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The *Statistics of Income (SOI) Bulletin* is issued quarterly by the Statistics of Income Division of the Internal Revenue Service. This report provides written descriptive analyses of statistics previously released on SOI's Tax Stats webpage (see www.irs.gov/statistics) based on the data collected from the distinct types of tax and information returns filed with the IRS and included in SOI's programs. Periodically, this report also includes results from 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 the spring issue of the *SOI Bulletin* are now only available on SOI's Tax Stats webpages of the IRS website (https://www.irs.gov/statistics/soi-tax-stats-historical-data-tables). Information on the availability of supplemental data on the topics included in this issue or other SOI subjects, may be obtained by sending an email to SOI's Statistical Information Services at sis@irs.gov, or by writing to the Director, Statistics of Income Division OS:RAAS:S, Internal Revenue Service, 1111 Constitution Avenue, NW, K-Room 4112, Washington, D.C. 20224.


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### Individual Income Tax Shares, Tax Year 2018 — 3

*by Adrian Dungan*

For Tax Year (TY) 2018, the adjusted gross income (AGI) threshold was $43,614 for the top 50 percent of all *U.S. Individual Income Tax Returns* (Forms 1040). These taxpayers accounted for 88.4 percent of total AGI and paid 97 percent of total income tax. The top 3 percent of tax returns filed reported more than half (53 percent) of total income tax. These taxpayers had an AGI of $286,106 or more (30 percent of total AGI). The top 1 percent of tax returns had an AGI of $540,009 or more accounting for 20.9 percent of total AGI and 40.1 percent of total income tax. The top 0.01 percent of tax returns had an AGI of $13,576,286 or more. These taxpayers reported 4.9 percent of total AGI and paid 9.1 percent of total income tax. The top 0.001 percent of tax returns had an AGI of $68,934,261 or more, accounting for 2.1 percent of total AGI and 3.6 percent of total income tax. The average tax rate for all returns filed for 2018 was 13.3 percent.

### Partnership Returns, Tax Year 2019 — 21

*by Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky*

Partnerships filed just under 4.0 million returns for the year, representing more than 25 million partners. The real estate and leasing sector contained about half of all partnerships (50.8 percent) and nearly a third of all partners (32.7 percent).

### Global Intangible Low-Taxed Income and the Section 250 Deduction, Tax Year 2018 — 32

*by Nuria McGrath, Chloe Gagin, and Jefferey Yan*

This article highlights the statistics from two international provisions enacted under the *Tax Cuts and Jobs Act* (TCJA) (P.L.115-97): *U.S. Shareholder Calculation of Global Intangible Low-Tax Income (GILTI)* (Form 8992) and *Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)* (Form 8993). Tax Year 2018 is the first year of data for these two studies. For Tax Year 2018, U.S. shareholders filing Form 8992 reported $342 billion in GILTI inclusions in their gross income. For Tax Year 2018, domestic corporations claimed approximately $238.5 billion in Internal Revenue Code section 250 deductions; this is estimated from Form 8993 as the total sum of the GILTI and FDII deductions claimed by taxpayers.

**Section 965 Inclusion and Net Tax Liability, Tax Years 2017 and 2018** 39

*by Melissa Costa and Bernard Quinn*

Between Tax Years 2017 and 2018, about 6,700 U.S. corporations reported a total of $3.5 trillion of Internal Revenue Code (IRC) section 965 inclusion of foreign deferred income, against which they deducted almost $2 trillion. After all applicable credits, the net section 965 tax liability totaled almost $233.2 billion. Thus far, taxpayers have paid off nearly $39.2 billion. They will pay the remaining $194 billion in installments ending in Tax Year 2025. Losses and excess foreign tax credits absorbed by the inclusion also impacted tax due in the section 965 tax year and in other years. Corporations in the pharmaceutical and medicine manufacturing, computer and electronic product manufacturing, and information industries together accounted for approximately 46 percent of the total section 965 inclusion and 62 percent of the total net section 965 tax liability.

# Individual Income Tax Shares, Tax Year 2018

*by Adrian Dungan*

## Income and Tax Shares

Tables 1 and 2 present statistics on AGI and income tax, by cumulative percentiles of *U.S. Individual Income Tax Returns* (Forms 1040) with positive AGI, for Tax Years 2009–2018. (All tables and figures included in this article are for total individual income tax returns filed excluding dependent returns.[1]) The tables show distributions of AGI for each tax year, by descending (Table 1) and ascending (Table 2) cumulative percentiles of returns and can be used to make comparisons across cumulative percentile classes within each year. Table 1 shows percentiles of returns cumulated downward, starting with the highest income returns, and presents data for 14 different percentiles, from the top 0.001 percent through the top 50 percent of all returns. Table 2 shows percentiles of returns cumulated upward, starting with the lowest income returns, and presents data for the bottom 5 percentiles: 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

For TY 2018, nondependent taxpayers filed 144.3 million individual income tax returns (Table 1), an increase of 0.7 percent from the 143.3 million returns filed for TY 2017. Total AGI increased 5.7 percent to $11.56 trillion in 2018, while total income tax decreased 4 percent to $1.54 trillion. This decrease can be attributed to various changes in the tax law put into effect by the enactment of the *Tax Cuts and Jobs Act,* which was signed into law December 22, 2017 (see Changes in Law section below).

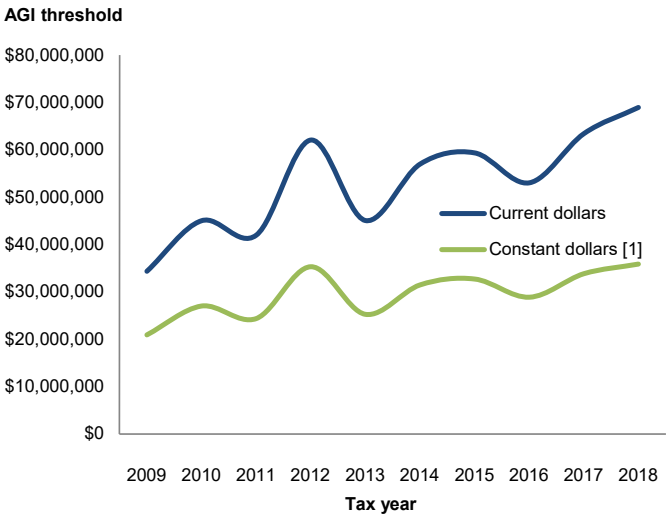
For TY 2018, the top 0.001 percent of individual income tax returns had an AGI of at least $68.9 million, the peak during the 10 years of this study, which was an increase of 8.7 percent from the previous year when the top 0.001 percent of tax returns had an AGI of at least $63.4 million (Figure A). These returns accounted for 2.1 percent of total AGI in TY 2018, down from 2.3 percent in TY 2017; and they also accounted for 3.6 percent of the total income tax in TY 2018 (Figure B), down from 3.9 percent in TY 2017. Total AGI for the 0.001 percentile decreased by 5.6 percent from $256.3 billion in 2017 to $242 billion in 2018. The average AGI for this percentile was $167.7 million (Figure C). The average AGI reported on all returns was $80,128 in comparison with $76,321 for the previous year.

For TY 2018, the average tax rate for the top 0.001 percent of tax returns was 22.9 percent, down from the TY 2017 rate of 24.1 percent. As has been the case for all 10 years of this study, the average tax rate for the top 0.001 percent remained lower than the average tax rates of all percentiles from the top 0.01 percent through the top 3 percent of returns (Figure D).

### Highlights:

- For Tax Year (TY) 2018, the adjusted gross income (AGI) threshold was $43,614 for the top 50 percent of all *U.S. Individual Income Tax Returns* (Forms 1040). These taxpayers accounted for 88.4 percent of total AGI and paid 97 percent of total income tax.
- The top 3 percent of tax returns filed reported more than half (53 percent) of total income tax. These taxpayers had an AGI of $286,106 or more (30 percent of total AGI).
- The top 1 percent of tax returns had an AGI of $540,009 or more accounting for 20.9 percent of total AGI and 40.1 percent of total income tax.
- The top 0.01 percent of tax returns had an AGI of $13,576,286 or more. These taxpayers reported 4.9 percent of total AGI and paid 9.1 percent of total income tax.
- The top 0.001 percent of tax returns had an AGI of $68,934,261 or more, accounting for 2.1 percent of total AGI and 3.6 percent of total income tax.
- The average tax rate for all returns filed for 2018 was 13.3 percent.

### Figure A
**Adjusted Gross Income (AGI) Threshold for the Top 0.001 Percent of Returns, Tax Years 2009–2018**




[1]: Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2018 the CPI-U = 251.107.
NOTES: Figure is based on all individual income tax returns excluding dependents. AGI threshold is the minimum amount of adjusted gross income needed for inclusion in the top 0.001 percentile.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

[1] See *Statistics of Income—2018 Individual Income Tax Returns (Complete Report)* (Publication 1304) Table 1.7, for income and tax data related to dependent returns.

Taxpayers in the top 0.1 percent paid the highest average tax rate (26 percent), and each successive percentile paid lower average tax rates, falling to 14.6 percent for the top 50 percent of returns.

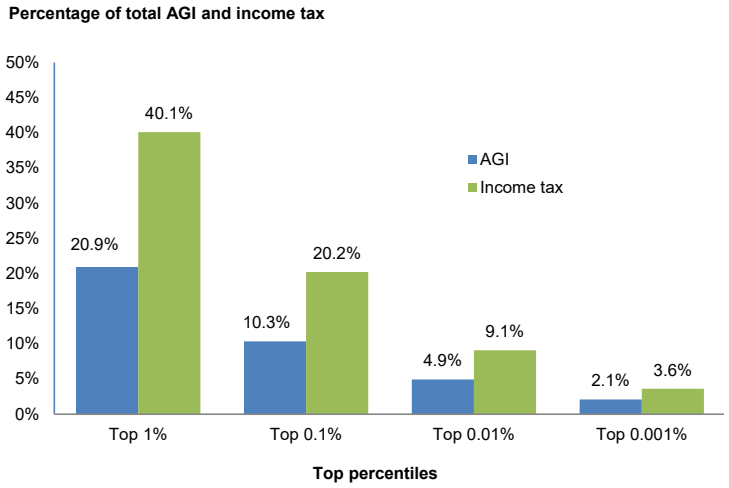
For TY 2018, taxpayers filing returns that were in the top 1 percent reported an AGI of $540,009 or more, an increase from the AGI floor for this group for TY 2017 ($515,371) (Figure E). These taxpayers accounted for 20.9 percent of total AGI and 40.1 percent of the total income tax (Figure F), a decrease from 21 percent of total AGI for 2017 but an increase from 38.5 percent of the total income tax for that year. In contrast with the top 1 percent, the bottom 50 percent of returns for 2018 reported less total AGI (11.6 percent) and less total income tax (2.9 percent); those same returns also had a much lower average tax rate (3.4 percent) for 2018 (Table 2) versus 28.4 percent average tax rate for the top 1 percent (Table 1).

In constant dollars, the AGI threshold for the top 50 percent of returns was trending downward between 2009 and 2011, going from a threshold of $20,814 (2009) to $20,234 (2011) (Figure G and Table 1). Between 2012 and 2017, however, the AGI threshold steadily increased, reaching $22,261 in 2017. In 2018, the AGI threshold for the top 50 percent of returns increased even further to $22,704.

As expected for a graduated income tax system, the top 0.001 percent through the top 50 percent of returns recorded larger shares of the income tax compared to their respective shares of AGI. For TY 2018, the top 0.001 percent reported a 0.25 percentage point decrease in both its share of total AGI and its share of total income tax. The top 0.01 percent of returns reported a 0.24 percentage point decrease in its share of total AGI but showed a 0.15 percentage point increase in its share of total income tax. All other percentiles through the top 50 percent also experienced decreases in their respective shares of total AGI accompanied by increased shares in total income tax. For TY 2018, the amount of AGI needed for inclusion in the top 50 percent of returns (i.e., the AGI threshold) was $43,614. These returns accounted for 88.4 percent of total AGI and paid 97.1 percent of total income tax.

For TY 2018, the portion of total AGI earned through salaries and wages for all returns was 67.8 percent (Table 3). The top 0.001 percent of returns earned only 9.1 percent of AGI through salaries and wages. Conversely, sales of capital assets accounted for 56.3 percent of AGI for the top 0.001 percent of returns while only accounting for 8 percent of AGI for all returns.

## Figure B
### Percentage of Total Adjusted Gross Income (AGI) and Income Tax for Top Percentiles of AGI, Tax Year 2018




NOTE: Figure is based on all individual income tax returns excluding dependents.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

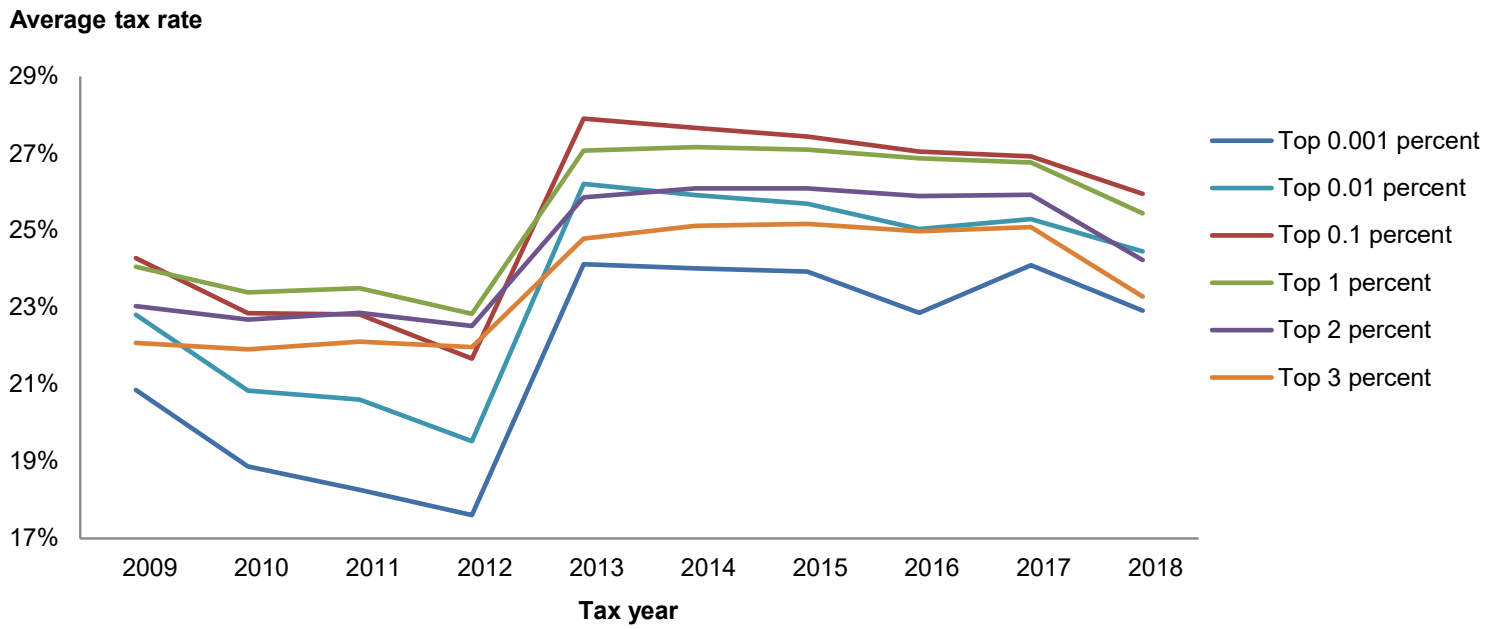
## Figure C
### Average Adjusted Gross Income by Percentile, Tax Years 2009–2018

[Money amounts are in current dollars]

| Tax year | All returns | Top 0.001 percent | Top 0.01 percent | Top 0.1 percent | Top 1 percent | Top 2 percent | Top 5 percent | Top 10 percent | Top 25 percent | Top 50 percent |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 2009 | 57,146 | 95,205,128 | 21,240,160 | 4,535,545 | 983,734 | 634,949 | 367,840 | 250,144 | 152,549 | 100,712 |
| 2010 | 59,539 | 123,501,481 | 27,146,782 | 5,502,277 | 1,123,533 | 711,697 | 402,300 | 268,923 | 160,877 | 105,095 |
| 2011 | 60,894 | 106,137,628 | 25,063,182 | 5,397,705 | 1,138,993 | 726,635 | 412,763 | 276,382 | 165,188 | 107,722 |
| 2012 | 66,444 | 160,960,323 | 36,844,062 | 7,473,964 | 1,452,625 | 898,904 | 489,555 | 318,040 | 184,058 | 118,133 |
| 2013 | 65,314 | 122,192,336 | 27,827,417 | 5,897,219 | 1,243,406 | 793,751 | 449,616 | 299,574 | 177,906 | 115,616 |
| 2014 | 69,565 | 148,384,670 | 34,086,701 | 7,065,519 | 1,431,492 | 901,023 | 500,260 | 328,414 | 191,751 | 123,451 |
| 2015 | 71,829 | 152,016,289 | 35,070,892 | 7,318,955 | 1,483,596 | 933,747 | 518,192 | 340,168 | 198,230 | 127,447 |
| 2016 | 72,090 | 145,446,416 | 32,713,039 | 6,859,762 | 1,421,735 | 903,161 | 507,468 | 335,684 | 197,320 | 127,472 |
| 2017 | 76,321 | 178,820,656 | 39,459,386 | 8,028,689 | 1,606,089 | 1,008,196 | 557,596 | 364,349 | 211,071 | 135,469 |
| 2018 | 80,128 | 167,674,290 | 39,508,661 | 8,291,897 | 1,676,871 | 1,054,808 | 584,542 | 381,873 | 220,877 | 141,657 |

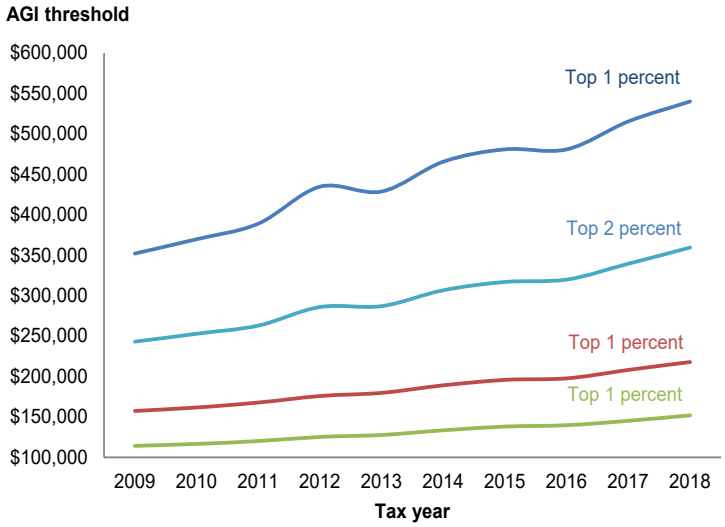
NOTE: Figure is based on all individual income tax returns excluding dependents.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

## Figure D
**Percentage of Total Adjusted Gross Income (AGI) and Income Tax for Top Percentiles of AGI, Tax Year 2018**



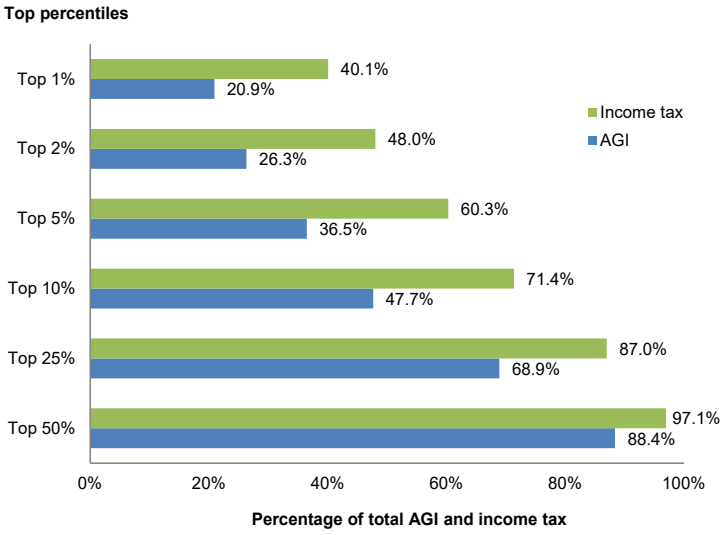

NOTE: Figure is based on all individual income tax returns, excluding dependents.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

## Figure E
**Adjusted Gross Income (AGI) Thresholds in Current Dollars, Tax Years 2009–2018**




NOTES: AGI threshold is the minimum amount of adjusted gross income needed for inclusion in each percentile. Figure is based on all individual income tax returns excluding dependents.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

## Figure F
**Percentage of Total Adjusted Gross Income (AGI) and Income Tax by Percentiles of AGI, Tax Year 2018**

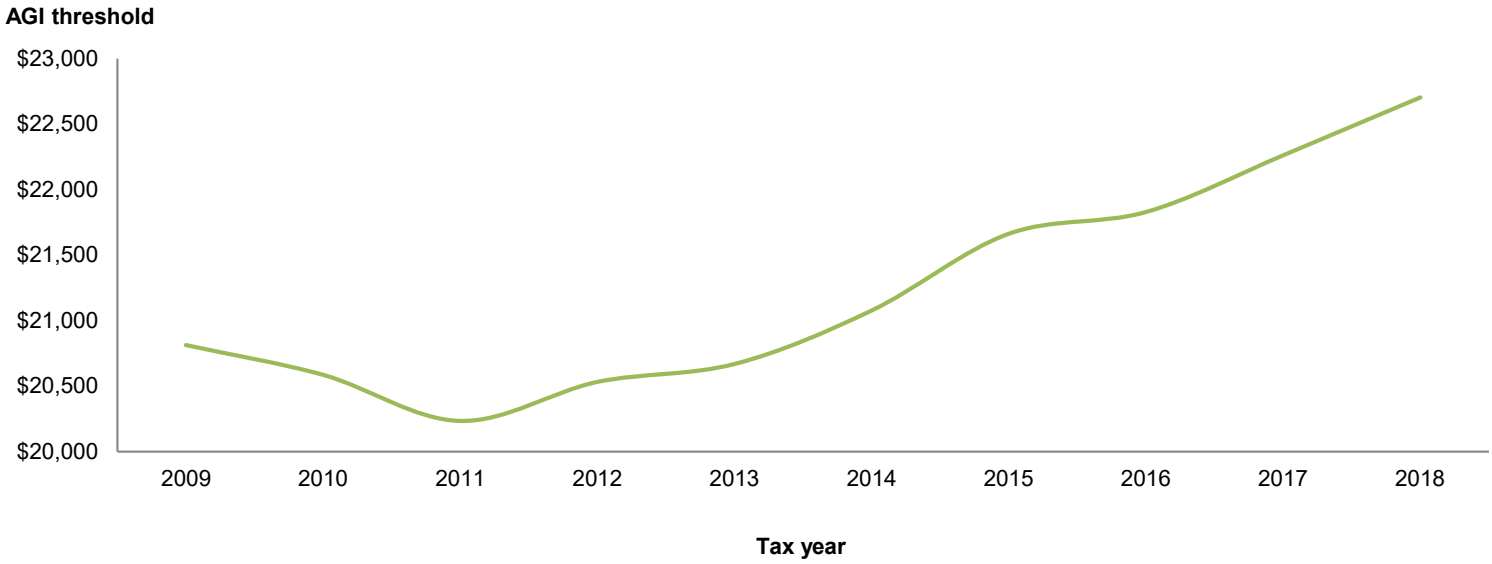



NOTES: Figure is based on all individual income tax returns excluding dependents. Graph is based on money amounts in current dollars.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

## Changes in Law and Data Sources and Limitations

SOI publishes an annual report that contains complete individual income tax data by tax year, including sections on "Changes in Law" and "Data Sources and Limitations." The statistics are based on a sample of individual income tax returns, selected before audit, which represents the population of Forms 1040, including electronic returns. The report contains data on sources of income, adjusted gross income, deductions, taxable income, income tax, modified taxable income, tax credits, self-employment tax, and tax payments.

