forms 990-PF sampled for the annual SOI studies covering private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts for Tax Years 1985 through 2010. The data for each of the annual studies are included in a comprehensive, "harmonized" dataset, with standardized variable names and codes based on the Tax Year 2010 form revision. The file contains both operating and nonoperating foundations and trusts. The most recent sample, for Tax Year 2010, includes 17,285 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 each of the samples.) 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 Website.

### **Products for Sale From SOI**

#### **Individual Public-Use Microdata Files**

Files for 1992 through 2008 are available on CD-ROM by contacting SOI's Statistical Information Services at [sis@irs.gov](mailto:sis@irs.gov) or (202) 803-9285. These microdata files have been edited to protect the confidentiality of individual taxpayers. The cost is \$4,000 for each year requested.

### **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.

#### **Superintendent of Documents**

P.O. Box 371954  
Pittsburgh, PA 15250-7954

## SOI Products and Services

\* If you determine from the Government Printing Office that any of the following items is out of print, call Statistical Information Services on (202) 803-9285 for assistance.

### **IRS Data Book, 2013**

*Annually, Publication 55B, Stock No. 048-004-02564-7  
Price: \$15.00; International Price: \$21.00*

This volume pertains to Fiscal Year (FY) 2013—October 1, 2012, through September 30, 2013. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, IRS budget and workforce, and other selected activities.

### **Statistics of Income Bulletin**

*Quarterly, Publication 1136, Stock No.  
748-005-00000-5 Subscription price: \$67*

*Winter 2014, Single copy, Stock No. 748-005-00118-4  
Single copy price: \$44*

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, formerly published in every issue of the *Bulletin* are now published only on the IRS Website ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)).

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