**Figure G**
**Adjusted Gross Income (AGI) Threshold for the Top 50 Percent of Returns in Constant Dollars, Tax Years 2009–2018**




NOTES: Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2018 the CPI-U = 251.107. AGI threshold is the minimum amount of adjusted gross income needed for inclusion in a percentile. Figure is based on all individual income tax returns excluding dependents.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

For a detailed description of changes in law that may affect the data in this article, see *Statistics of Income—2018 Individual Income Tax Returns (Complete Report),* Publication 1304, Section 1. For a detailed description of the data sources and limitations, see Section 6. This report is available for download on IRS' Tax Stats webpage at: https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report.

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**Table 1. All Individual Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, AGI Threshold on Percentiles in Current and Constant Dollars, and Average Tax Rate, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018**

[All figures are estimates based on samples]

| Tax year | Total | Descending cumulative percentile | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Top 0.001 percent | Top 0.01 percent | Top 0.1 percent | Top 1 percent | Top 2 percent | Top 3 percent | Top 4 percent |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **Number of returns [1]:** | | | | | | | | |
| 2009 | 132,619,936 | 1,326 | 13,262 | 132,620 | 1,326,199 | 2,652,399 | 3,978,598 | 5,304,797 |
| 2010 | 135,033,492 | 1,350 | 13,503 | 135,033 | 1,350,335 | 2,700,670 | 4,051,005 | 5,401,340 |
| 2011 | 136,585,712 | 1,366 | 13,659 | 136,586 | 1,365,857 | 2,731,714 | 4,097,571 | 5,463,428 |
| 2012 | 136,080,353 | 1,361 | 13,608 | 136,080 | 1,360,804 | 2,721,607 | 4,082,411 | 5,443,214 |
| 2013 | 138,313,155 | 1,383 | 13,831 | 138,313 | 1,383,132 | 2,766,263 | 4,149,395 | 5,532,526 |
| 2014 | 139,562,034 | 1,396 | 13,956 | 139,562 | 1,395,620 | 2,791,241 | 4,186,861 | 5,582,481 |
| 2015 | 141,204,625 | 1,412 | 14,120 | 141,205 | 1,412,046 | 2,824,093 | 4,236,139 | 5,648,185 |
| 2016 | 140,888,785 | 1,409 | 14,089 | 140,889 | 1,408,888 | 2,817,776 | 4,226,664 | 5,635,551 |
| 2017 | 143,295,160 | 1,433 | 14,330 | 143,295 | 1,432,952 | 2,865,903 | 4,298,855 | 5,731,806 |
| 2018 | 144,317,866 | 1,443 | 14,432 | 144,318 | 1,443,179 | 2,886,357 | 4,329,536 | 5,772,715 |
| **Adjusted gross income threshold on percentiles (current dollars):** | | | | | | | | |
| 2009 | N/A | 34,381,494 | 7,206,540 | 1,469,393 | 351,968 | 243,096 | 198,731 | 174,432 |
| 2010 | N/A | 45,039,369 | 8,762,618 | 1,634,386 | 369,691 | 252,785 | 205,942 | 179,023 |
| 2011 | N/A | 41,965,258 | 8,830,028 | 1,717,675 | 388,905 | 262,933 | 213,441 | 185,812 |
| 2012 | N/A | 62,068,187 | 12,104,014 | 2,161,175 | 434,682 | 285,908 | 227,923 | 196,416 |
| 2013 | N/A | 45,097,112 | 9,460,540 | 1,860,848 | 428,713 | 287,018 | 231,507 | 200,472 |
| 2014 | N/A | 56,981,718 | 11,407,987 | 2,136,762 | 465,626 | 306,650 | 245,902 | 211,261 |
| 2015 | N/A | 59,380,503 | 11,930,649 | 2,220,264 | 480,930 | 316,913 | 253,979 | 218,911 |
| 2016 | N/A | 53,052,900 | 10,963,921 | 2,124,117 | 480,804 | 319,796 | 256,673 | 221,381 |
| 2017 | N/A | 63,430,119 | 12,899,070 | 2,374,937 | 515,371 | 339,478 | 271,182 | 232,955 |
| 2018 | N/A | 68,934,261 | 13,576,286 | 2,514,209 | 540,009 | 359,368 | 286,106 | 245,050 |
| **Adjusted gross income threshold on percentiles (constant dollars) [2]:** | | | | | | | | |
| 2009 | N/A | 20,951,550 | 4,391,554 | 895,425 | 214,484 | 148,139 | 121,104 | 106,296 |
| 2010 | N/A | 27,002,020 | 5,253,368 | 979,848 | 221,637 | 151,550 | 123,466 | 107,328 |
| 2011 | N/A | 24,384,229 | 5,130,754 | 998,068 | 225,976 | 152,779 | 124,021 | 107,967 |
| 2012 | N/A | 35,346,348 | 6,892,946 | 1,230,737 | 247,541 | 162,818 | 129,797 | 111,854 |
| 2013 | N/A | 25,301,633 | 5,307,815 | 1,044,025 | 240,528 | 161,031 | 129,886 | 112,474 |
| 2014 | N/A | 31,464,229 | 6,299,275 | 1,179,880 | 257,110 | 169,326 | 135,782 | 116,654 |
| 2015 | N/A | 32,752,622 | 6,580,612 | 1,224,635 | 265,268 | 174,800 | 140,088 | 120,745 |
| 2016 | N/A | 28,895,915 | 5,971,635 | 1,156,926 | 261,876 | 174,181 | 139,800 | 120,578 |
| 2017 | N/A | 33,829,397 | 6,879,504 | 1,266,633 | 274,865 | 181,055 | 144,630 | 124,243 |
| 2018 | N/A | 35,884,571 | 7,067,301 | 1,308,802 | 281,108 | 187,073 | 148,936 | 127,564 |
| **Adjusted gross income (millions of dollars):** | | | | | | | | |
| 2009 | 7,578,641 | 126,242 | 281,687 | 601,504 | 1,304,627 | 1,684,139 | 1,973,637 | 2,219,853 |
| 2010 | 8,039,779 | 166,727 | 366,563 | 742,989 | 1,517,146 | 1,922,058 | 2,228,360 | 2,486,918 |
| 2011 | 8,317,188 | 144,984 | 342,338 | 737,251 | 1,555,701 | 1,984,960 | 2,306,674 | 2,578,137 |
| 2012 | 9,041,744 | 219,067 | 501,374 | 1,017,057 | 1,976,738 | 2,446,464 | 2,791,205 | 3,078,337 |
| 2013 | 9,033,840 | 168,992 | 384,881 | 815,662 | 1,719,794 | 2,195,723 | 2,550,046 | 2,847,179 |
| 2014 | 9,708,663 | 207,145 | 475,714 | 986,078 | 1,997,819 | 2,514,973 | 2,895,712 | 3,212,471 |
| 2015 | 10,142,620 | 214,647 | 495,201 | 1,033,473 | 2,094,906 | 2,636,987 | 3,034,889 | 3,366,920 |
| 2016 | 10,156,612 | 204,934 | 460,894 | 966,465 | 2,003,066 | 2,544,904 | 2,946,100 | 3,280,595 |
| 2017 | 10,936,500 | 256,250 | 565,453 | 1,150,471 | 2,301,449 | 2,889,391 | 3,321,003 | 3,680,328 |
| 2018 | 11,563,883 | 241,954 | 570,189 | 1,196,670 | 2,420,025 | 3,044,552 | 3,503,876 | 3,884,856 |
| **Total income tax (millions of dollars) [3]:** | | | | | | | | |
| 2009 | 863,486 | 26,328 | 64,253 | 146,030 | 313,826 | 387,828 | 435,662 | 472,299 |
| 2010 | 949,144 | 31,453 | 76,390 | 169,734 | 354,810 | 436,043 | 488,303 | 528,045 |
| 2011 | 1,042,571 | 26,488 | 70,545 | 168,222 | 365,518 | 453,679 | 510,000 | 553,220 |
| 2012 | 1,184,978 | 38,563 | 97,902 | 220,414 | 451,328 | 550,934 | 613,192 | 660,121 |
| 2013 | 1,231,911 | 40,764 | 100,868 | 227,623 | 465,705 | 567,786 | 631,900 | 680,817 |
| 2014 | 1,374,379 | 49,740 | 123,288 | 272,826 | 542,640 | 656,229 | 727,556 | 780,687 |
| 2015 | 1,454,325 | 51,375 | 127,236 | 283,577 | 567,697 | 688,137 | 763,764 | 820,335 |
| 2016 | 1,442,385 | 46,845 | 115,384 | 261,423 | 538,257 | 658,950 | 735,763 | 793,331 |
| 2017 | 1,601,309 | 61,750 | 143,024 | 309,765 | 615,979 | 748,944 | 833,142 | 895,962 |
| 2018 | 1,536,178 | 55,455 | 139,455 | 310,631 | 615,716 | 737,900 | 815,821 | 876,470 |

Footnotes at end of table.

**Table 1. All Individual Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, AGI Threshold on Percentiles in Current and Constant Dollars, and Average Tax Rate, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018—Continued**

[All figures are estimates based on samples]

| Tax year | Total | Descending cumulative percentile | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Top 0.001 percent | Top 0.01 percent | Top 0.1 percent | Top 1 percent | Top 2 percent | Top 3 percent | Top 4 percent |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **Average tax rate (percentage) [4]:** | | | | | | | | |
| 2009 | 11.39 | 20.86 | 22.81 | 24.28 | 24.05 | 23.03 | 22.07 | 21.28 |
| 2010 | 11.81 | 18.87 | 20.84 | 22.84 | 23.39 | 22.69 | 21.91 | 21.23 |
| 2011 | 12.54 | 18.27 | 20.61 | 22.82 | 23.50 | 22.86 | 22.11 | 21.46 |
| 2012 | 13.11 | 17.60 | 19.53 | 21.67 | 22.83 | 22.52 | 21.97 | 21.44 |
| 2013 | 13.64 | 24.12 | 26.21 | 27.91 | 27.08 | 25.86 | 24.78 | 23.91 |
| 2014 | 14.16 | 24.01 | 25.92 | 27.67 | 27.16 | 26.09 | 25.13 | 24.30 |
| 2015 | 14.34 | 23.93 | 25.69 | 27.44 | 27.10 | 26.10 | 25.17 | 24.36 |
| 2016 | 14.20 | 22.86 | 25.03 | 27.05 | 26.87 | 25.89 | 24.97 | 24.18 |
| 2017 | 14.64 | 24.10 | 25.29 | 26.93 | 26.76 | 25.92 | 25.09 | 24.34 |
| 2018 | 13.28 | 22.92 | 24.46 | 25.96 | 25.44 | 24.24 | 23.28 | 22.56 |
| **Adjusted gross income share (percentage):** | | | | | | | | |
| 2009 | 100.00 | 1.67 | 3.72 | 7.94 | 17.21 | 22.22 | 26.04 | 29.29 |
| 2010 | 100.00 | 2.07 | 4.56 | 9.24 | 18.87 | 23.91 | 27.72 | 30.93 |
| 2011 | 100.00 | 1.74 | 4.12 | 8.86 | 18.70 | 23.87 | 27.73 | 31.00 |
| 2012 | 100.00 | 2.42 | 5.55 | 11.25 | 21.86 | 27.06 | 30.87 | 34.05 |
| 2013 | 100.00 | 1.87 | 4.26 | 9.03 | 19.04 | 24.31 | 28.23 | 31.52 |
| 2014 | 100.00 | 2.13 | 4.90 | 10.16 | 20.58 | 25.90 | 29.83 | 33.09 |
| 2015 | 100.00 | 2.12 | 4.88 | 10.19 | 20.65 | 26.00 | 29.92 | 33.20 |
| 2016 | 100.00 | 2.02 | 4.54 | 9.52 | 19.72 | 25.06 | 29.01 | 32.30 |
| 2017 | 100.00 | 2.34 | 5.17 | 10.52 | 21.04 | 26.42 | 30.37 | 33.65 |
| 2018 | 100.00 | 2.09 | 4.93 | 10.35 | 20.93 | 26.33 | 30.30 | 33.59 |
| **Total income tax share (percentage):** | | | | | | | | |
| 2009 | 100.00 | 3.05 | 7.44 | 16.91 | 36.34 | 44.91 | 50.45 | 54.70 |
| 2010 | 100.00 | 3.31 | 8.05 | 17.88 | 37.38 | 45.94 | 51.45 | 55.63 |
| 2011 | 100.00 | 2.54 | 6.77 | 16.14 | 35.06 | 43.52 | 48.92 | 53.06 |
| 2012 | 100.00 | 3.25 | 8.26 | 18.60 | 38.09 | 46.49 | 51.75 | 55.71 |
| 2013 | 100.00 | 3.31 | 8.19 | 18.48 | 37.80 | 46.09 | 51.29 | 55.27 |
| 2014 | 100.00 | 3.62 | 8.97 | 19.85 | 39.48 | 47.75 | 52.94 | 56.80 |
| 2015 | 100.00 | 3.53 | 8.75 | 19.50 | 39.04 | 47.32 | 52.52 | 56.41 |
| 2016 | 100.00 | 3.25 | 8.00 | 18.12 | 37.32 | 45.68 | 51.01 | 55.00 |
| 2017 | 100.00 | 3.86 | 8.93 | 19.34 | 38.47 | 46.77 | 52.03 | 55.95 |
| 2018 | 100.00 | 3.61 | 9.08 | 20.22 | 40.08 | 48.03 | 53.11 | 57.06 |

Footnotes at end of table.

**Table 1. All Individual Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, AGI Threshold on Percentiles in Current and Constant Dollars, and Average Tax Rate, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018—Continued**

[All figures are estimates based on samples]

| Tax year | Descending cumulative percentile | | | | | | |
|---|---|---|---|---|---|---|---|
| | Top 5 percent | Top 10 percent | Top 20 percent | Top 25 percent | Top 30 percent | Top 40 percent | Top 50 percent |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
| **Number of returns [1]:** | | | | | | | |
| 2009 | 6,630,997 | 13,261,994 | 26,523,987 | 33,154,984 | 39,785,981 | 53,047,974 | 66,309,968 |
| 2010 | 6,751,675 | 13,503,349 | 27,006,698 | 33,758,373 | 40,510,048 | 54,013,397 | 67,516,746 |
| 2011 | 6,829,286 | 13,658,571 | 27,317,142 | 34,146,428 | 40,975,714 | 54,634,285 | 68,292,856 |
| 2012 | 6,804,018 | 13,608,035 | 27,216,071 | 34,020,088 | 40,824,106 | 54,432,141 | 68,040,177 |
| 2013 | 6,915,658 | 13,831,316 | 27,662,631 | 34,578,289 | 41,493,947 | 55,325,262 | 69,156,578 |
| 2014 | 6,978,102 | 13,956,203 | 27,912,407 | 34,890,509 | 41,868,610 | 55,824,814 | 69,781,017 |
| 2015 | 7,060,231 | 14,120,463 | 28,240,925 | 35,301,156 | 42,361,388 | 56,481,850 | 70,602,313 |
| 2016 | 7,044,439 | 14,088,879 | 28,177,757 | 35,222,196 | 42,266,636 | 56,355,514 | 70,444,393 |
| 2017 | 7,164,758 | 14,329,516 | 28,659,032 | 35,823,790 | 42,988,548 | 57,318,064 | 71,647,580 |
| 2018 | 7,215,893 | 14,431,787 | 28,863,573 | 36,079,467 | 43,295,360 | 57,727,146 | 72,158,933 |
| **Adjusted gross income threshold on percentiles (current dollars):** | | | | | | | |
| 2009 | 157,342 | 114,181 | 79,237 | 68,216 | 58,876 | 44,529 | 34,156 |
| 2010 | 161,579 | 116,623 | 80,462 | 69,126 | 59,512 | 44,895 | 34,338 |
| 2011 | 167,728 | 120,136 | 82,241 | 70,492 | 60,789 | 45,722 | 34,823 |
| 2012 | 175,817 | 125,195 | 85,440 | 73,354 | 63,222 | 47,475 | 36,055 |
| 2013 | 179,760 | 127,695 | 87,434 | 74,955 | 64,650 | 48,463 | 36,841 |
| 2014 | 188,996 | 133,445 | 90,606 | 77,714 | 66,868 | 50,083 | 38,173 |
| 2015 | 195,778 | 138,031 | 93,212 | 79,655 | 68,632 | 51,571 | 39,275 |
| 2016 | 197,651 | 139,713 | 94,620 | 80,921 | 69,581 | 52,529 | 40,078 |
| 2017 | 208,053 | 145,135 | 97,870 | 83,682 | 72,268 | 54,672 | 41,740 |
| 2018 | 217,913 | 151,935 | 101,765 | 87,044 | 75,083 | 57,092 | 43,614 |
| **Adjusted gross income threshold on percentiles (constant dollars) [2]:** | | | | | | | |
| 2009 | 95,882 | 69,580 | 48,286 | 41,570 | 35,878 | 27,135 | 20,814 |
| 2010 | 96,870 | 69,918 | 48,239 | 41,442 | 35,679 | 26,915 | 20,586 |
| 2011 | 97,460 | 69,806 | 47,787 | 40,960 | 35,322 | 26,567 | 20,234 |
| 2012 | 100,124 | 71,296 | 48,656 | 41,773 | 36,003 | 27,036 | 20,532 |
| 2013 | 100,854 | 71,643 | 49,055 | 42,053 | 36,272 | 27,190 | 20,670 |
| 2014 | 104,360 | 73,686 | 50,031 | 42,912 | 36,923 | 27,655 | 21,078 |
| 2015 | 107,986 | 76,134 | 51,413 | 43,935 | 37,855 | 28,445 | 21,663 |
| 2016 | 107,653 | 76,096 | 51,536 | 44,075 | 37,898 | 28,611 | 21,829 |
| 2017 | 110,962 | 77,405 | 52,197 | 44,630 | 38,543 | 29,158 | 22,261 |
| 2018 | 113,437 | 79,092 | 52,975 | 45,312 | 39,085 | 29,720 | 22,704 |
| **Adjusted gross income (millions of dollars):** | | | | | | | |
| 2009 | 2,439,146 | 3,317,402 | 4,570,256 | 5,057,761 | 5,478,063 | 6,159,780 | 6,678,194 |
| 2010 | 2,716,199 | 3,631,364 | 4,927,262 | 5,430,952 | 5,864,278 | 6,564,169 | 7,095,680 |
| 2011 | 2,818,879 | 3,774,978 | 5,120,188 | 5,640,585 | 6,088,552 | 6,810,489 | 7,356,627 |
| 2012 | 3,330,944 | 4,327,899 | 5,722,980 | 6,261,677 | 6,725,553 | 7,473,507 | 8,037,800 |
| 2013 | 3,109,388 | 4,143,498 | 5,591,750 | 6,151,678 | 6,633,611 | 7,409,491 | 7,995,603 |
| 2014 | 3,490,867 | 4,583,416 | 6,104,146 | 6,690,287 | 7,193,799 | 8,002,581 | 8,614,544 |
| 2015 | 3,658,556 | 4,803,327 | 6,389,094 | 6,997,737 | 7,519,683 | 8,360,826 | 8,998,075 |
| 2016 | 3,574,828 | 4,729,405 | 6,333,469 | 6,950,051 | 7,479,129 | 8,331,664 | 8,979,705 |
| 2017 | 3,995,037 | 5,220,949 | 6,913,130 | 7,561,368 | 8,118,508 | 9,019,611 | 9,706,054 |
| 2018 | 4,217,996 | 5,511,117 | 7,289,834 | 7,969,121 | 8,552,653 | 9,499,838 | 10,221,814 |
| **Total income tax (millions of dollars) [3]:** | | | | | | | |
| 2009 | 502,274 | 603,504 | 712,700 | 749,022 | 777,801 | 818,789 | 842,286 |
| 2010 | 560,649 | 670,319 | 787,407 | 826,796 | 858,000 | 901,560 | 926,782 |
| 2011 | 588,967 | 711,663 | 846,579 | 892,616 | 929,529 | 981,800 | 1,012,460 |
| 2012 | 698,543 | 831,445 | 975,377 | 1,024,046 | 1,063,388 | 1,119,368 | 1,152,063 |
| 2013 | 721,242 | 859,863 | 1,011,220 | 1,062,798 | 1,104,510 | 1,163,238 | 1,197,603 |
| 2014 | 824,153 | 974,124 | 1,137,716 | 1,192,679 | 1,236,678 | 1,299,383 | 1,336,637 |
| 2015 | 866,447 | 1,026,601 | 1,201,501 | 1,259,698 | 1,306,271 | 1,373,073 | 1,413,200 |
| 2016 | 839,898 | 1,002,072 | 1,180,713 | 1,240,010 | 1,288,231 | 1,356,952 | 1,398,523 |
| 2017 | 946,954 | 1,122,158 | 1,314,957 | 1,378,757 | 1,430,369 | 1,505,513 | 1,551,537 |
| 2018 | 926,367 | 1,096,343 | 1,279,036 | 1,336,041 | 1,382,868 | 1,450,202 | 1,491,041 |

Footnotes at end of table

**Table 1. All Individual Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, AGI Threshold on Percentiles in Current and Constant Dollars, and Average Tax Rate, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018—Continued**

[All figures are estimates based on samples]

| Tax year | Descending cumulative percentile | | | | | | |
|---|---|---|---|---|---|---|---|
| | Top 5 percent | Top 10 percent | Top 20 percent | Top 25 percent | Top 30 percent | Top 40 percent | Top 50 percent |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
| **Average tax rate (percentage) [4]:** | | | | | | | |
| 2009 | 20.59 | 18.19 | 15.59 | 14.81 | 14.20 | 13.29 | 12.61 |
| 2010 | 20.64 | 18.46 | 15.98 | 15.22 | 14.63 | 13.73 | 13.06 |
| 2011 | 20.89 | 18.85 | 16.53 | 15.82 | 15.27 | 14.42 | 13.76 |
| 2012 | 20.97 | 19.21 | 17.04 | 16.35 | 15.81 | 14.98 | 14.33 |
| 2013 | 23.20 | 20.75 | 18.08 | 17.28 | 16.65 | 15.70 | 14.98 |
| 2014 | 23.61 | 21.25 | 18.64 | 17.83 | 17.19 | 16.24 | 15.52 |
| 2015 | 23.68 | 21.37 | 18.81 | 18.00 | 17.37 | 16.42 | 15.71 |
| 2016 | 23.49 | 21.19 | 18.64 | 17.84 | 17.22 | 16.29 | 15.57 |
| 2017 | 23.70 | 21.49 | 19.02 | 18.23 | 17.62 | 16.69 | 15.99 |
| 2018 | 21.96 | 19.89 | 17.55 | 16.77 | 16.17 | 15.27 | 14.59 |
| **Adjusted gross income share (percentage):** | | | | | | | |
| 2009 | 32.18 | 43.77 | 60.30 | 66.74 | 72.28 | 81.28 | 88.12 |
| 2010 | 33.78 | 45.17 | 61.29 | 67.55 | 72.94 | 81.65 | 88.26 |
| 2011 | 33.89 | 45.39 | 61.56 | 67.82 | 73.20 | 81.88 | 88.45 |
| 2012 | 36.84 | 47.87 | 63.30 | 69.25 | 74.38 | 82.66 | 88.90 |
| 2013 | 34.42 | 45.87 | 61.90 | 68.10 | 73.43 | 82.02 | 88.51 |
| 2014 | 35.96 | 47.21 | 62.87 | 68.91 | 74.10 | 82.43 | 88.73 |
| 2015 | 36.07 | 47.36 | 62.99 | 68.99 | 74.14 | 82.43 | 88.72 |
| 2016 | 35.20 | 46.56 | 62.36 | 68.43 | 73.64 | 82.03 | 88.41 |
| 2017 | 36.53 | 47.74 | 63.21 | 69.14 | 74.23 | 82.47 | 88.75 |
| 2018 | 36.48 | 47.66 | 63.04 | 68.91 | 73.96 | 82.15 | 88.39 |
| **Total income tax share (percentage):** | | | | | | | |
| 2009 | 58.17 | 69.89 | 82.54 | 86.74 | 90.08 | 94.82 | 97.54 |
| 2010 | 59.07 | 70.62 | 82.96 | 87.11 | 90.40 | 94.99 | 97.64 |
| 2011 | 56.49 | 68.26 | 81.20 | 85.62 | 89.16 | 94.17 | 97.11 |
| 2012 | 58.95 | 70.17 | 82.31 | 86.42 | 89.74 | 94.46 | 97.22 |
| 2013 | 58.55 | 69.80 | 82.09 | 86.27 | 89.66 | 94.43 | 97.22 |
| 2014 | 59.97 | 70.88 | 82.78 | 86.78 | 89.98 | 94.54 | 97.25 |
| 2015 | 59.58 | 70.59 | 82.62 | 86.62 | 89.82 | 94.41 | 97.17 |
| 2016 | 58.23 | 69.47 | 81.86 | 85.97 | 89.31 | 94.08 | 96.96 |
| 2017 | 59.14 | 70.08 | 82.12 | 86.10 | 89.33 | 94.02 | 96.89 |
| 2018 | 60.30 | 71.37 | 83.26 | 86.97 | 90.02 | 94.40 | 97.06 |

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 1, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100).For 2018 the CPI-U = 251.107.
[3] Total income tax was the sum of income tax after credits (including the subtraction of the earned income credit, American opportunity credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from *Tax on Accumulation Distribution of Trusts* (Form 4970.)
[4] The average tax rate was computed by dividing total income tax (see footnote 3) by adjusted gross income.
SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

**Table 2. All Individual Income Tax Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, and Average Tax Rate, by Selected Ascending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018**
[All figures are estimates based on samples]

| Item, tax year | Total | Ascending cumulative percentile | | | | |
|---|---|---|---|---|---|---|
| | | Bottom 50 percent | Bottom 75 percent | Bottom 90 percent | Bottom 95 percent | Bottom 99 percent |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **Number of returns:** | | | | | | |
| 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 |
| 2012 | 136,080,353 | 68,040,177 | 102,060,265 | 122,472,318 | 129,276,335 | 134,719,549 |
| 2013 | 138,313,155 | 69,156,578 | 103,734,866 | 124,481,840 | 131,397,497 | 136,930,023 |
| 2014 | 139,562,034 | 69,781,017 | 104,671,526 | 125,605,831 | 132,583,932 | 138,166,414 |
| 2015 | 141,204,625 | 70,602,313 | 105,903,469 | 127,084,163 | 134,144,394 | 139,792,579 |
| 2016 | 140,888,785 | 70,444,393 | 105,666,589 | 126,799,907 | 133,844,346 | 139,479,897 |
| 2017 | 143,295,160 | 71,647,580 | 107,471,370 | 128,965,644 | 136,130,402 | 141,862,208 |
| 2018 | 144,317,866 | 72,158,933 | 108,238,400 | 129,886,079 | 137,101,973 | 142,874,687 |
| **Adjusted gross income (millions of dollars):** | | | | | | |
| 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 |
| 2012 | 9,041,744 | 1,003,944 | 2,780,067 | 4,713,845 | 5,710,800 | 7,065,006 |
| 2013 | 9,033,840 | 1,038,237 | 2,882,162 | 4,890,343 | 5,924,452 | 7,314,046 |
| 2014 | 9,708,663 | 1,094,119 | 3,018,376 | 5,125,247 | 6,217,796 | 7,710,844 |
| 2015 | 10,142,620 | 1,144,545 | 3,144,883 | 5,339,293 | 6,484,064 | 8,047,714 |
| 2016 | 10,156,612 | 1,176,907 | 3,206,562 | 5,427,208 | 6,581,784 | 8,153,546 |
| 2017 | 10,936,500 | 1,230,446 | 3,375,132 | 5,715,551 | 6,941,463 | 8,635,051 |
| 2018 | 11,563,883 | 1,342,069 | 3,594,762 | 6,052,766 | 7,345,887 | 9,143,858 |
| **Total income tax (millions of dollars) [1]:** | | | | | | |
| 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 |
| 2012 | 1,184,978 | 32,915 | 160,934 | 353,533 | 486,435 | 733,650 |
| 2013 | 1,231,911 | 34,307 | 169,113 | 372,048 | 510,669 | 766,206 |
| 2014 | 1,374,379 | 37,740 | 181,700 | 400,255 | 550,226 | 831,738 |
| 2015 | 1,454,325 | 41,125 | 194,628 | 427,723 | 587,879 | 886,628 |
| 2016 | 1,442,385 | 43,863 | 202,378 | 440,313 | 602,487 | 904,128 |
| 2017 | 1,601,309 | 49,772 | 222,552 | 479,151 | 654,355 | 985,330 |
| 2018 | 1,536,178 | 45,137 | 200,137 | 439,835 | 609,811 | 920,462 |
| **Average tax rate (percentage) [2]:** | | | | | | |
| 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 |
| 2012 | 13.11 | 3.28 | 5.79 | 7.50 | 8.52 | 10.38 |
| 2013 | 13.64 | 3.30 | 5.87 | 7.61 | 8.62 | 10.48 |
| 2014 | 14.16 | 3.45 | 6.02 | 7.81 | 8.85 | 10.79 |
| 2015 | 14.34 | 3.59 | 6.19 | 8.01 | 9.07 | 11.02 |
| 2016 | 14.20 | 3.73 | 6.31 | 8.11 | 9.15 | 11.09 |
| 2017 | 14.64 | 4.05 | 6.59 | 8.38 | 9.43 | 11.41 |
| 2018 | 13.28 | 3.36 | 5.57 | 7.27 | 8.30 | 10.07 |

Footnotes at end of table.

**Table 2. All Individual Income Tax Returns Excluding Dependent Returns: Number of Returns, Amount and Share of Adjusted Gross Income (AGI) and Total Income Tax, and Average Tax Rate, by Selected Ascending Cumulative Percentiles of Returns Based on AGI Using the Definition of AGI for Each Year, Tax Years 2009–2018—Continued**
[All figures are estimates based on samples]

| Item, tax year | Total | Ascending cumulative percentile | | | | |
|---|---|---|---|---|---|---|
| | | Bottom 50 percent | Bottom 75 percent | Bottom 90 percent | Bottom 95 percent | Bottom 99 percent |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **Adjusted gross income share (percentage):** | | | | | | |
| 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 |
| 2012 | 100.00 | 11.10 | 30.75 | 52.13 | 63.16 | 78.14 |
| 2013 | 100.00 | 11.49 | 31.90 | 54.13 | 65.58 | 80.96 |
| 2014 | 100.00 | 11.27 | 31.09 | 52.79 | 64.04 | 79.42 |
| 2015 | 100.00 | 11.28 | 31.01 | 52.64 | 63.93 | 79.35 |
| 2016 | 100.00 | 11.59 | 31.57 | 53.44 | 64.80 | 80.28 |
| 2017 | 100.00 | 11.25 | 30.86 | 52.26 | 63.47 | 78.96 |
| 2018 | 100.00 | 11.61 | 31.09 | 52.34 | 63.52 | 79.07 |
| **Total income tax share (percentage):** | | | | | | |
| 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 |
| 2012 | 100.00 | 2.78 | 13.58 | 29.83 | 41.05 | 61.91 |
| 2013 | 100.00 | 2.78 | 13.73 | 30.20 | 41.45 | 62.20 |
| 2014 | 100.00 | 2.75 | 13.22 | 29.12 | 40.03 | 60.52 |
| 2015 | 100.00 | 2.83 | 13.38 | 29.41 | 40.42 | 60.96 |
| 2016 | 100.00 | 3.04 | 14.03 | 30.53 | 41.77 | 62.68 |
| 2017 | 100.00 | 3.11 | 13.90 | 29.92 | 40.86 | 61.53 |
| 2018 | 100.00 | 2.94 | 13.03 | 28.63 | 39.70 | 59.92 |

[1] Total income tax was the sum of income tax after credits (including the subtraction of the earned income credit, American opportunity credit, regulated investment credit, health insurance credit, and the refundable prior-year minimum tax credit) limited to zero plus the tax from *Tax on Accumulation Distribution of Trusts* (Form 4970).
[2] 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 Shares, December 2020.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018**

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

| Descending cumulative percentiles | Number of returns | Cutoff for AGI | Adjusted gross income less deficit | Salaries and wages | | Taxable interest | |
|---|---|---|---|---|---|---|---|
| | | | | Number of returns | Amount | Number of returns | Amount |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **All returns, total** | **144,317,866** | **N/A** | **11,563,883,356** | **117,975,629** | **7,836,597,630** | **45,565,554** | **128,268,172** |
| .001 percent | 1,443 | 68,934,261 | 241,953,583 | 1,101 | 22,119,737 | 1,439 | 11,952,207 |
| .01 percent | 14,432 | 13,576,286 | 570,188,773 | 11,529 | 90,287,885 | 14,362 | 24,130,729 |
| .1 percent | 144,318 | 2,514,209 | 1,196,669,866 | 116,586 | 277,093,997 | 142,446 | 41,916,205 |
| 1 percent | 1,443,179 | 540,009 | 2,420,025,488 | 1,219,112 | 867,537,222 | 1,367,884 | 63,443,927 |
| 2 percent | 2,886,357 | 359,368 | 3,044,552,084 | 2,479,080 | 1,257,258,492 | 2,618,453 | 70,346,445 |
| 3 percent | 4,329,536 | 286,106 | 3,503,875,630 | 3,725,337 | 1,559,912,859 | 3,794,590 | 74,836,232 |
| 4 percent | 5,772,715 | 245,050 | 3,884,855,727 | 4,986,887 | 1,821,381,051 | 4,905,034 | 78,161,315 |
| 5 percent | 7,215,893 | 217,913 | 4,217,995,514 | 6,255,933 | 2,055,218,684 | 5,972,788 | 80,584,714 |
| 10 percent | 14,431,787 | 151,935 | 5,511,117,454 | 12,579,695 | 2,991,337,971 | 10,753,788 | 89,392,872 |
| 20 percent | 28,863,573 | 101,765 | 7,289,833,840 | 25,101,913 | 4,309,235,663 | 18,646,055 | 99,990,477 |
| 25 percent | 36,079,467 | 87,044 | 7,969,121,269 | 31,267,624 | 4,812,203,112 | 21,975,945 | 103,474,146 |
| 30 percent | 43,295,360 | 75,083 | 8,552,652,962 | 37,439,606 | 5,252,875,904 | 24,946,953 | 106,529,092 |
| 40 percent | 57,727,146 | 57,092 | 9,499,838,327 | 49,701,923 | 5,981,808,326 | 29,828,691 | 111,069,166 |
| 50 percent | 72,158,933 | 43,614 | 10,221,814,183 | 62,173,117 | 6,565,403,406 | 33,617,609 | 114,167,595 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Ordinary dividends | | Qualified dividends | | Sales of capital assets, net gain less loss [1] | | Capital gains subject to preferential rates | |
|---|---|---|---|---|---|---|---|---|
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
| **All returns, total** | **27,863,581** | **319,099,718** | **25,833,689** | **242,244,805** | **17,023,524** | **923,616,262** | **25,176,479** | **1,104,072,674** |
| .001 percent | 1,421 | 26,434,015 | 1,388 | 21,824,787 | 1,290 | 136,102,080 | 1,425 | 148,664,001 |
| .01 percent | 13,932 | 50,506,500 | 13,588 | 40,902,960 | 12,065 | 287,386,836 | 14,086 | 311,140,245 |
| .1 percent | 133,162 | 91,547,094 | 129,611 | 72,834,726 | 107,863 | 469,454,848 | 135,494 | 516,438,698 |
| 1 percent | 1,205,551 | 153,219,466 | 1,166,520 | 120,767,839 | 916,597 | 654,988,306 | 1,231,371 | 740,822,303 |
| 2 percent | 2,254,361 | 177,461,299 | 2,176,194 | 139,670,289 | 1,672,142 | 709,206,526 | 2,305,013 | 812,204,071 |
| 3 percent | 3,213,213 | 193,595,135 | 3,093,831 | 152,279,547 | 2,335,476 | 739,307,575 | 3,284,772 | 853,926,854 |
| 4 percent | 4,096,680 | 204,421,258 | 3,933,358 | 160,624,935 | 2,947,758 | 762,036,038 | 4,179,562 | 884,017,119 |
| 5 percent | 4,920,239 | 213,192,854 | 4,717,503 | 167,437,960 | 3,529,395 | 778,757,537 | 5,022,129 | 907,090,140 |
| 10 percent | 8,239,221 | 240,409,034 | 7,845,380 | 187,995,334 | 5,711,345 | 822,727,071 | 8,374,450 | 971,232,261 |
| 20 percent | 13,160,002 | 267,747,445 | 12,435,925 | 207,815,254 | 8,776,565 | 860,999,829 | 13,280,281 | 1,028,839,050 |
| 25 percent | 15,116,745 | 276,517,354 | 14,255,651 | 213,923,991 | 9,952,936 | 872,517,548 | 15,241,568 | 1,046,480,052 |
| 30 percent | 16,807,083 | 283,824,627 | 15,827,675 | 218,980,865 | 10,957,694 | 880,682,622 | 16,928,870 | 1,059,757,682 |
| 40 percent | 19,543,481 | 294,163,430 | 18,326,407 | 226,065,594 | 12,592,908 | 891,482,063 | 19,599,876 | 1,078,144,745 |
| 50 percent | 21,562,479 | 300,507,258 | 20,181,758 | 230,139,582 | 13,756,763 | 897,709,417 | 21,564,689 | 1,088,788,272 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Business or profession (from Schedules C and F) | | | | Partnership and S corporation | | | |
|---|---|---|---|---|---|---|---|---|
| | Net income | | Net loss | | Net income | | Net loss | |
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) |
| **All returns, total** | **19,484,213** | **436,274,830** | **7,939,850** | **111,918,078** | **6,200,293** | **851,478,731** | **2,776,080** | **168,926,997** |
| .001 percent | 196 | 861,890 | 254 | 389,552 | 772 | 40,360,194 | 592 | 17,127,653 |
| .01 percent | 2,583 | 4,050,379 | 1,897 | 1,753,065 | 8,325 | 105,285,494 | 4,725 | 29,625,565 |
| .1 percent | 27,630 | 16,829,220 | 14,207 | 4,916,653 | 85,078 | 275,268,444 | 33,251 | 47,299,641 |
| 1 percent | 290,384 | 61,262,183 | 113,422 | 10,436,369 | 688,325 | 551,453,605 | 195,978 | 67,309,465 |
| 2 percent | 578,799 | 89,757,395 | 213,764 | 12,963,349 | 1,142,488 | 630,132,922 | 323,989 | 73,226,272 |
| 3 percent | 849,013 | 110,143,394 | 316,216 | 15,162,290 | 1,495,497 | 672,515,931 | 422,819 | 76,495,131 |
| 4 percent | 1,100,416 | 125,177,198 | 424,078 | 16,863,105 | 1,760,528 | 696,268,659 | 515,955 | 79,082,474 |
| 5 percent | 1,328,360 | 137,040,136 | 529,653 | 18,381,217 | 1,990,789 | 713,778,959 | 591,726 | 80,982,607 |
| 10 percent | 2,443,117 | 179,531,707 | 1,042,622 | 24,155,057 | 2,800,043 | 761,160,856 | 868,690 | 86,273,122 |
| 20 percent | 4,350,132 | 227,704,125 | 2,019,936 | 34,653,816 | 3,779,860 | 797,189,026 | 1,296,129 | 93,308,140 |
| 25 percent | 5,259,627 | 246,411,725 | 2,446,688 | 38,476,314 | 4,117,228 | 807,639,323 | 1,446,811 | 95,502,773 |
| 30 percent | 6,089,734 | 263,061,800 | 2,871,391 | 42,908,877 | 4,412,301 | 815,557,706 | 1,586,111 | 97,867,582 |
| 40 percent | 7,636,944 | 292,507,886 | 3,697,742 | 50,719,538 | 4,858,810 | 827,051,878 | 1,846,476 | 101,331,759 |
| 50 percent | 9,038,969 | 316,017,089 | 4,422,270 | 58,360,498 | 5,191,541 | 833,823,594 | 1,990,680 | 103,577,152 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Total statutory adjustments | | Total standard deduction | | Itemized deductions | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Total | | Total taxes paid deduction [2] | |
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (24) | (25) | (26) | (27) | (28) | (29) | (30) | (31) |
| **All returns, total** | **37,345,511** | **141,690,819** | **124,942,229** | **2,190,976,670** | **17,486,032** | **648,201,901** | **17,339,735** | **145,734,850** |
| .001 percent | 836 | 347,116 | 47 | 1,019 | 1,396 | 30,659,565 | 1,390 | 1,760,079 |
| .01 percent | 8,445 | 1,078,759 | 993 | 21,320 | 13,438 | 55,344,725 | 13,401 | 3,259,771 |
| .1 percent | 79,979 | 4,971,256 | 21,978 | 492,595 | 122,333 | 91,830,933 | 122,062 | 5,942,987 |
| 1 percent | 686,457 | 24,014,947 | 425,267 | 9,801,536 | 1,017,785 | 161,937,550 | 1,015,842 | 16,284,658 |
| 2 percent | 1,246,756 | 35,374,904 | 1,022,369 | 23,658,280 | 1,863,852 | 200,741,145 | 1,860,838 | 25,035,259 |
| 3 percent | 1,738,498 | 42,733,789 | 1,706,737 | 39,559,075 | 2,622,659 | 232,170,044 | 2,618,533 | 32,886,501 |
| 4 percent | 2,192,201 | 48,105,341 | 2,480,589 | 57,556,377 | 3,291,978 | 257,493,721 | 3,286,882 | 39,634,420 |
| 5 percent | 2,610,323 | 52,232,170 | 3,305,623 | 76,789,182 | 3,910,111 | 279,524,917 | 3,903,720 | 45,748,525 |
| 10 percent | 4,879,726 | 66,233,469 | 7,986,151 | 185,043,653 | 6,445,468 | 363,578,017 | 6,436,497 | 70,063,351 |
| 20 percent | 9,844,197 | 85,385,691 | 18,945,206 | 431,212,527 | 9,918,195 | 465,513,394 | 9,900,734 | 100,086,833 |
| 25 percent | 11,922,689 | 92,416,123 | 24,822,122 | 557,021,052 | 11,257,173 | 501,256,899 | 11,233,412 | 110,459,263 |
| 30 percent | 13,930,390 | 98,097,621 | 30,880,691 | 679,549,263 | 12,414,497 | 530,165,800 | 12,383,377 | 118,638,346 |
| 40 percent | 17,992,298 | 108,636,830 | 43,527,487 | 915,201,910 | 14,199,486 | 571,827,090 | 14,149,117 | 129,936,787 |
| 50 percent | 21,726,919 | 117,069,423 | 56,751,912 | 1,138,281,831 | 15,406,849 | 600,070,531 | 15,335,893 | 136,555,728 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Itemized deductions—continued | | | | | | Qualified business income deduction | |
|---|---|---|---|---|---|---|---|---|
| | Total interest paid deduction | | Total contributions deduction | | Total unlimited miscellaneous deductions | | | |
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (32) | (33) | (34) | (35) | (36) | (37) | (38) | (39) |
| **All returns, total** | **14,186,220** | **197,425,362** | **14,829,625** | **196,911,967** | **922,063** | **26,233,661** | **18,544,242** | **149,725,456** |
| .001 percent | 1,241 | 3,349,359 | 1,388 | 25,664,953 | 731 | 286,821 | 818 | 4,209,592 |
| .01 percent | 11,446 | 7,239,078 | 13,250 | 44,005,143 | 5,653 | 1,476,344 | 9,452 | 12,517,420 |
| .1 percent | 102,176 | 13,847,691 | 119,169 | 67,795,282 | 35,126 | 4,856,226 | 97,604 | 34,564,791 |
| 1 percent | 882,892 | 34,432,887 | 969,030 | 99,825,038 | 143,843 | 11,165,003 | 782,378 | 66,085,983 |
| 2 percent | 1,644,093 | 49,453,908 | 1,755,464 | 111,924,569 | 196,038 | 13,049,390 | 1,438,167 | 77,357,821 |
| 3 percent | 2,314,455 | 61,381,143 | 2,453,099 | 120,277,821 | 238,913 | 14,641,899 | 2,069,864 | 87,187,724 |
| 4 percent | 2,915,733 | 71,381,540 | 3,061,569 | 125,908,659 | 272,643 | 15,826,932 | 2,606,920 | 93,408,974 |
| 5 percent | 3,468,126 | 79,997,471 | 3,617,700 | 130,775,978 | 302,968 | 16,654,407 | 3,102,634 | 98,116,567 |
| 10 percent | 5,711,425 | 111,740,769 | 5,908,675 | 148,640,384 | 427,925 | 19,355,888 | 5,183,101 | 113,396,278 |
| 20 percent | 8,699,592 | 146,651,353 | 8,965,074 | 169,377,668 | 548,384 | 21,387,399 | 8,251,852 | 127,361,581 |
| 25 percent | 9,794,969 | 157,894,600 | 10,054,941 | 175,597,396 | 603,543 | 22,369,834 | 9,532,234 | 131,830,538 |
| 30 percent | 10,753,577 | 167,137,537 | 10,976,121 | 180,459,133 | 653,925 | 23,064,669 | 10,625,708 | 135,365,990 |
| 40 percent | 12,122,680 | 179,151,296 | 12,419,758 | 187,217,079 | 752,396 | 24,269,983 | 12,620,753 | 141,095,239 |
| 50 percent | 12,974,275 | 186,937,475 | 13,370,824 | 191,513,840 | 817,704 | 24,976,459 | 14,214,418 | 144,610,288 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Taxable income | | Alternative minimum tax | | Tax credits | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Total | | Foreign tax credit | |
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (40) | (41) | (42) | (43) | (44) | (45) | (46) | (47) |
| **All returns, total** | **118,332,213** | **8,921,755,152** | **239,454** | **4,012,926** | **57,210,287** | **133,783,552** | **8,872,206** | **24,879,333** |
| .001 percent | 1,441 | 207,211,142 | 312 | 212,633 | 1,352 | 2,825,516 | 1,269 | 2,345,036 |
| .01 percent | 14,416 | 502,535,971 | 2,592 | 533,028 | 12,796 | 6,410,903 | 11,911 | 5,268,897 |
| .1 percent | 144,178 | 1,070,114,815 | 24,189 | 1,269,476 | 116,374 | 13,142,855 | 106,484 | 10,498,989 |
| 1 percent | 1,442,209 | 2,182,644,847 | 99,000 | 2,650,018 | 978,557 | 23,885,023 | 810,073 | 18,231,220 |
| 2 percent | 2,884,837 | 2,743,272,336 | 123,101 | 2,937,472 | 1,982,854 | 28,325,826 | 1,379,561 | 20,072,755 |
| 3 percent | 4,327,278 | 3,145,217,602 | 151,967 | 3,199,221 | 3,019,371 | 32,061,784 | 1,850,263 | 20,943,803 |
| 4 percent | 5,769,422 | 3,476,493,965 | 173,521 | 3,395,332 | 3,989,591 | 35,276,406 | 2,247,312 | 21,518,666 |
| 5 percent | 7,211,880 | 3,763,380,846 | 185,691 | 3,474,079 | 4,930,131 | 38,197,861 | 2,603,079 | 21,963,046 |
| 10 percent | 14,425,408 | 4,847,610,585 | 208,509 | 3,596,891 | 9,315,687 | 51,442,315 | 3,896,297 | 23,080,065 |
| 20 percent | 28,846,377 | 6,261,663,637 | 223,879 | 3,651,895 | 16,987,000 | 73,514,049 | 5,616,013 | 23,935,832 |
| 25 percent | 36,048,205 | 6,773,873,041 | 229,270 | 3,675,243 | 20,437,298 | 83,004,617 | 6,256,428 | 24,171,148 |
| 30 percent | 43,247,732 | 7,201,258,953 | 230,690 | 3,678,368 | 23,608,529 | 91,434,059 | 6,760,565 | 24,375,242 |
| 40 percent | 57,643,992 | 7,862,942,318 | 233,244 | 3,689,418 | 29,816,232 | 105,851,477 | 7,527,669 | 24,621,310 |
| 50 percent | 72,029,887 | 8,328,178,798 | 234,590 | 3,704,643 | 35,916,045 | 116,864,924 | 8,066,552 | 24,739,615 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Tax credits—continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Child care credit | | Nonrefundable education credit | | Retirement savings contribution credit | | Child and other dependent tax credit | | General business credit | |
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (48) | (49) | (50) | (51) | (52) | (53) | (54) | (55) | (56) | (57) |
| **All returns, total** | **6,460,823** | **3,789,213** | **8,700,169** | **8,930,906** | **9,259,299** | **1,735,419** | **39,377,143** | **81,495,898** | **476,147** | **5,355,655** |
| .001 percent | 20 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 790 | 453,575 |
| .01 percent | 223 | 170 | 0 | 0 | 0 | 0 | 0 | 0 | 5,562 | 1,008,758 |
| .1 percent | 4,494 | 3,156 | 0 | 0 | 0 | 0 | 0 | 0 | 35,757 | 2,243,738 |
| 1 percent | 101,167 | 62,921 | 0 | 0 | 0 | 0 | 2,323 | 3,622 | 156,747 | 3,899,891 |
| 2 percent | 239,240 | 140,847 | 0 | 0 | 0 | 0 | 445,628 | 1,233,607 | 220,566 | 4,339,835 |
| 3 percent | 391,116 | 223,162 | 0 | 0 | 0 | 0 | 1,110,490 | 3,221,932 | 254,144 | 4,572,803 |
| 4 percent | 547,095 | 311,240 | 0 | 0 | 0 | 0 | 1,768,581 | 5,203,897 | 280,538 | 4,720,212 |
| 5 percent | 722,160 | 408,902 | 0 | 0 | 0 | 0 | 2,437,547 | 7,164,591 | 299,011 | 4,792,976 |
| 10 percent | 1,509,920 | 883,412 | 414,768 | 454,272 | 0 | 0 | 5,791,017 | 16,890,506 | 354,316 | 5,052,200 |
| 20 percent | 2,767,911 | 1,639,109 | 1,785,804 | 2,303,462 | 0 | 0 | 11,851,703 | 34,310,018 | 402,107 | 5,220,559 |
| 25 percent | 3,238,086 | 1,932,204 | 2,360,413 | 3,029,119 | 0 | 0 | 14,601,355 | 42,113,367 | 417,221 | 5,253,861 |
| 30 percent | 3,674,306 | 2,195,448 | 2,868,625 | 3,652,569 | 0 | 0 | 17,194,902 | 49,164,128 | 429,980 | 5,279,769 |
| 40 percent | 4,376,327 | 2,613,775 | 3,866,439 | 4,850,444 | 680,876 | 116,903 | 22,052,200 | 61,201,636 | 445,931 | 5,307,248 |
| 50 percent | 4,948,909 | 2,931,926 | 4,902,058 | 6,076,367 | 2,279,302 | 372,593 | 26,623,874 | 70,005,667 | 462,506 | 5,331,627 |

Footnotes at end of table.

**Table 3. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI), Selected Income Items, Credits, Total Income Tax, AGI Floor on Percentiles, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on AGI, Tax Year 2018—Continued**

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

| Descending cumulative percentiles | Tax credits—continued | | Total income tax [3] | | Average tax rate (percentage) [4] | Adjusted gross income share (percentage) | Total income tax share (percentage) |
|---|---|---|---|---|---|---|---|
| | Prior year minimum tax credit | | | | | | |
| | Number of returns | Amount | Number of returns | Amount | | | |
| | (58) | (59) | (60) | (61) | (62) | (63) | (64) |
| **All returns, total** | **977,153** | **2,915,486** | **98,120,570** | **1,536,178,338** | **13.28** | **100.00** | **100.00** |
| .001 percent | 130 | 25,064 | ** 1,443 | 55,455,320 | 22.92 | 2.09 | 3.61 |
| .01 percent | 1,140 | 121,727 | 14,419 | 139,455,088 | 24.46 | 4.93 | 9.08 |
| .1 percent | 8,936 | 336,795 | 144,156 | 310,631,078 | 25.96 | 10.35 | 20.22 |
| 1 percent | 182,259 | 1,253,137 | 1,441,694 | 615,715,824 | 25.44 | 20.93 | 40.08 |
| 2 percent | 420,423 | 1,806,533 | 2,882,309 | 737,900,288 | 24.24 | 26.33 | 48.03 |
| 3 percent | 586,991 | 2,133,743 | 4,323,903 | 815,821,021 | 23.28 | 30.30 | 53.11 |
| 4 percent | 689,246 | 2,334,404 | 5,764,918 | 876,469,648 | 22.56 | 33.59 | 57.06 |
| 5 percent | 755,849 | 2,460,313 | 7,204,531 | 926,366,667 | 21.96 | 36.48 | 60.30 |
| 10 percent | 876,264 | 2,751,013 | 14,390,962 | 1,096,342,694 | 19.89 | 47.66 | 71.37 |
| 20 percent | 939,806 | 2,868,252 | 28,698,951 | 1,279,036,230 | 17.55 | 63.04 | 83.26 |
| 25 percent | 947,950 | 2,877,154 | 35,698,433 | 1,336,040,910 | 16.77 | 68.91 | 86.97 |
| 30 percent | 955,659 | 2,894,365 | 42,584,380 | 1,382,867,811 | 16.17 | 73.96 | 90.02 |
| 40 percent | 962,013 | 2,899,435 | 55,680,536 | 1,450,201,749 | 15.27 | 82.15 | 94.40 |
| 50 percent | 966,440 | 2,908,579 | 67,819,665 | 1,491,041,259 | 14.59 | 88.39 | 97.06 |

N/A—Not applicable.

** Return frequency rounded to protect the confidentiality of tax return information.

[1] Includes capital gain distributions reported on Form 1040.

[2] For 2018, the deduction of State and local income, sales, and property taxes was limited to a combined, total deduction of $10,000 ($5,000 if married filing separately).

[3] Total income tax was the sum of income tax after credits (including the subtraction of excess advance premium tax credit repayment, the earned income credit, American opportunity credit, and the regulated investment credit credit) limited to zero plus net investment income tax from Form 8960 and the tax from *Tax on Accumulation Distribution of Trusts* (Form 4970.)

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

NOTES: The definitions for items used in the table can be found in *Statistics of Income Individual Income Tax Returns,* Section 5 (Publication 1304) at the following link: https://www.irs.gov/pub/irs-soi/17inexplanationofterms.pdf. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Shares, December 2020.

# Partnership Returns, Tax Year 2019

*by Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky*

The number of partnerships and partners in the United States both decreased for Tax Year 2019.[1] This decline was the first decrease in the number of partnerships since 1993. Partnerships filed 3.8 million returns for the year, representing more than 25.3 million partners. The Real estate and rental and leasing sector comprised just over half of all partnerships (50.8 percent) and almost a third of all partners (32.7 percent).[2]

Total assets increased in 2019, while total net income (loss), and total receipts declined compared to the prior year (Figure A). The Finance and insurance sector accounted for the largest portion of each of these three critical financial figures.[3]

The number of partnerships decreased 4.7 percent (from 4,010,200 to 3,821,470) between 2018 and 2019 (Figure B). Despite this decrease, the number of partnerships has grown at an average annual rate of 1.9 percent over the period 2010–2019. Partnerships classified as limited liability companies (LLCs) accounted for most of this growth.[4]

The number of partners decreased 7.9 percent for 2019 (from 27,448,391 the previous year to 25,269,018). Partnerships with fewer than 3 partners made up more than half (57.3 percent) of all partnerships (Figure C). These same-sized partnerships accounted for just under a quarter (24.1 percent) of all partnerships with total assets of $100 million or more. Partnerships with 100 or more partners accounted for only 0.4 percent of all partnerships but 37.8 percent of all partners in 2019.

## Figure A

### Partnership Returns: Percentage Changes in Selected Items, Tax Years 2010–2019

| Tax year | Number of partnerships | Number of partners | Total assets | Total receipts | Total net income (loss) |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 2010 | 2.5 | 6.1 | 5.4 | 14.3 | 44.9 |
| 2011 | 1.1 | 8.7 | 3.8 | 9.8 | -2.2 |
| 2012 | 3.1 | 3.9 | 7 | 9.4 | 33.9 |
| 2013 | 2.1 | 8.5 | 9.8 | 7.1 | -1.2 |
| 2014 | 4.4 | 0.8 | 8.1 | 5.6 | 9 |
| 2015 | 2.9 | -2.2 | 4.7 | -4.4 | -6.8 |
| 2016 | 1.3 | 4 | 5.8 | -2.3 | 1.4 |
| 2017 | 3.8 | -2.4 | 11.9 | 16.1 | 2.3 |
| 2018 | 2.7 | -0.2 | 6 | 7.7 | 9.2 |
| 2019 | -4.7 | -7.9 | 5 | -7.3 | -14 |

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

Partnerships do not generally pay taxes on their income, but "pass through" any profits and losses to their partners,[5] who must include those profits and losses on their income tax returns. For 2019, partnerships passed through $1,512.0 billion in total income (loss) minus total deductions available for allocation to their partners (Table 5). This amount represents an 11.6-percent decrease from 2018 when partnerships passed through $1,710.3 billion. The Finance and insurance sector accounted for the largest amount reported ($997.1 billion) while the Real estate and rental and leasing sector saw the biggest change in passthrough dollars (a decrease of $74.6 billion) for 2019. Also, for the eighth consecutive year, partners that are partnerships received the largest portion of this income.[6]

## Highlights

- Partnerships filed just under 4 million returns for Tax Year 2019, a 4.7-percent decrease over the number filed for 2018. These returns represented more than 25.3 million partners, down 7.9 percent from the previous year.
- Limited liability companies (LLCs) made up the majority of partnerships (71.5 percent), surpassing all other entity types for the 18th consecutive year.
- Limited partnerships represented only 10.8 percent of all partnerships but reported 30.3 percent of all profits and had the largest share of partners (37.0 percent).
- Real estate and rental and leasing accounted for about half (50.8 percent) of all partnerships and nearly a third (32.7 percent) of all partners. The Finance and insurance sector reported the largest shares of total net income (loss) (57.9 percent), total assets (57.3 percent), and total receipts (24.2 percent) for 2019.
- Total assets increased 5.0 percent between 2018 and 2019, from $34.3 trillion to $36.0 trillion. Ten of the twenty industrial sectors reported an increase.
- Receipts totaled $8.1 trillion for 2019, down 7.3 percent from the amount reported for 2018. Total net income (loss) or profits decreased 14 percent to $760.6 billion for 2019 (down from $884.7 billion the previous year).
- Between 2018 and 2019, total income (loss) minus total deductions available for allocation decreased from $1,710.3 billion to $1,512.0 billion. Partners classified as partnerships received the largest share of income (loss) allocated to partners, $447.5 billion.

[1] SOI based the statistics for Tax Year 2019 on a stratified probability sample selected from the population of partnerships processed by the Internal Revenue Service (IRS) during Calendar Year 2020. IRS Processing Centers implemented processing adjustments as a result of COVID-19 during this time period. More information on the sample is included in the Data Sources and Limitations section.

[2] This article references Tax Year 2018 data. For further information on these data, see Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky, "Partnership Returns, Tax Year 2018," *Statistics of Income Bulletin,* Fall 2020, Volume 40, Number 2.

[3] See the "Explanation of Selected Terms" section for information on the differences in calculation of total receipts and total net income (loss).

[4] See the "Explanation of Selected Terms" section for more information on LLCs.

[5] The *Bipartisan Budget Act of 2015* (BBA) created a new centralized partnership audit regime effective for partnership tax years beginning after 2017, which revised the auditing of some partnership returns. Any adjustment takes place at the partnership level and any taxes will be paid by the partnership.

[6] For further discussion of passthrough income, see the section of the article entitled "Partnerships allocated over $1.5 trillion to their partners in 2019."

## Figure B
### Partnership Returns: Number of Partnerships and Partners, by Selected Industrial Groups, Tax Years 2018 and 2019

| Industrial group | Number of partnerships | | Percentage change | Number of partners | | Percentage change |
|---|---|---|---|---|---|---|
| | 2018 | 2019 | | 2018 | 2019 | |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **All industries** | **4,010,200** | **3,821,470** | **-4.7** | **27,448,391** | **25,269,018** | **-7.9** |
| Finance and insurance | 388,433 | 343,714 | -11.5 | 7,522,935 | 6,795,301 | -9.7 |
| Securities, commodity contracts, and other financial investments and related activities | 280,362 | 262,980 | -6.2 | 6,233,065 | 5,684,971 | -8.8 |
| Securities and commodity contracts and exchanges | 6,291 | 7,478 | 18.9 | 442,343 | 195,065 | -55.9 |
| Other financial investment activities | 274,071 | 255,503 | -6.8 | 5,790,722 | 5,489,906 | -5.2 |
| Funds, trusts and other financial vehicles | 65,582 | 51,579 | -21.4 | 896,606 | 857,435 | -4.4 |
| Other finance and insurance | 42,488 | 29,154 | -31.4 | 393,265 | 252,895 | -35.7 |
| Real estate and rental and leasing | 2,021,496 | 1,939,483 | -4.1 | 8,615,870 | 8,263,287 | -4.1 |
| Real estate | 1,979,523 | 1,892,832 | -4.4 | 8,464,160 | 8,095,479 | -4.4 |
| Lessors of residential buildings and dwellings and cooperative housing | 688,501 | 664,455 | -3.5 | 2,687,699 | 2,734,743 | 1.8 |
| Lessors of nonresidential buildings (except miniwarehouses) | 740,397 | 722,588 | -2.4 | 2,978,209 | 2,945,616 | -1.1 |
| Lessors of miniwarehouses and self-storage units | 26,977 | 27,883 | 3.4 | 94,180 | 103,871 | 10.3 |
| Lessors of other real estate property | 117,638 | 120,692 | 2.6 | 545,917 | 523,246 | -4.2 |
| Other real estate activities | 406,010 | 357,214 | -12.0 | 2,158,155 | 1,788,002 | -17.2 |
| Rental and leasing services and lessors of nonfinancial intangible assets (except copyrighted works) | 41,973 | 46,651 | 11.1 | 151,711 | 167,808 | 10.6 |

NOTES: Detail may not add to totals because of rounding. For data on additional industries, see Table 10.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

## Figure C
### Partnership Returns: Number of Partnerships and Partners, by Number of Partners per Partnership, Tax Year 2019

| Number of partners per partnership | Total number of partnerships | Partnerships with $100,000,000 or more in assets | | Total number of partners | Partnerships with $100,000,000 or more in assets | |
|---|---|---|---|---|---|---|
| | | Number of partnerships | Percentage of total | | Number of partners | Percentage of total |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **Number of partnerships, total** | **3,821,470** | **37,594** | **1.0** | **25,269,018** | **6,957,673** | **27.5** |
| **Number of partners per partnership:** | | | | | | |
| Less than 3 | 2,188,070 | 9,077 | 0.4 | 4,371,205 | 18,164 | 0.4 |
| 3 less than 5 | 988,233 | 8,279 | 0.8 | 3,314,944 | 27,877 | 0.8 |
| 5 less than 10 | 406,883 | 5,599 | 1.4 | 2,504,145 | 36,133 | 1.4 |
| 10 less than 20 | 119,734 | 3,722 | 3.1 | 1,614,040 | 51,285 | 3.2 |
| 20 less than 30 | 45,412 | 2,010 | 4.4 | 1,086,974 | 48,334 | 4.4 |
| 30 less than 40 | 22,252 | 1,434 | 6.4 | 759,759 | 49,447 | 6.5 |
| 40 less than 50 | 16,270 | 1,019 | 6.3 | 725,690 | 45,430 | 6.3 |
| 50 less than 60 | 6,075 | 811 | 13.4 | 332,110 | 44,284 | 13.3 |
| 60 less than 70 | 4,503 | 673 | 15.0 | 290,134 | 43,289 | 14.9 |
| 70 less than 80 | 4,769 | 717 | 15.0 | 349,799 | 53,409 | 15.3 |
| 80 less than 90 | 2,293 | 453 | 19.7 | 192,731 | 38,156 | 19.8 |
| 90 less than 100 | 1,940 | 403 | 20.8 | 183,525 | 37,963 | 20.7 |
| 100 or greater | 15,036 | 3,395 | 22.6 | 9,543,961 | 6,463,903 | 67.7 |
| 1,000 or greater [1] | 371 | 243 | 65.5 | 6,831,027 | 5,697,074 | 83.4 |

[1] These statistics are also included on the line entitled "100 or greater."
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

## Finance and insurance industry dominated assets, receipts, and net income (loss)

Historically, partnerships classified in the Real estate and rental and leasing sector have made up the largest share of partnerships and partners. This sector accounted for more than half of all partnerships for both 2019 (50.8 percent) and 2018 (50.4 percent), and it made up almost a third of all partners for 2019 (32.7 percent) and slightly less for 2018 (31.4 percent). While partnerships in this sector accounted for just over half of all partnerships, they reported less than a fourth (21.8 percent) of total assets, only 9.3 percent of total receipts, and just 5.5 percent of total net income (loss) for 2019 (Figure D).

**Figure D**

**Partnership Returns: Total Assets, Total Receipts, and Total Net Income (Loss), by Selected Industrial Group, Tax Years 2018 and 2019**

[Money amounts are in thousands of dollars]

| Industrial group | Total assets | | Percentage change | Total receipts | | Percentage change | Total net income (loss) | | Percentage change |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | | 2018 | 2019 | | 2018 | 2019 | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All industries** | **34,348,006,740** | **36,048,324,019** | **5.0** | **8,721,758,922** | **8,081,449,499** | **-7.3** | **884,709,693** | **760,646,448** | **-14.0** |
| Finance and insurance | 18,954,124,306 | 20,670,032,817 | 9.1 | 2,032,212,084 | 1,958,954,883 | -3.6 | 426,317,947 | 440,439,592 | 3.3 |
| Securities, commodity contracts, and other financial investments and related activities | 16,272,592,851 | 18,004,651,872 | 10.6 | 1,722,106,877 | 1,687,208,123 | -2.0 | 357,509,117 | 382,072,662 | 6.9 |
| Securities and commodity contracts and exchanges | 680,870,047 | 704,083,504 | 3.4 | 129,834,164 | 77,716,670 | -40.1 | 3,135,215 | 9,704,621 | 209.5 |
| Other financial investment activities | 15,591,722,804 | 17,300,568,368 | 11.0 | 1,592,272,713 | 1,609,491,453 | 1.1 | 354,373,902 | 372,368,042 | 5.1 |
| Funds, trusts and other financial vehicles | 2,319,414,827 | 2,253,303,980 | -2.9 | 211,120,692 | 170,197,965 | -19.4 | 53,841,089 | 42,125,761 | -21.8 |
| Other finance and insurance | 362,116,628 | 412,076,965 | 13.8 | 98,984,515 | 101,548,795 | 2.6 | 14,967,741 | 16,241,169 | 8.5 |
| Real estate and rental and leasing | 7,628,478,572 | 7,864,054,742 | 3.1 | 784,722,621 | 748,808,529 | -4.6 | 97,954,738 | 41,929,237 | -57.2 |
| Real estate | 7,380,340,393 | 7,608,434,999 | 3.1 | 703,809,034 | 669,874,957 | -4.8 | 86,988,620 | 35,535,894 | -59.1 |
| Lessors of residential buildings and dwellings and cooperative housing | 2,150,580,855 | 2,303,869,636 | 7.1 | 143,330,835 | 140,786,321 | -1.8 | -20,042,681 | -31,798,007 | 58.7 |
| Lessors of nonresidential buildings (except miniwarehouses) | 3,297,609,363 | 3,324,973,028 | 0.8 | 250,505,822 | 213,311,478 | -14.8 | 90,590,576 | 67,447,682 | -25.5 |
| Lessors of miniwarehouses and self-storage units | 84,884,720 | 80,343,263 | -5.4 | 6,450,058 | 12,691,234 | 96.8 | 3,125,745 | 1,321,313 | -57.7 |
| Lessors of other real estate property | 264,328,052 | 228,064,680 | -13.7 | 19,651,661 | 21,806,553 | 11.0 | 2,984,401 | 2,853,599 | -4.4 |
| Other real estate activities | 1,582,937,403 | 1,671,184,391 | 5.6 | 283,870,658 | 281,279,371 | -0.9 | 10,330,579 | -4,288,694 | -141.5 |
| Rental and leasing services and lessors of nonfinancial intangible assets (except copyrighted works) | 248,138,180 | 255,619,743 | 3.0 | 80,913,587 | 78,933,572 | -2.4 | 10,966,118 | 6,393,343 | -41.7 |

NOTES: Detail may not add to totals because of rounding. For data on additional industries, see Table 10.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

However, in 2019, the Finance and insurance sector represented the largest percentage of several key money amounts, compared to all other sectors. Partnerships classified in this sector reported the largest share of total assets (57.3 percent), total receipts (24.2 percent), and total net income (loss) (57.9 percent). Yet, this sector accounted for a smaller portion of total partnerships (9.0 percent) and partners (26.9 percent).

## Total assets continued to increase

Total assets for all partnerships increased for the tenth year in a row. For 2019, ten industrial sectors reported an increase, compared to increases in fifteen sectors for 2018. For partnerships reporting balance sheet information, total assets rose 5.0 percent (from $34.3 trillion for 2018 to $36.0 trillion for 2019). The Finance and insurance sector accounted for the largest portion of this growth in asset accumulation, with an increase of $1.7 trillion (from $19.0 trillion to $20.7 trillion). The largest decrease was in the assets of manufacturing sector which decreased $204.2 billion (from $931.7 billion to $727.5 billion) (Table 10).

## Total receipts declined between 2018 and 2019

Partnerships reported a 7.3-percent decrease in total receipts (from $8.7 trillion to $8.1 trillion) between 2018 and 2019. Business receipts made up the majority of total receipts (66.8 percent) and decreased to $5.4 trillion from $5.9 trillion for the year (Table 7).[7] The largest decrease in total receipts was in the Manufacturing sector (from $1.1 trillion to $706.5 billion), though increases were reported in eight sectors for 2019.

## The Real estate and rental and leasing sector had the largest decrease in profits

Total net income (loss), or profits, decreased 14.0 percent (from $884.7 billion to $760.6 billion) between 2018 and 2019 (Figure E). Ordinary business income accounted for the largest portion of this decrease ($84.3 billion). Fourteen industrial sectors reported a decrease in profits (Table 10). The Real estate and rental and leasing sector had the largest decrease, $56.0 billion or 57.2 percent, while the Finance and insurance sector reported the largest overall increase in profits (up $14.2 billion) for 2019.

The computation of total net income (loss) used in this article is based on a historical, pre-1986 definition of partnership income to allow for consistent comparisons with amounts reported for years before 1987. It is the sum of ordinary business income (loss); interest income; dividend income; royalties; net rental real estate income (loss); and other net rental income (loss). A more current definition of partnership net income would include the following additional types of income and deductions: net

[7] See the "Explanation of Selected Terms" section for the definition of total receipts and business receipts.

## Figure E
### Partnership Returns: Components of Total Net Income (Loss), Tax Years 2018 and 2019

[Money amounts are in thousands of dollars]

| Item | 2018 | 2019 | Change | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| | (1) | (2) | (3) | (4) |
| **Total net income (loss) [1]** | **884,709,693** | **760,646,448** | **124,063,245** | **-14.0** |
| Ordinary business income (loss) | 376,912,230 | 292,638,748 | 84,273,482 | -22.4 |
| Interest income | 240,778,269 | 261,628,027 | 20,849,758 | 8.7 |
| Dividend income | 184,802,736 | 186,839,272 | 2,036,536 | 1.1 |
| Royalties | 40,549,478 | 33,630,926 | 6,918,552 | -17.1 |
| Net rental real estate income (loss) | 40,492,618 | -8,808,487 | 49,301,105 | [N] |
| Other net rental income (loss) | 1,174,361 | -5,282,038 | 6,456,399 | [N] |

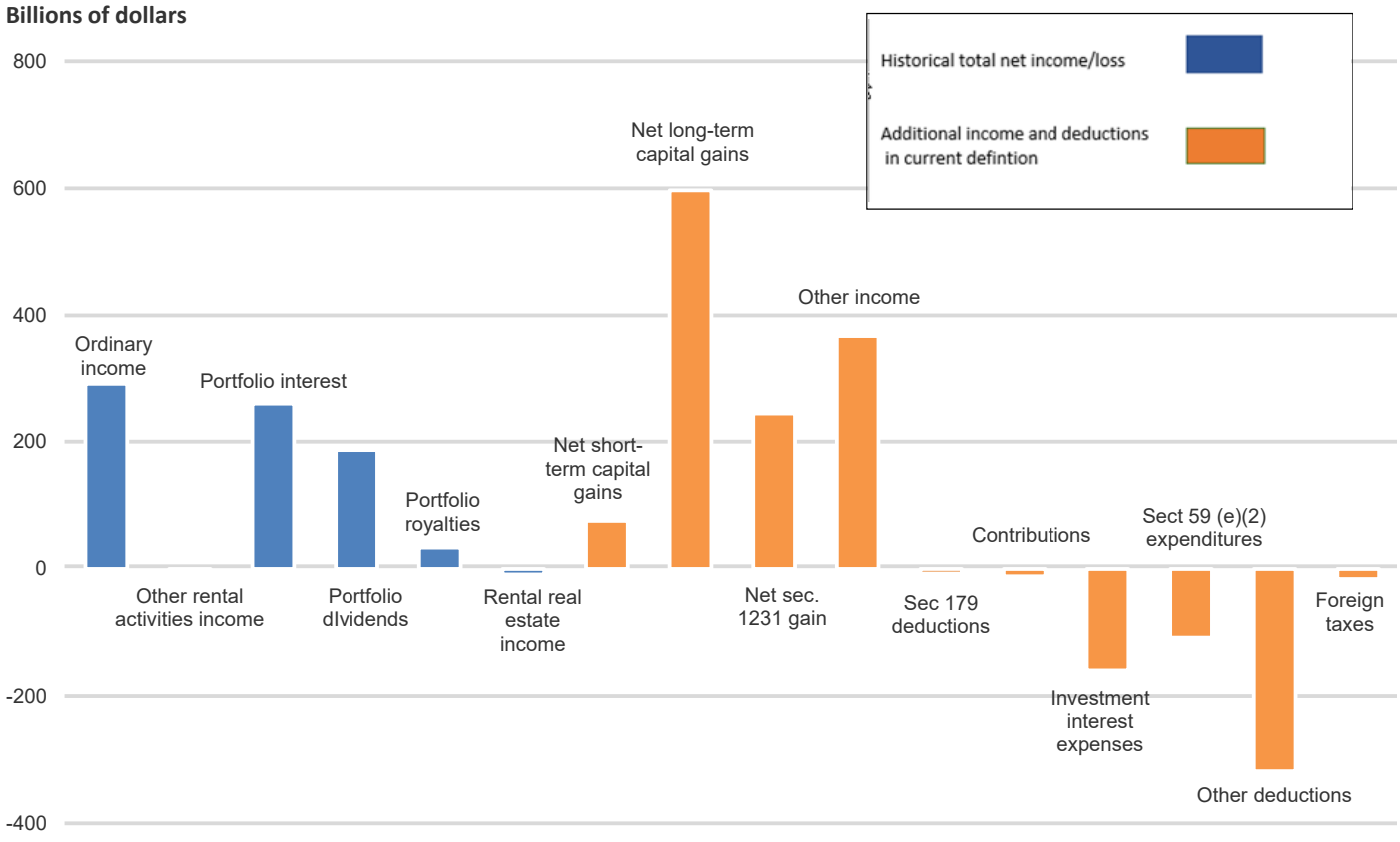
[1] Total net income (loss) is discussed in the Explanation of Selected Terms section.
[N] Percent change is not provided if the current-year data contains a negative value (loss ) compared to a prior-year positive value (income).
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

short- and long-term capital gains, net section 1231 gain (loss), other income, section 179 deductions, contributions, investment interest expense, section 59(e)(2) expenditures, and other deductions. A comparison of the two definitions is shown in Figure F.

## Limited liability companies made up the majority of all partnerships for the 18th consecutive year

Partnerships classify their business structures as one of six entity types: domestic general partnership, domestic limited partnership, domestic limited liability company, domestic limited liability partnership (LLP), foreign partnership, or "other" partnership.[8] Limited liability companies (LLCs) accounted for 71.5 percent of all partnerships, surpassing all other entity types for the 18th consecutive year (Figure G). The number of LLCs dropped to 2.7 million after decreasing 3.2 percent between 2018 and 2019 (Figure H). Partners associated with LLCs decreased 6.3 percent (from 12.0 million to 11.3 million) while LLC profits decreased 33.8 percent (from $265.5 billion to $175.8 billion). LLCs were responsible for 23.1 percent of the overall profits for all partnerships for 2019, a decrease from 30.0 percent in 2018. Looking at gains and losses separately, the losses for LLCs ($418.9 billion) were more than double the combined losses for all other types of partnerships ($162.2 billion) and reduced the net profit amount for partnerships overall.

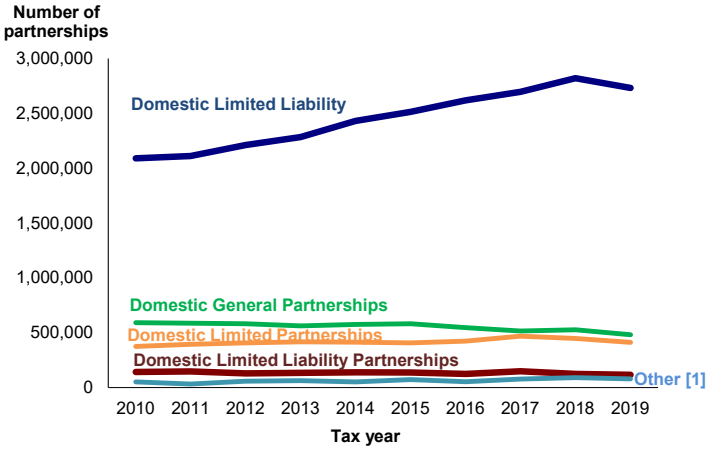
## Figure F
### Historical Total Net Income (Loss) Versus Current Defintion, Tax Year 2019




SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

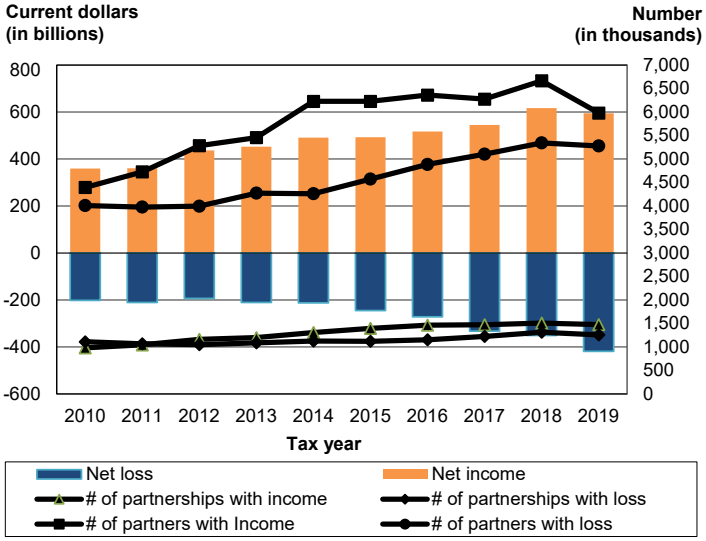
[8] See the "Explanation of Selected Terms" section for the definition of total receipts and business receipts.

## Figure G
### Number of Partnerships by Type of Entity, Tax Years 2010–2019




[1] Data for "other" partnerships include foreign partnerships, as well as partnerships which checked the "other" box, Form 1065, Schedule B, line 1, Type of Entity, or did not check a box.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

## Figure H
### Domestic Limited Liability Companies: Number of Partnerships and Partners, and Amount of Net Income (Loss), by Income and Loss, Tax Years 2010–2019

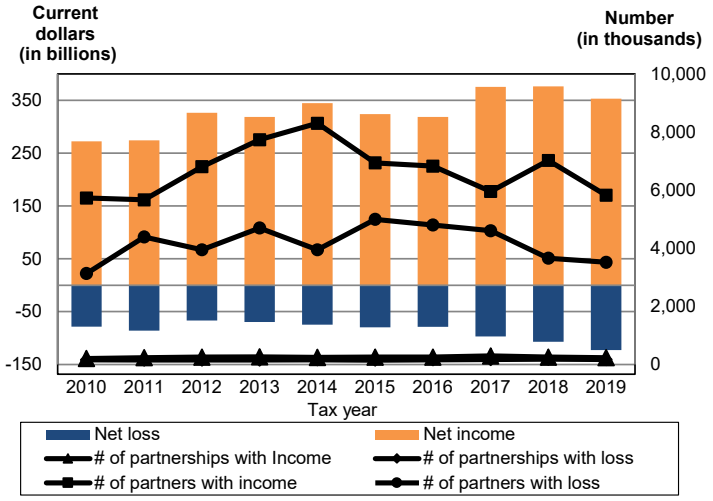



NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

In contrast to LLCs, limited partnerships represented only 10.8 percent of all partnerships, but reported a similar amount of profit ($230.7 billion), and number of partners (9.3 million). Over the last 10 years, the number of limited partnerships has essentially remained constant, while the number of partners associated with those partnerships has dropped for the last 5 years (Figure I). Total net income (loss) for limited partnerships decreased $38.5 billion (from $269.2 billion to $230.7 billion) between 2018 and 2019.

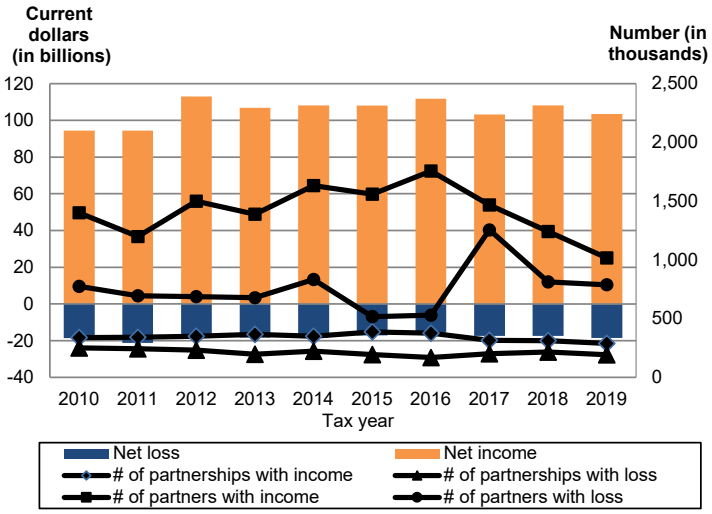
Prior to 2002, domestic general partnerships were consistently the most common type of partnership; they have ranked second since that time. This type of partnership accounted for 12.6 percent (0.5 million) of all partnerships for Tax Year 2019.

## Figure I
### Domestic Limited Partnerships: Number of Partnerships and Partners, and Amount of Net Income (Loss), by Income and Loss, Tax Years 2010–2019




NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

## Figure J
### Domestic General Partnerships: Number of Partnerships and Partners, and Amount of Net Income (Loss), by Income and Loss, Tax Years 2010–2019




NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

The number of domestic general partnerships decreased 8.7 percent in 2019 (from 527,595 to 481,684). The number of general partnerships has declined 18.4 percent overall since 2010 (Figure J).

## Partnerships allocated over $1.5 trillion to their partners in 2019

Partners may be corporations, individuals, other partnerships, tax-exempt organizations, nominees, and other legal entities. For

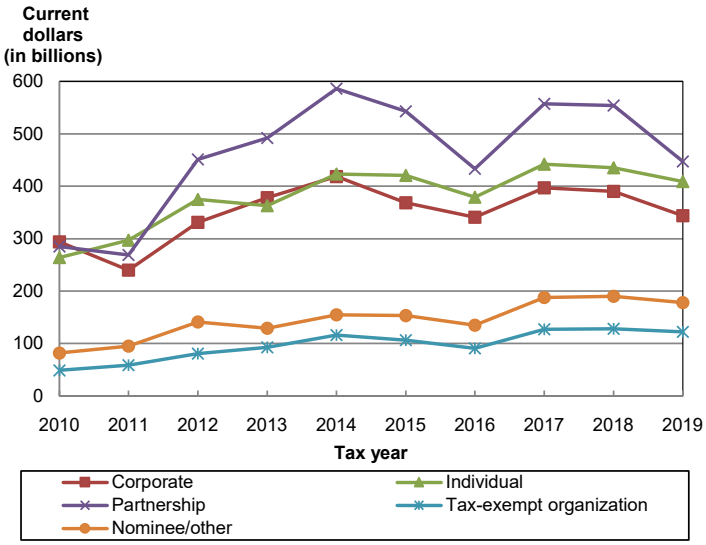
2019, all partnerships reported a total of $2,132 billion in total income (loss) available for allocation before deductions (Table 5). For separately stated deductions (such as contributions and interest investment expense), all partnerships reported a total of $620.1 billion. The difference between total income (loss) and total deductions resulted in $1,512.0 billion of total income (loss) minus total deductions available for allocation to partners, an 11.6-percent decrease (or $198.2 billion) relative to 2018. Of the $1,512.0 billion available for allocation to partners, almost all (99.3 percent or $1,501.1 billion) was identified by type of partner. The difference between total income (loss) minus total deductions available for allocation and income (loss) allocated to partners was due to some partnerships' failure to report allocations, by type of partner, on their originally filed returns.

For the eighth consecutive year, partnerships surpassed both corporations and individuals as the top income (loss) recipients. Partnerships passed $447.5 billion through to partners classified as partnerships for 2019, a $106.6-billion decrease from the $554.1 billion passed through for 2018. In addition, partnerships passed $409.3 billion through to partners classified as individuals, and $343.9 billion through to partners classified as corporations (Figure K).

Since the North American Industry Classification System (NAICS) data were first reported in 1998, partnerships classified in the Finance and insurance sector have had the largest share of allocations, except in 2002. The trend continued for 2019, when this sector reported 65.8 percent of the total amount of allocations of net income to partners.

**Figure K**

**Partnership Returns: Income (Loss) Allocations, by Type of Partner, Tax Years 2010–2019**




SOURCE: IRS, Statistics of Income Division, Partnerships April 2021.

## Increases in rental expenses drove a decrease in net rental real estate income (loss)

For all industries, net rental real estate income (loss) decreased from $40.5 billion to -$8.8 billion between 2018 and 2019 (Figure L). This loss was the first reported for partnership net rental real estate income (loss) since 2009. The loss was the result of a small decrease in total rents ($92.3 million) combined with a larger increase in expenditures ($24.1 billion). (Table 4). Also contributing to the decline was a drop in passthrough rental real estate income (from $-6.1 billion in 2018 to $-29.9 billion in 2019). The Real estate and rental and leasing sector reported the largest decrease, from $45.8 billion to $1.0 billion. Only four sectors reported an increase in net rental real estate income (loss).

## Partnerships reported billions of dollars in differences between financial and tax reporting

*Net Income (Loss) Reconciliation for Certain Partnerships* (Schedule M-3) provides more detail on the differences between financial accounting net income and tax accounting net income. Differences are divided into two categories: temporary and permanent. Temporary (or timing) differences between book income and taxable income are due to items of revenue or expense that are recognized in different periods for tax and book reporting. Permanent differences are differences that partnerships never reverse; they are either nontaxable book revenues or nondeductible book expenses. For 2019, the partnerships that filed a Schedule M-3 reported $2,305.4 billion in income (loss) per income statement, -$1,125.4 billion in temporary differences,

**Figure L**

**Partnership Returns: Net Rental Real Estate Income (Loss), by Selected Industrial Group, Tax Years 2018 and 2019**

| Industrial group | 2018 | 2019 | Change | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| | (1) | (2) | (3) | (4) |
| **All industries** | **40,492,618** | **-8,808,487** | **-49,301,105** | **[N]** |
| Real estate and rental and leasing | 45,839,081 | 1,008,005 | -44,831,076 | -97.8 |
| Real estate | 45,641,104 | 729,355 | -44,911,749 | -98.4 |
| Lessors of residential buildings and dwellings and cooperative housing | -23,015,708 | -34,962,173 | -11,946,465 | 51.9 |
| Lessors of nonresidential buildings (except miniwarehouses) | 79,354,197 | 57,335,355 | -22,018,842 | -27.7 |
| Lessors of miniwarehouses and self-storage units | 2,591,019 | 1,035,806 | -1,555,213 | -60.0 |
| Lessors of other real estate property | 1,421,798 | 2,217,723 | 795,925 | 56.0 |
| Other real estate activities | -14,710,202 | -24,897,356 | -10,187,154 | 69.3 |

[N] Percent change is not provided if the current-year data contain a negative value (loss ) compared to a prior year positive value (income).
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

$12.5 billion in permanent differences, and $1,190.2 billion in income (loss) per tax return.[9]

## More than 97 percent of all partnerships filed their tax returns electronically

In 1986, the IRS first offered partnerships the option of using electronic media to file their Form 1065 returns. Beginning in Tax Year 2000, the IRS required partnerships with more than 100 partners to file their returns electronically; however, the IRS could waive the electronic filing rules if a partnership demonstrated that a hardship would result from the requirement. For returns with 100 or fewer partners, electronic filing was optional.

Some 3.7 million (or 97.8 percent) partnerships filed electronically for 2019, an increase from the 3.6 million partnerships that filed returns electronically for 2018. These partnerships represented 25 million partners for 2019, a 2.2-percent increase from the 24 million partners for 2018. In addition, for 2019, returns filed electronically represented 99.0 percent of all partners, 99.4 percent of total assets, and 99.8 percent of total net income (loss), all increases from the previous year.

## Data Sources and Limitations

SOI based the statistics for Tax Year 2019 on a stratified probability sample of 44,137 returns selected from a population of 4,113,827 partnerships. Tax Year 2019 covers returns processed by the IRS during Calendar Year 2020. All partnerships engaged in business in, or having income from sources within, the United States were required to file *U.S. Partnership Return of Income* (Form 1065) to report income or loss, deductions, tax credits, and other tax-related items generated by the partnership. The statistics are only for active partnerships, defined as those reporting any items of income or deduction derived from a trade or business, or from rental or portfolio income.

SOI stratified the population into classes based on industry, type of return, size of total assets, and size of certain receipt or income amounts from both ordinary business income (loss) and portfolio income (loss). From these classes, SOI selected returns with various probabilities of selection (from 0.01 percent to 100 percent) and weighted them to represent the total population. SOI ruled that 776 sampled returns were either out of scope (due to inactivity or being duplications of other returns in the sample) or not available in time to meet the publication deadline. This resulted in a final sample of 43,361 returns and an estimated overall active population of 3,821,470. Because the data presented in this article are based on a sample of returns, they are subject to sampling error. To use the data properly, the magnitude of the potential sampling error needs to be known. Coefficients of variation (CVs), the ratio of an estimate's standard error to the estimate, are used to measure this magnitude. Figure M presents the coefficients of variation for certain money amounts for selected industrial sectors. The estimate is judged more reliable the smaller the coefficient of variation.

### Figure M
### Partnership Returns: Coefficients of Variation for Selected Items by Industrial Sector, Tax Year 2019

[Coefficients of variation in percentages]

| Industrial sector | Coefficients of variation | | | |
|---|---|---|---|---|
| | Number of partnerships | Total assets | Total income | Total deductions |
| | (1) | (2) | (3) | (4) |
| **All industries** | 0.62 | 0.12 | 0.24 | 0.25 |
| Agriculture, forestry, fishing, and hunting | 9.93 | 6.04 | 4.72 | 4.60 |
| Mining | 18.51 | 1.34 | 1.37 | 1.55 |
| Utilities | 31.03 | 1.95 | 0.97 | 0.97 |
| Construction | 8.41 | 3.59 | 1.68 | 1.66 |
| Manufacturing | 13.83 | 0.95 | 0.79 | 0.81 |
| Wholesale trade | 12.67 | 1.33 | 0.82 | 0.82 |
| Retail trade | 8.71 | 1.70 | 1.19 | 1.19 |
| Transportation and warehousing | 13.93 | 0.97 | 1.82 | 1.75 |
| Information | 14.93 | 0.56 | 0.85 | 0.90 |
| Finance and insurance | 4.83 | 0.23 | 1.39 | 1.49 |
| Real estate and rental and leasing | 1.29 | 0.58 | 2.93 | 2.92 |
| Professional, scientific, and technical services | 7.08 | 2.17 | 1.17 | 1.23 |
| Management of companies | 13.05 | 1.68 | 2.92 | 3.02 |
| Administrative and support and waste management and remediation services | 12.50 | 3.15 | 3.12 | 3.17 |
| Educational services | 24.04 | 9.47 | 10.75 | 10.56 |
| Health care and social assistance | 6.48 | 2.30 | 1.41 | 1.47 |
| Arts, entertainment, and recreation | 15.61 | 3.08 | 3.25 | 3.30 |
| Accommodation and food services | 7.74 | 3.12 | 2.32 | 2.30 |
| Other services | 11.59 | 8.27 | 5.94 | 5.95 |
| Nature of business not allocable | * | * | * | * |

| Item [1] | Coefficients of variation—continued |
|---|---|
| | All industries |
| | (5) |
| Number of partnerships | 0.62 |
| Number of partners | 2.27 |
| Total assets | 0.12 |
| Total income | 0.24 |
| Business receipts | 0.21 |
| Total deductions | 0.25 |
| Cost of goods sold | 0.32 |
| Interest paid | 1.23 |
| Taxes and licenses | 0.71 |
| Depreciation | 0.91 |
| Ordinary business income | 0.66 |
| Ordinary business loss | 1.14 |
| Interest income | 0.84 |
| Portfolio income (loss) distributed directly to partners | 0.63 |
| Net rental real estate income | 1.31 |
| Net rental real estate loss | 2.41 |
| Other net rental income | 7.53 |
| Other net rental loss | 5.58 |
| Total net income (loss) | 1.31 |
| Total income (loss) minus total deductions available for allocation | 0.63 |
| Total receipts | 0.32 |

* For 2019, there were no returns classified as Nature of business not allocable.
[1] All items in this figure can be found in Table 1 except for: Total income (loss) minus total deductions available for allocation (Table 5); and Total receipts (Table 7).
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2021.

[9] Not all partnerships are required to file the Schedule M-3, and not all filers are required to complete the entire M-3. For more information, see the 2019 Instructions for Schedule M-3 (Form 1065).

## Notes for Data Tables

All money amounts and frequencies in the data tables were subject to rounding errors. As a result, a row or column of frequencies or amounts may fail to add exactly to the corresponding total amount. At the table level, SOI rounded money amounts to the nearest $1,000, and amounts of $500 or more to the next highest thousand. Total amounts between +$500 and -$500 were footnoted to indicate that an amount that rounded to zero was present.

Whenever a cell frequency was low, SOI either combined data or deleted the estimate to avoid disclosing information about specific partnerships. These cells are identified with a "[d]." In addition, an estimate based on fewer than 10 returns, not selected at the 100-percent rate, is indicated by an asterisk (*) and considered statistically unreliable. These estimates should typically be used in combination with other tabulated values due to the small sample size. The statistical reliability of each cell in the tables was determined separately from all other cells. Thus, it was possible for a total figure to be marked with an asterisk (*), indicating statistical unreliability, while a subset of the total is not so marked. For example, a sector amount could be based on 7 returns, 3 not sampled at the 100-percent rate. That amount would receive an asterisk. However, an industry amount, within the sector, may include all 9 returns sampled at the 100-percent rate and would not receive an asterisk.

The IRS issued requirements for safeguarding Federal Tax Information (FTI) in *Tax Information Security Guidelines for Federal, State and Local Agencies* (Publication 1075). While FTI is subject to Internal Revenue Code section 6103(p)(4) safeguarding requirements, the increased availability of data on the internet and in the cloud creates greater challenges for government agencies responsible for protecting the confidentiality of FTI and preventing the commingling of FTI with other information. This article provides data tables that meet the requirements, with the understanding that periodic reviews could lead to further adjustments of content in future editions.

## Explanation of Selected Terms

*Assets and liabilities*—A partnership was required to provide balance sheet information, in general, only if it had total receipts of $250,000 or more, had total assets of $1,000,000 or more, filed and provided Schedules K-1 timely, and was not required to file *Net Income (Loss) Reconciliation for Certain Partnerships* (Schedule M-3, Form 1065). SOI did not estimate the assets and liabilities of partnerships that did not provide this information. In addition, for returns with accounting periods ending after December 31, 2005, total assets should have been determined without offset by liabilities and not reported as a negative amount. If, however, the partnership continued to report negative total assets, no effort was made during data collection to change the amount.

*Business receipts*—Business receipts represent the gross receipts or sales less returns and allowances from trade or business income. Business receipts are typically the largest component of gross receipts for industry groups such as Manufacturing. SOI did not adjust business receipts to include rental real estate activity, which was reported separately on the partnership's return.

*Electronically filed (ELF) partnerships*—Certain partnerships with more than 100 partners were required to file their returns electronically. Other partnerships could volunteer to file electronically. Partnerships submitting returns electronically did so in lieu of paper returns.

*Foreign partnerships*—A foreign partnership that has gross income effectively connected with the conduct of a trade or business within the United States or has gross income derived from sources in the United States must file a Form 1065, even if its principal place of business was outside the United States or all its partners were foreign persons.

*Limited liability companies (domestic)*—A limited liability company (LLC) is an entity formed under State law by filing articles of organization as an LLC. Limited liability companies that choose to be classified as partnerships file *U.S. Partnership Return of Income* (Form 1065). SOI identified LLCs by their response to a question on *Other Information* (Schedule B, Form 1065). Limited liability companies combine the corporate characteristics of limited liability for all members with the passthrough income treatment of a partnership. (The owners of an LLC are called members, not partners.) These businesses offer more organizational flexibility than do S corporations. (S corporations pass through their income, gains and losses, deductions, and credits to their shareholders for tax purposes, like partnerships.) For example, unlike S corporations, LLCs are not limited in the number and type of owners. Unlike partners in limited partnerships, all members of LLCs have limited liability protection, even if they actively participate in the management of the business. In some cases, LLCs file as sole proprietorships on individual income tax returns or as corporations on corporation income tax returns. LLC data reported on these returns were not included in this article.

Figure N provides more detail about the members of LLCs. Members of an LLC choose a manager, who is similar to a general partner of a partnership or a director of a corporation. The manager may be one of the members. Figure N data are based on an examination of unedited IRS administrative records.

*Limited liability partnerships (domestic)*—A limited liability partnership (LLP) is formed under a State limited liability partnership law. Limited liability partnerships file *U.S. Partnership Return of Income* (Form 1065). SOI identified LLPs by response to a question on *Other Information* (Schedule B, Form 1065). Organizationally, LLPs are available in some states only for professional partnerships, such as law firms or accounting firms. A partner in an LLP receives liability protection from the actions of other partners but is liable for the partnership debts as well as the consequences of his or her own actions.

Figure O provides more detail about the members of LLPs. Figure O data are based on an examination of unedited IRS administrative records.

*Nonrecourse loans*—Nonrecourse loans are those partnership liabilities for which no partner bears the economic risk of loss.

*North American Industry Classification System*—Starting with the 1998 partnership study, SOI classified data using the

## Figure N
### Number of Members of Limited Liability Companies (LLCs), by Member and Entity Types, Tax Year 2019

| Type and number of members | All entities | Corporations | Individuals | Partnerships | Limited liability companies | Exempt organizations | Nominees | Other entities |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **Total LLC Members [1]:** | | | | | | | | |
| Number of members | 12,134,800 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Percent of total | 100.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **LLC Members-Managers:** | | | | | | | | |
| Number of members | 3,577,600 | 128,300 | 3,067,600 | 215,700 | 31,200 | 5,200 | 3,900 | 125,700 |
| Percent of total | 100.00 | 3.59 | 85.74 | 6.03 | 0.87 | 0.15 | 0.11 | 3.51 |
| **LLC Members:** | | | | | | | | |
| Number of members | 8,280,500 | 280,600 | 5,742,800 | 826,400 | 93,300 | 57,700 | 24,600 | 1,255,100 |
| Percent of total | 100.00 | 3.39 | 69.35 | 9.98 | 1.13 | 0.70 | 0.30 | 15.16 |
| **Unallocable LLC Members:** | | | | | | | | |
| Number of members | 276,700 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Percent of total | 100.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A—Not available.
[1] Limited liability companies were identified by checkbox "c" on the Form 1065, Schedule B, Line 1.
NOTES: Detail may not add to totals because of rounding; frequencies are rounded to the nearest hundred. The checkboxes on the Schedule K-1, Item G, were used to distinguish between LLC members-managers and the LLC members. No distinction was made between managers-managed LLCs and members-managed LLCs.
SOURCE: IRS, Unedited administrative records, February 2021.

## Figure O
### Number of Partners of Limited Liability Partnerships (LLPs), by Partner and Entity Types, Tax Year 2019

| Type and number of partners | All entities | Corporations | Individuals | Partnerships | Limited liability companies | Exempt organizations | Nominees | Other entities |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **Total LLP Partners [1]:** | | | | | | | | |
| Number of partners | 618,000 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Percent of total | 100.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **LLP General Partners:** | | | | | | | | |
| Number of partners | 280,800 | 15,000 | 244,000 | 11,500 | 1,700 | 300 | 300 | 8,000 |
| Percent of total | 100.00 | 5.34 | 86.89 | 4.10 | 0.61 | 0.11 | 0.11 | 2.85 |
| **LLP Limited Partners:** | | | | | | | | |
| Number of partners | 325,100 | 13,000 | 245,000 | 20,300 | 2,200 | 1,200 | 1,400 | 42,000 |
| Percent of total | 100.00 | 4.00 | 75.36 | 6.24 | 0.68 | 0.37 | 0.43 | 12.92 |
| **Unallocable LLP Partners:** | | | | | | | | |
| Number of partners | 12,100 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Percent of total | 100.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A—Not available.
[1] Limited liability partnerships were identified by checkbox "d" on the Form 1065, Schedule B, Line 1.
NOTES: Detail may not add to totals because of rounding; frequencies are rounded to the nearest hundred. The checkboxes on the Schedule K-1, Item G, were used to distinguish between LLP general partners and the LLP limited partners.
SOURCE: IRS, Unedited administrative records, August 2021.

North American Industry Classification System (NAICS), which replaced the Standard Industry Classification system (SIC). NAICS is a hierarchical system that classifies businesses, including partnerships, into sectors, subsectors, industry groups, and industries. Although the complete NAICS uses 20 sectors, SOI grouped the partnership data into 20 industrial divisions in Tax Year 1998 through Tax Year 2001 *SOI Bulletin* articles for presentation purposes and easier comparison between NAICS and SIC data. SOI dropped the industrial division for the Tax Year 2002 article and grouped the partnership data into the same 20 industrial sectors used in NAICS, except for: 1) excluding public administration, and 2) adding nature of business not allocable. Businesses are only classified in the nature of business not allocable sector when a more specific activity cannot be identified from the return. SOI classified data within these industrial sectors in industrial groups. The most detailed classification in this article and related data tables is the "industry." The 20 sectors used in this article are:

- Agriculture, forestry, fishing, and hunting;
- Mining;
- Utilities;
- Construction;
- Manufacturing;
- Wholesale trade;

- Retail trade;
- Transportation and warehousing;
- Information;
- Finance and insurance;
- Real estate and rental and leasing;
- Professional, scientific, and technical services;
- Management of companies (holding companies);
- Administrative and support and waste management and remediation services;
- Educational services;
- Health care and social assistance;
- Arts, entertainment, and recreation;
- Accommodation and food services;
- Other services; and
- Nature of business not allocable.

Detail of the activities included in each classification is available at https://www.census.gov/eos/www/naics/. NAICS is updated every fifth year. This website also contains descriptions of the relationships between various classification system updates.

SOI determined a partnership industry based on the activity from which the business derived the largest percentage of its total receipts. For industry coding purposes only, SOI defined total receipts as the sum of:

- gross receipts or sales less returns and allowances (i.e., business receipts in the statistics);
- ordinary income from other partnerships, estates, and trusts;
- net farm profit;
- net gain from Form 4797;
- other income (Form 1065, page 1, line 7);
- other gross rental income;
- interest income;
- dividend income;
- royalties;
- net short-term capital gain;
- net long-term capital gain;
- net section 1231 gain;
- other income (Form 1065, page 4, line 11);
- gross rents from rental real estate;
- net gain from the disposition of property from rental real estate activities; and
- net income from rental real estate activities from partnerships, estates, and trusts in which the partnership is a partner or beneficiary.

Total receipts for partnership industry coding purposes differs from total receipts used elsewhere in this article (see "Total receipts" in this section).

*Partner*—Partners can be individuals, corporations, other partnerships, or any other legal entity. One partner may be part of multiple partnerships. Partners are classified as either general or limited. General partners are those who assume liability for the partnership's debts and losses. Limited partners are those whose liability in the partnership is limited to their investment. A partnership must have at least two partners, at least one of which must be a general partner. A general partnership is composed entirely of general partners. A limited partnership has at least one general partner and one or more limited partners.

*Partnership*—A partnership is the relationship between two or more persons who join to carry on a trade or business. Each partner contributes money, property, labor, or skill with the expectation of sharing in the profits and losses of the business, regardless of whether a formal partnership agreement was made. Every partnership that engages in a trade or business or has income from sources in the United States must file an annual information return with the Internal Revenue Service, *U.S. Partnership Return of Income* (Form 1065) showing the partnership's income or loss for the year. A partnership must file this return even if its principal place of business is outside the United States and even if all its members are nonresident aliens.

*Total net income (loss)*—Through Tax Year 1986, partnerships reported the amounts for total net income (loss) as ordinary income (loss) on Form 1065. After the tax law changes and tax form revisions in 1987, Statistics of Income studies began computing a similar total figure as the sum of the following:

- ordinary business income (loss);
- interest income;
- dividend income;
- royalties;
- net rental real estate income (loss) from Form 8825; and
- other net rental income (loss).

The sum of these components is a measure of overall partnership profit or loss, which allows for comparisons with total net income (loss), reported for years before 1987. The profit status of a partnership is determined based on the sum of these six amounts. Partnerships where the sum of these six amounts equals zero are included with loss partnerships. For 2004, the definition of total net income (loss) was revised because other portfolio income (loss) was excluded since it was no longer reported separately on *Partners' Distributive Share Items* (Schedule K), but was included on Schedule K, Line 11, "Other income (loss)."

*Total receipts*—Total receipts is computed for the statistics to reflect similar computations published in other Statistics of Income (SOI) studies. It is the sum of positive income received by partnerships for the specific items listed below (note that negative amounts or losses are included in the statistics as deduction items):

- gross receipts or sales less returns and allowances (i.e., business receipts in the statistics);
- ordinary income from other partnerships, estates and trusts;

- net farm profit;
- net gain from Form 4797;
- other income (Form 1065, page 1, line 7);
- net rental real estate income;
- other net rental income;
- interest income;
- dividend income;
- royalties;
- net short-term capital gain;
- net long-term capital gain;
- net section 1231 gain; and
- other income (Form 1065, page 4, line 11).

Total receipts in Table 7 differ from total receipts presented in Table 11 in the Selected Historical and Projected Data accessible online at https://www.irs.gov/statistics/soi-tax-stats-historical-table-11. Table 11 excludes certain income items allocated directly to partners (such as net short-term and long-term capital gains, net gain under Internal Revenue Code section 1231, and other income (Schedule K, Line 11)).

## Additional Tabular Data on Tax Stats Website

For additional partnership tabular data, see the Partnership section on IRS's Tax Stats Website at www.irs.gov/statistics/soi-tax-stats-partnership-statistics. This site contains tabular data including partnership returns by size of total assets, returns with foreign transactions, and data for prior years.

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# Global Intangible Low-Taxed Income and the Section 250 Deduction, Tax Year 2018

*by Nuria McGrath, Chloe Gagin, and Jefferey Yan*

## Highlights

- For Tax Year 2018, U.S. shareholders filing *U.S. Shareholder Calculation of Global Intangible Low-Tax Income (GILTI)* (Form 8992) reported $342 billion in GILTI inclusions in their gross income. Parent corporations of these shareholders had total assets of almost $49.0 trillion, constituting 45.1 percent of all assets of active corporations. Approximately 91 percent of GILTI was attributed to corporations with total assets greater than $2.5 billion. Parent corporations of these shareholders had total receipts of $14.8 trillion, which is over 42.0 percent of all receipts of active corporations. Over 90.6 percent of GILTI was attributed to corporations with business receipts greater than $1 billion. U.S. shareholders filing a Form 8992 had Net Tested Income of $362.6 billion; this amount was reduced by $50.6 billion of Net Deemed Tangible Income Return (DTIR).[1]
- For Tax Year 2018, domestic corporations claimed approximately $238.5 billion in Internal Revenue Code section 250 deductions. This amount is estimated from *Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)* (Form 8993) as the total sum of the GILTI and FDII deductions claimed by taxpayers. The sum of GILTI deductions for all returns, $186 billion, made up 78.0 percent of the total section 250 deduction reported on Form 8993. The total GILTI inclusion of $342 billion was reduced by a GILTI deduction (net of the GILTI deduction attributed to gross up)[2] of $163.0 billion for a net GILTI inclusion amount of $179 billion. The final TY 2018 published counts represent a population of 6,825 Forms 8993.

## Background

### GILTI

As the U.S. international tax system moved from a worldwide system towards a territorial system, certain provisions provided a powerful incentive to shift income into low-tax jurisdictions. Prior to Public Law 115-97 (*Tax Cuts and Jobs Act (TCJA) of 2017*) and except for certain types of income taxed as Subpart F,[3] income earned by the foreign subsidiaries of U.S. corporations was taxed only when repatriated back to the U.S. as dividends. To facilitate the redeployment of foreign earnings in the United States, provisions in the TCJA generally exempt the active business earnings of these foreign subsidiaries from U.S. taxation, even when repatriated; this is known as a "participation exemption system."[4] However, Congress was concerned that without any base protection measures, this system could further incentivize taxpayers to allocate intangible income (e.g., income on intellectual property rights, patents, trademarks, licenses) to controlled foreign corporations (CFCs) formed in low- or zero-tax jurisdictions because the earnings related to such intangible income could now be repatriated to the United States without incurring any U.S. tax. The category of income known as GILTI was created under TCJA to discourage corporations from shifting profits on intangible assets to countries with a tax rate lower than the post-TCJA top corporate income tax rate of 21 percent (down from 35 percent pre-TCJA).

Form 8992 is used to calculate the section 951A or GILTI inclusion of U.S. shareholders of CFCs for years in which they are U.S. shareholders of CFCs and affects CFCs with accounting periods beginning after December 31, 2017. This inclusion is included on the corporation's Form 1120, *Dividends, Inclusions, and Special Deductions* (Schedule C), as income for U.S. tax purposes. Given that it is treated as a dividend, the GILTI income is most like but not identical to the calculation of Subpart F because it subjects GILTI to U.S. tax on a current basis. However, while GILTI is computed at the shareholder level and is a taxable income concept independent of income type with the ability to offset losses across CFCs, Subpart F is computed at the CFC level and is an Earnings and Profit concept defined by income type and with an inability to offset the losses of one CFC against the income of another.

In its simplest form, a corporation is subject to the GILTI inclusion if there is positive Net Tested Income. GILTI is calculated as a U.S. shareholder's Net Tested Income (see Explanation of Terms section) in excess of a shareholder's Net DTIR. DTIR is composed of 10 percent of a shareholder's Qualified Business Asset Investments (QBAI) less Specified Interest Expense. GILTI is taxed at a lower corporate tax rate which is achieved by a section 250 deduction.

### Section 250 Deduction

Title 26 of U.S. Code (Internal Revenue Code) § 250 defines the allowance of a deduction on foreign-derived intangible income and global intangible low-taxed income. The section 250 deduction was created under Public Law 115-97 (TCJA

[1] Tested income minus DTIR will not equal the GILTI inclusion amount of $342 billion. This is due to rounding, taxpayer reporting discrepancies, missing fields/forms, and processing tolerances.
[2] The GILTI deduction reported on the Form 8993 includes on Part IV, line 9, a deduction for a GILTI inclusion plus the deduction for amounts treated as a dividend received by a corporation under section 78 (generally referred to as "gross up"). For comparability, the amount listed above includes the GILTI deduction but does not include the GILTI deduction attributed to gross-up amounts.
[3] Internal Revenue Code sections 951 and 952 stipulate specific cases in which earnings and profits are deemed to have been paid by a CFC to a U.S. shareholder. Such income is subject to U.S. tax whether it is repatriated, or not, to U.S. shareholders in the form of an actual dividend.
[4] Department of the Treasury, Internal Revenue Service (2019). *26 CFR Part I, Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income.* Washington, D.C.: Department of the Treasury.

of 2017). The TCJA-enacted section 250 allowed a deduction for the eligible percentage of FDII and GILTI. The provisions from the TCJA affect returns with accounting periods beginning after December 31, 2017. The provisions described in section 250 are reported on *Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)* (Form 8993).[5] Form 8993 determines the GILTI deduction used to offset GILTI income included in the taxpayer's gross income. It is also used to determine the amount of foreign-derived income (already included in the taxpayer's gross income) and potentially provides a deduction. The GILTI deduction and FDII deduction are summed from the Form 8993 and reported on the Form 1120, Schedule C as the section 250 deduction. The section 250 deduction cannot be greater than the taxable income of the domestic corporation. Thus, a domestic corporation may not be able to take the full section 250 deduction if it has a taxable loss in the current year (without considering the amount of its section 250 deduction) or if the taxpayer is carrying forward a net operating loss from a prior year.

The GILTI deduction applies to the GILTI amount that is included in the gross income of a domestic corporation under section 951A for the taxable year. It also applies to any amount treated as a dividend received by a corporation under section 78 (generally referred to as "gross up"). While GILTI provisions apply to U.S. shareholders that have tested income or tested loss derived from CFC(s) owned by a U.S. shareholder and calculates excess intangible income, FDII provisions apply to U.S. corporations that have sales of goods or services abroad. A domestic corporation's income can be divided into regular income and FDII. The FDII portion is the amount left over after depreciable tangible property (used in trade or business) has been excluded. FDII is income that comes from exporting products tied to intangible assets such as patents, trademarks, and copyrights that are held in the United States. FDII must include income derived from accessing or serving foreign markets, either through goods or services. An FDII deduction can be claimed on the amount of income determined to be FDII.

With section 250, Congress lowered the effective tax rate of FDII to decrease incentives to serve foreign markets through controlled foreign corporations rather than direct exports and to encourage the development and reshoring of intangible assets. For Tax Years 2018–2025, the deduction is 37.5 percent of FDII. The corporate tax rate of 21 percent, set under the TCJA for tax years beginning after 2017, brings the effective tax rate for FDII income down to 13.125 percent.[6] Since U.S. shareholders are generally entitled to a deduction equal to 50 percent of the GILTI inclusion under section 250, the tax on GILTI inclusions is generally levied at an effective tax rate of 10.5 percent for Tax Year 2018;[7] however, since taxpayers with foreign-sourced income and taxes are limited to 80 percent of the foreign tax

## Figure A

### U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI) (Form 8992), Selected Items, by Size of Total Assets of Parent, Tax Year 2018

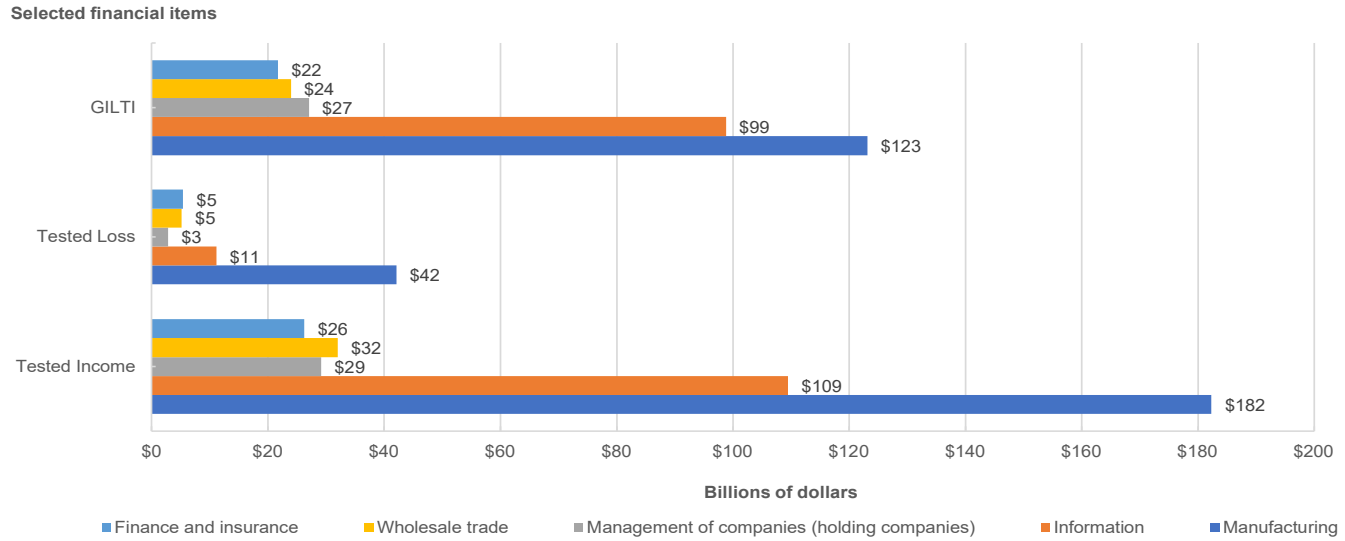
[All figures are estimates based on a sample—money amounts are in thousands of dollars. Amounts are based on assets of parent corporations.]

| Selected Item | Form reference | Total | Under $50,000 | $50,000 under $500,000 | $500,000 under $2,500,000 | $2,500,000 or more |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **Number of parents** | **N/A** | **9,127** | **4,596** | **2,427** | **1,164** | **939** |
| **Number of U.S. shareholders [1]** | **N/A** | **10,340** | **4,605** | **2,505** | **1,405** | **1,824** |
| **Number of controlled foreign corporations (CFCs)** | **N/A** | **83,632** | **9,393** | **10,202** | **13,519** | **50,517** |
| **Total assets** | **N/A** | **48,982,897,394** | **57,203,577** | **461,968,334** | **1,439,520,593** | **47,024,204,889** |
| **Part I:** | | | | | | |
| Pro rata share of tested income | Line 1 | 446,170,585 | 6,164,032 | 9,223,870 | 25,902,585 | 404,880,099 |
| Pro rata share of tested loss | Line 2 | 83,580,897 | 2,506,785 | 4,607,196 | 7,866,751 | 68,600,164 |
| Net CFC tested income | Line 3 | 362,589,689 | 3,657,247 | 4,616,672 | 18,035,834 | 336,279,936 |
| **Part II:** | | | | | | |
| Ten percent of pro rata share of qualified business asset investment | Line 2a | 57,043,159 | 491,954 | 1,413,539 | 3,533,447 | 51,604,219 |
| Specified interest expense | Line 2b | 9,174,113 | 249,102 | 495,464 | 599,733 | 7,829,814 |
| Net deemed tangible income return | Line 2c | 50,636,523 | 305,016 | 1,146,817 | 3,044,320 | 46,140,369 |
| Global intangible low-taxed income (GILTI) | Line 3 | 342,303,803 | 4,989,013 | 7,296,037 | 20,045,577 | 309,973,177 |

N/A—Not applicable.
[1] The number of U.S. shareholders may be underestimated to the extent that some Forms 8992 reported at the corporate level, rather than at the shareholder level, were used for the statistics.
SOURCE: IRS, Statistics of Income Division, Global Intangible Low-Taxed Income Study, July 2021.

[5] The deduction is allowed only to domestic corporations other than real estate investment trusts (REITs), regulated investment companies (RICs) and S corporations.
[6] After December 31, 2025, the FDII deduction is reduced to 21.875 percent, and the effective tax rate on FDII rises to 16.406 percent.
[7] After December 31, 2025, the GILTI deduction is reduced to 37.5 percent, and the effective tax rate on GILTI rises to 13.125 percent, or 16.406 percent when considering the 80 percent limitation on the FTC.

**Figure B**
**Form 8992 Top Sectors: Selected Financial Items, Tax Year 2018**




SOURCE: IRS, Statistics of Income Division, GILTI Study, July 2021.

credit,[8] the tax rate could be closer to 13.125 percent (10.5 percent divided by 80 percent) for income taxed by foreign jurisdictions and would be more in line with the FDII effective tax rate.

## Statistics

### GILTI

#### Parent-level demographics

For Tax Year 2018, total assets of all returns filing a Form 8992 or with a GILTI inclusion was almost $49.0 trillion (Figure A). Only 10.3 percent of returns had assets greater than $2.5 billion. However, collectively this group had total assets of over $47.0 trillion or 96.0 percent of all assets of the parent corporations. Returns in asset classes with total assets less than $50 million encompassed over 50 percent of returns but only 0.12 percent of total assets and 1.5 percent of GILTI.

Out of the 9,127 parent corporations filing a Form 8992 or having a GILTI inclusion, the 2,103 corporations with assets greater than $500 million reported total net tested income of $354.3 billion (97.7 percent of the total) and a total GILTI inclusion of $330.0 billion (96.4 percent). These corporations had assets totaling $48.5 trillion ($23 billion on average). Of the same total group of parent corporations, 1,757 of them had receipts greater than $500 million and reported total net tested income of $348.9 billion (96.2 percent of the total) and a total GILTI inclusion of $320.2 billion (93.4 percent). This group's receipts totaled $14.2 trillion ($8 billion on average).

For Tax Year 2018, some 6,325 corporations had a GILTI inclusion, and these parent corporations had total assets of $40.3 trillion and total receipts of $10.9 trillion. Of those parent corporations, 3,436 claimed a GILTI deduction under section 250. Furthermore, they had a total GILTI inclusion of $328.6 billion (96.0 percent), total assets of $36.3 trillion, and total receipts of $9.3 trillion; on average, they reported assets of $10.8 billion and receipts of $3 billion.

#### Industry breakout

For Tax Year 2018, parent corporations in the manufacturing and information sectors accounted for 64.8 percent of the GILTI inclusion or $222.0 billion (Figure B). Although corporations in the manufacturing industry accounted for 36.0 percent ($123.1 billion) of the GILTI inclusions, they accounted for 58.2 percent of total net deemed tangible income ($29.5 billion) (Figure C) and 50.4 percent of tested loss ($42.1 billion). Within manufacturing, the chemical, computer, and electronic product, and transportation equipment manufacturing industries made up 67 percent of the total GILTI inclusion for that industry.

Parent corporations in the information sector accounted for 28.9 percent of the total GILTI inclusion ($98.8 billion) and 6.1 percent of net deemed tangible income ($3.1 billion). These corporations had $109.5 billion in tested income or 24.5 percent of the total. Within the information sector, the publishing industries (except internet), other information services, and the data processing, hosting, and related services industries made up about 97 percent of the total GILTI inclusion for that industry.

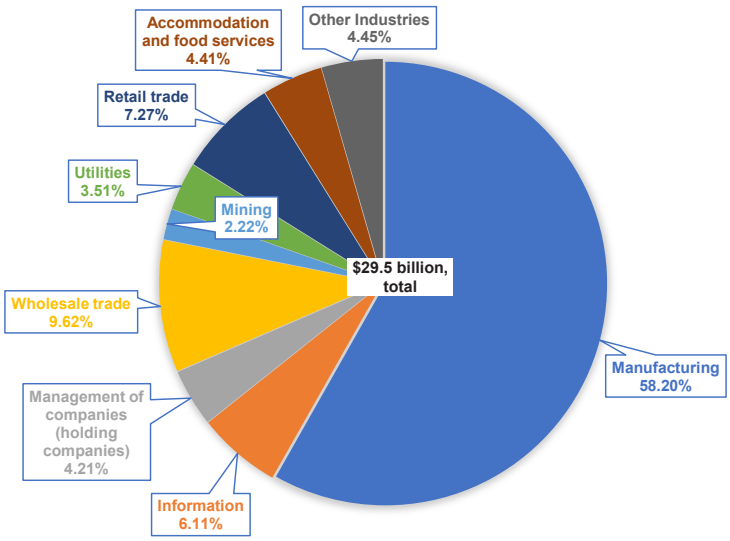
### Section 250 Deduction

#### Deduction breakout

Domestic corporations claimed deductions of approximately $52.5 billion on FDII and $186.0 billion on GILTI inclusions (Figure D). For Tax Year 2018, some 3,436 taxpayers claimed a GILTI deduction, and 3,909 taxpayers claimed an FDII

[8] The effective tax rate does not take into account expenses allocated to the GILTI basket, which could alter the tax rate.

**Figure C**
**Form 8992 Top Sectors: Net Deemed Tangible Income, Tax Year 2018**




SOURCE: IRS, Statistics of Income Division, GILTI Study, July 2021.

deduction. Of the 6,825 taxpayers that filed a Form 8993, some 2,521 taxpayers only claimed an FDII deduction and 2,048 only claimed a GILTI deduction. Almost 800 taxpayers filed a Form 8993 but did not have a GILTI or FDII deduction. (Table 1).

## Industry breakout

For Tax Year 2018, corporations in the manufacturing and information sectors encompassed 67 percent of the total section 250 deduction (Figure E). For manufacturing, 2,001 corporations claimed approximately $67 billion in GILTI deductions and $34 billion in FDII deductions, which together comprise 42.4 percent of all section 250 deductions (Figure F). That sector made up 36.1 percent of the GILTI deduction total and 64.9 percent of the FDII deduction total. Within the manufacturing sector, the computer and electronic product manufacturing, transportation equipment manufacturing, and chemical manufacturing industries made up about 66.4 percent of the total GILTI deduction and 77.1 percent of the total FDII deduction. In terms of FDII, $92 billion was accounted for within the manufacturing sector (64.5 percent) (Figure G).

Similarly, for the information sector, 650 corporations claimed GILTI deductions totaling $51.5 billion and FDII deductions totaling $7 billion, which are 24.6 percent of all section 250 deductions. That sector made up 27.7 percent of the GILTI deduction total and 13.6 percent of the FDII deduction total. Within the information sector, the publishing industries (except internet), other information services,[9] and the data processing, hosting, and related services industries made up about 96.9 percent of the total GILTI deduction and 82.6 percent of the total FDII deduction. In terms of FDII, approximately $20 billion of FDII (13.7 percent) came from parent corporations within the information sector.

## Form interactions

The GILTI inclusion reported on Form 8992 is carried forward to Form 8993 and used in the calculation of both the FDII deduction and the GILTI deduction. Besides being included on the Form 1120, Schedule C, the GILTI inclusion and section 250 deductions interact with several IRS tax forms. *Information for Global Intangible Low-Taxed Income* (Form 5471, Schedule I-1) is used to report amounts at the CFC level in determining a shareholder's GILTI inclusion. This information is used in developing the GILTI calculation. In addition, the GILTI of a U.S. shareholder is reported on *Foreign Tax Credit—Corporations* (Form 1118).[10] U.S. shareholders are deemed to have paid 80 percent of the foreign income taxes paid or accrued by the CFC with respect to the CFC's tested income that results in the U.S. shareholder's GILTI (with no foreign tax credit carryover or carryback). The GILTI inclusion is "grossed up" under section 78 of the Internal Revenue Code to include 100 percent of the taxes deemed paid with respect to GILTI.

Form 1118 also includes the deductions for FDII and GILTI that are allocated and apportioned to foreign-sourced income and any foreign tax credits attributed to GILTI. FDII can also be reported on *Information Return of a Foreign Owned Corporation* (Form 5472),[11] as all corporations filing a Form 5472 must report any deduction under section 250 with respect to FDII on Part IV of that form.

**Figure D**
**Section 250 Deduction by Type of Deduction Claimed, Tax Year 2018**
[Money amounts are in thousands of dollars]

| Type of deduction | All returns | Returns with both FDII and GILTI deductions | Returns with only the FDII deduction | Returns with only the GILTI deduction |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| FDII deduction | 52,470,447 | 44,468,085 | 8,002,362 | N/A |
| GILTI deduction | 186,040,925 | 149,245,068 | N/A | 36,795,857 |

N/A—Not applicable.
SOURCE: IRS, Statistics of Income Division, Section 250 Deduction Study, July 2021.

[9] Includes news syndicates, libraries, internet publishing, and broadcasting.
[10] GILTI inclusions can also be included on *Foreign Tax Credit (Individual, Estate, or Trust)* (Form 1116).
[11] Information about Form 5472 and data tables for Tax Year 2018 can be found at https://www.irs.gov/statistics/soi-tax-stats-transactions-of-foreign-owned-domestic-corporations.

## Figure E

### Form 8993: Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI), Selected Items, by Industrial Sector, Tax Year 2018

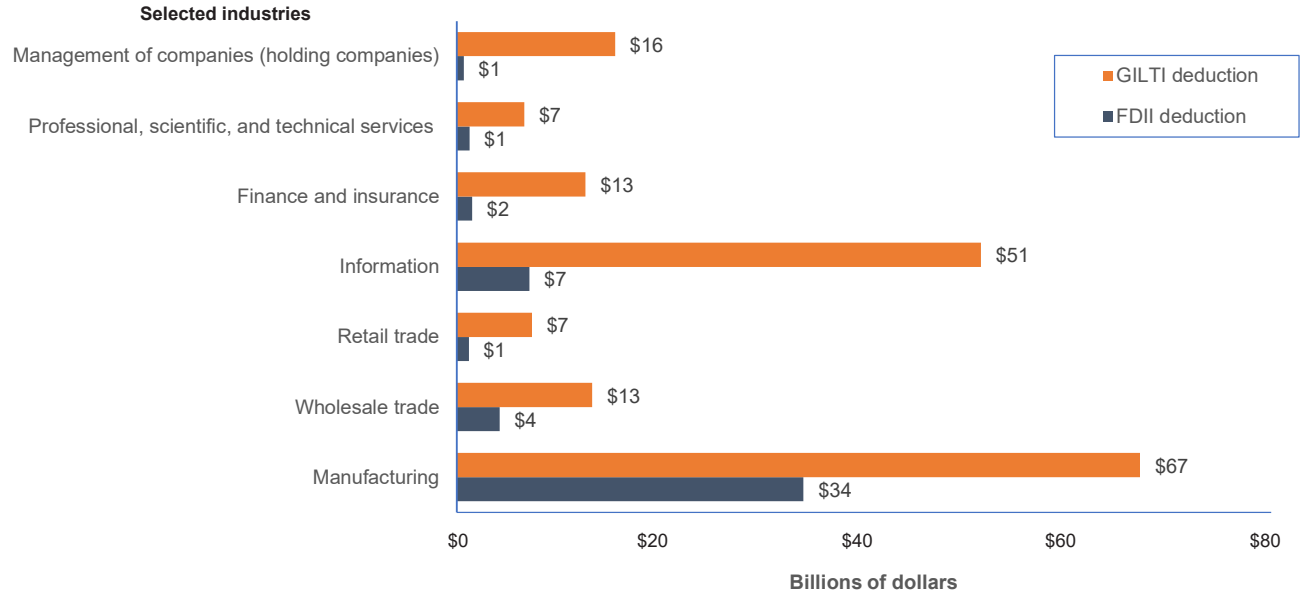
[All figures are estimates based on a sample—money amounts are in thousands of dollars]

| Industrial sector | Number of returns | Foreign-Derived Intangible Income (FDII) | FDII percent of total | FDII deduction | FDII deduction percent of total | GILTI deduction | GILTI deduction percent of total | Section 250 deduction | Section 250 percent of total |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All sectors** | **6,825** | **143,341,222** | **100.0** | **52,470,447** | **100.0** | **186,040,925** | **100.0** | **238,511,372** | **100.0** |
| Manufacturing | 2,001 | 92,480,877 | 64.5 | 34,069,943 | 64.9 | 67,133,470 | 36.1 | 101,203,413 | 42.4 |
| Wholesale trade | 1,557 | 11,324,347 | 7.9 | 4,212,769 | 8.0 | 13,305,055 | 7.2 | 17,517,824 | 7.3 |
| Retail trade | 198 | 3,280,248 | 2.3 | 1,174,745 | 2.2 | 7,378,507 | 4.0 | 8,553,252 | 3.6 |
| Information | 650 | 19,677,607 | 13.7 | 7,134,698 | 13.6 | 51,495,647 | 27.7 | 58,630,345 | 24.6 |
| Professional, scientific, and technical services | 1,085 | 4,094,040 | 2.9 | 1,247,905 | 2.4 | 6,621,580 | 3.6 | 7,869,485 | 3.3 |
| Management of companies (holding companies) | 492 | 1,833,805 | 1.3 | 683,717 | 1.3 | 15,555,251 | 8.4 | 16,238,968 | 6.8 |
| All other sectors | 842 | 10,650,298 | 7.4 | 3,946,670 | 7.5 | 24,551,415 | 13.2 | 28,498,085 | 11.9 |

NOTES: Form 8993 is entitled *Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)*. Due to taxpayer reporting discrepancies, missing returns, and processing tolerances, there are differences between the GILTI inclusion on *U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI)* (Form 8992) and Form 8993 study tables. Likewise, there are differences between the sum of FDII and GILTI deduction amounts on Forms 8993 and the Section 250 Deduction reported on *U.S. Corporation Income Tax Return* (Form 1120). Additionally, detail may not add to totals.
SOURCE: IRS, Statistics of Income Division, Section 250 Deduction Study, July 2021.

## Figure F

### Section 250 Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income, by Selected Industries, Tax Year 2018



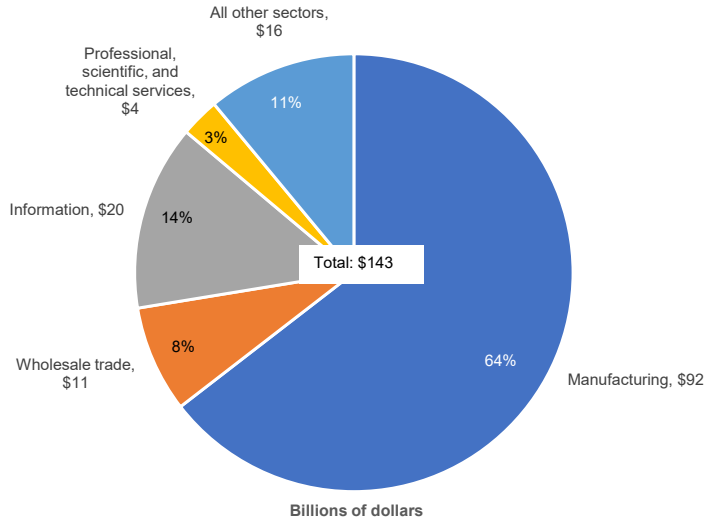

SOURCE: IRS, Statistics of Income Division, Section 250 Deduction Study, July 2021.

## SOI Sample

The IRS Statistics of Income Division (SOI) produces aggregate statistics based on a sample that is collected annually. The statistics in this article are based on information reported on Forms 8992 and 8993 and related corporate tax forms for those corporation income tax returns with a GILTI inclusion, or section 250 deduction, or both that were included in the Tax Year 2018 SOI sample of corporate returns with accounting periods ending between July 2018 and June 2019.[12] In general, provisions under section 951A were only applicable to corporations with tax periods beginning after December 31, 2017. These returns were selected after administrative processing, but prior to any

[12] For more information about the SOI sample of corporate returns, please see *Statistics of Income: 2018 Corporation Income Tax Returns Complete Report,* Section 3: Description of the Sample and Limitations of the Data. https://www.irs.gov/pub/irs-pdf/p16.pdf.

**Figure G**
**Percentage of Total Foreign-Derived Intangible Income by Select Industrial Sectors, Tax Year 2018**




SOURCE: IRS, Statistics of Income Division, Section 250 Deduction Study, July 2021.

amendments or audit examination. The Tax Year 2018 corporation income tax return sample included Forms 1120, 1120-F, 1120-L, 1120-PC, and 1120-REIT. However, the section 250 deduction statistics in this data release are not associated with 1120-REITs or 1120-RICs.

## Explanation of Terms

*Controlled foreign corporation*—A foreign corporation that has U.S. shareholders that own (directly, indirectly, or constructively, within the meaning of sections 958(a) and (b)) on any day of the tax year of the foreign corporation, more than 50% of:

1. The total combined voting power of all classes of its voting stock; or
2. The total value of all its outstanding stock.

A foreign corporation shall be treated as a controlled foreign corporation for any taxable year if such foreign corporation is a controlled foreign corporation at any time during such taxable year.

*Foreign use*—Any use, consumption, or disposition which is not within the United States.

*Foreign-Derived Intangible Income (FDII) deduction*—The remaining FDII amount, after any reduction, when multiplied by 0.375.

*Global Intangible Low-Taxed Income (GILTI)*—The excess (if any) of a U.S. shareholder's net CFC tested income for a given tax year over the shareholder's net deemed tangible income return for a given tax year.

*GILTI deduction*—The remaining GILTI amount, after any reduction, and any amount received by the corporation that is treated as a dividend under section 78, which is attributed to GILTI, that is then multiplied by 0.50.

*Net Deemed Tangible Income Return (DTIR)*—The excess of 10 percent of the aggregate of a U.S. shareholder's pro rata share of the qualified business asset investment of each controlled foreign corporation over the amount of interest expense taken into account under subsection (c)(2)(A)(ii) in determining the shareholder's net CFC tested income for the taxable year. The interest income attributable to such expense cannot be taken into account in determining such shareholder's net CFC tested income.

*Net CFC tested income*—The aggregate of a U.S. shareholder's pro rata share of the tested income of each controlled foreign corporation over the aggregate of such shareholder's pro rata share of the tested loss of each controlled foreign corporation.

*Qualified Business Asset Investment (QBAI)*—With respect to any controlled foreign corporation for any taxable year, the average of such corporation's aggregate adjusted bases as of the close of each quarter of such taxable year in specified tangible property that is used in a trade or business of the corporation, and of a type with respect to which a deduction is allowable under section 167.

*Sale*—The terms "sold," "sells," and "sale" include any lease, license, exchange, or other disposition of property.

*Specified tangible property*—Any tangible property used in the production of tested income or any dual-use property which is property used both in the production of tested income and income which is not tested income. Such property shall be treated as specified tangible property in the same proportion that the gross income described in subsection (c)(1)(A), produced with respect to such property, bears to the total gross income produced with respect to such property.

*Subpart F income*—Internal Revenue Code sections 951 and 952 stipulate specific cases in which earnings and profits are deemed to have been paid by a CFC to a U.S. shareholder. Such income is subject to U.S. tax whether it is repatriated to U.S. shareholders or not in the form of an actual dividend. Internal Revenue Code section 951 requires that U.S. shareholders include in their gross incomes certain undistributed profits of foreign corporations controlled by U.S. shareholders. Subpart F income from a CFC includes certain insurance income of U.S. risks, "foreign base company" income, international boycott participation income, bribes and other illegal payments to foreign government officials, and income from any country that the United States does not recognize or with which it has severed relations, or which repeatedly provides support for acts of international terrorism.

*Tested income*—With respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation, the excess (if any) of the gross income of such corporation determined without regard to section 952(b) income, subpart F income, gross income excluded from the foreign base company income, dividends received from a related person, or foreign oil and gas extraction income over deductions (including taxes) properly allocable to such gross income.

*Tested loss*—With respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation,

the excess (if any) of deductions (including taxes) properly allocable to such gross income over the gross income determination described in tested income.

*U.S. shareholder*—U.S. person who owns (directly, indirectly, or constructively, within the meaning of section 958) 10 percent or more of the total combined voting power of all the classes of voting stock of a CFC or 10 percent or more of the total value of shares of all classes of stock of a CFC. A person shall be treated as a United States shareholder of a controlled foreign corporation for any taxable year of such person only if such person owns (within the meaning of section 958(a)) stock in such foreign corporation on the last day in the taxable year of such foreign corporation on which such foreign corporation is a controlled foreign corporation.

## Tabular Data on Tax Stats Website

For tabular data, see the Business Tax Statistics section on IRS's SOI Tax Stats website at https://www.irs.gov/statistics/soi-tax-stats-international-tcja-studies.

*This article was written by Nuria McGrath, Chief, International Returns Analysis Section, and Chloe Gagin and Jefferey Yan, economists with the International Returns Analysis Section, under the direction of Melanie Patrick, Chief, Corporation, Partnership, and International Branch.*

# Section 965 Inclusion and Net Tax Liability, Tax Years 2017 and 2018

*by Melissa Costa and Bernard Quinn*

Congress amended Internal Revenue Code section 965 in the *Tax Cuts and Jobs Act (TCJA)*[1] on December 22, 2017, as part of the transition of U.S. corporate tax from a worldwide tax system to a quasi-territorial tax system. Previously, the United States taxed U.S. persons, including domestic corporations, on their worldwide income but allowed U.S. shareholders of foreign corporations to defer U.S. tax on their share of foreign corporations' accumulated earnings and profits (E&P) until these were distributed as dividends to the shareholder, with some exceptions. Under the new system, dividends paid from foreign corporations to a domestic corporation that owns at least 10 percent of the vote or value of the stock are 100-percent deductible, moving U.S. corporate taxation closer to a territorial tax system. However, the Subpart F provisions still apply.

The Subpart F rules require that U.S. shareholders who own 10 percent or more of a controlled foreign corporation (CFC)[2] include in their taxable income certain types of income from their CFCs. The types of income that fall under Subpart F rules are traditionally subject to low foreign taxation rates and can be easily moved between tax jurisdictions. There is also a new global intangible low-taxed income (GILTI) provision, which requires U.S. shareholders to include certain non-Subpart F, CFC income in their gross income. The revised section 965 provisions generally subject to tax a portion of the corporation's pro rata share of the untaxed E&P from CFCs accumulated after 1986 but before certain dates related to the passage of TCJA.[3]

Between Tax Years 2017 and 2018, about 6,700 U.S. corporations reported a total of $3.5 trillion of Internal Revenue Code (IRC) section 965 inclusion of foreign deferred income, against which they deducted almost $2 trillion. They also added $206.5 billion in tax deemed paid[4] to their foreign taxes available for the foreign tax credit, but subject to the foreign tax credit limitation. After all applicable credits, the net section 965 tax liability totaled almost $233.2 billion. Thus far, taxpayers have paid off nearly $39.2 billion. They will pay the remaining $194 billion in installments ending in Tax Year 2025 (Figure A).

Since the revised Section 965 provisions applied to corporations with accounting periods ending on or after December 31, 2017, there was insufficient time to revise the corporate tax forms before the filing due dates for Tax Year 2017 tax returns. Instead, taxpayers provided section 965 amounts with respect to Tax Years 2017 and 2018 on Forms 965 and 965-B, which were filed with their Tax Year 2018 returns. Data shown here are from the amounts reported by corporate taxpayers on Forms 965 and 965-B and do not include any data from payments made to the IRS (see Data Limitations at the end of this article).

## Section 965 Inclusion and Deductions

Section 965 generally requires a U.S. person who owns 10 percent or more of the voting power of a specified foreign corporation (SFC) to include in the person's gross income its pro rata share of such corporation's untaxed accumulated post-1986 E&P as of November 2, 2017, or December 31, 2017 (whichever is greater). A SFC is either a controlled foreign corporation (CFC) or a foreign corporation, other than a passive foreign investment company (PFIC), that has at least one domestic

### Figure A

**Corporations: Section 965 Inclusion, Deduction, and Net Section 965 Tax Liability, Tax Years 2017 and 2018**

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

| Selected Items | Tax Year 2017 | Tax Year 2018 | Total |
|---|---|---|---|
| | (1) | (2) | (3) |
| Number of corporate returns reporting section 965 inclusion [1] | 5,614 | 1,481 | 6,707 |
| Section 965 inclusion | 2,265,931,171 | 1,247,121,295 | 3,513,052,466 |
| Section 965 deduction | 1,391,554,465 | 586,682,785 | 1,978,237,250 |
| Tax deemed paid | 442,080,267 | 126,994,855 | 569,075,122 |
| Disallowed foreign taxes | 282,356,425 | 80,196,359 | 362,552,784 |
| Tax deemed paid available for foreign tax credit [2] | 159,723,842 | 46,798,496 | 206,522,338 |
| Net section 965 tax liability | 140,154,460 | 93,044,604 | 233,199,064 |
| Net section 965 tax paid | 29,283,153 | 9,912,598 | 39,195,751 |
| Deferred net section 965 tax liability | 110,871,307 | 83,132,006 | 194,003,313 |

[1] Number of returns does not add to total because section 965 inclusion applied to both years for some taxpayers.
[2] The amount of tax deemed paid available for foreign tax credit that can be credited is subject to the foreign tax credit limitation.
SOURCE: IRS: Statistics of Income, Section 965 Study, November 2021.

[1] Formally, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (P.L 115-97).
[2] A CFC is a foreign corporation in which U.S. shareholders directly, indirectly, or constructively own, by vote or value, more than 50 percent of the corporation's stock.
[3] For more information on the corporate international provisions of TCJA, see https://www.irs.gov/newsroom/international-taxpayers-and-businesses.
[4] U.S. corporations are permitted an indirect foreign tax credit for certain taxes paid or accrued by their specified foreign corporations.

corporate U.S. shareholder. U.S. shareholders included the IRC section 965 inclusion with their gross income for Tax Year 2017 and/or Tax Year 2018, depending on the accounting period of the U.S. shareholder and that of their SFCs. They also included gross income under IRC section 78[5] (dividend gross-up), but first reduced it by a percentage corresponding to the section 965 deduction. Data for dividend gross-up included per section 965 are not available as they were not collected on Form 965 or its attached schedules.[6]

Taxpayers are allowed a deduction that results in a 15.5-percent tax on the portion of their section 965 inclusion related to their cash assets and an 8-percent tax on the portion of their section 965 inclusion related to their noncash assets.[7] Taxpayers may also have deductions on a section 965 inclusion received from passthrough entities, which are reported separately.

Corporate taxpayers reported $2.3 trillion in section 965 inclusions for Tax Year 2017 and about $1.2 trillion for Tax Year 2018. For Tax Year 2017, corporations claimed $795.9 billion in deductions relating to the 15.5-percent rate, about 57 percent of the total section 965 deduction of $1.4 trillion. They also took nearly $582 billion in deductions related to the 8-percent rate. Section 965 deductions from passthroughs and deductions from entities other than passthroughs but not further specified comprised the remaining $13.7 billion, less than 1 percent of the total. For Tax Year 2018, corporations reported a total section 965 deduction of $586.7 billion, including $247.6 billion for deductions related to the 15.5-percent rate and $333.1 billion for deductions related to the 8-percent rate. Deductions related to the 8-percent rate accounted for the largest share (57 percent) of the total deductions for Tax Year 2018. In all, taxpayers added more than $874 billion to their total income subject to tax for Tax Year 2017 and more than $660 billion for Tax Year 2018.

## Tax Effects

To compute the total net section 965 tax liability, taxpayers first computed the U.S. tax they would owe with section 965 amounts included, and then subtracted the U.S. tax they would owe without these amounts. To calculate the amount of the U.S. tax with section 965 amounts, corporations first added their section 965 inclusion and dividend gross-up net of their section 965 deduction to their taxable income or loss from other operations and applied any net operating losses carried forward from prior years. Taxpayers with an overall loss from other operations or net operating losses carried forward that exceeded taxable income due to section 965 had no total net section 965 tax liability.

Next, corporations applied any applicable credits, including the foreign tax credit. Taxes deemed paid on the inclusion are eligible for the foreign tax credit, subject to the foreign tax credit limitation, but must first be reduced by a percentage generally corresponding to the section 965 deduction. Taxpayers whose foreign tax credit, combined with any other applicable credits, equaled or exceeded the amount of tax that they would otherwise owe on their taxable income due to section 965 did not have a total net section 965 tax liability.

Corporations reported approximately $442 billion in tax deemed paid on their inclusion for Tax Year 2017 and reduced that by over $282 billion in disallowed taxes, leaving a net of almost $160 billion in tax deemed paid available for the foreign tax credit. For Tax Year 2018, section 965 tax deemed paid came to almost $127 billion, with $80.2 billion in disallowed taxes and thus $46.8 billion in tax deemed paid available for the foreign tax credit.

To compute the foreign tax credit limitation for each applicable income category, taxpayers first added the section 965 inclusion and reduced dividend gross-up less the section 965 deduction to their foreign source taxable income. Then they divided the total foreign source taxable income for the income category by their total worldwide income, including all section 965 amounts, and multiplied the result by their U.S. income tax. The foreign tax credit for each basket is the lesser of the limitation or the total foreign taxes available for credit. The total foreign tax credit is the sum of the foreign tax credits for each category of income. For some taxpayers, the resulting increase in the foreign tax credit limitation allowed them to credit more of the foreign taxes paid or accrued (including carryovers) on income other than the section 965 inclusion. Because the losses and excess foreign tax credits absorbed by the inclusion could otherwise have been used to offset tax on other income in the applicable year and for other years, the total net section 965 tax liability shown here underestimates the tax effect of the inclusion.

Taxpayers can elect to pay their total net section 965 tax liability in eight annual installments without incurring any interest or penalties.[8] If this election is made, eight percent of the total net section 965 tax liability is due in each of the first five years, fifteen percent is due in year six, twenty percent is due in year seven, and the remaining twenty-five percent is due in the final installment. A U.S. shareholder who owns an interest in a deferred foreign income corporation[9] through an S corporation can elect to defer the portion of its total net section 965 tax liability attributable to the S corporation until a triggering event, such as the liquidation of the S corporation, occurs (unless the taxpayer enters into a valid transfer agreement).

Of the 4,884 Tax Year 2017 non-passthrough corporations with section 965 inclusion, 57 percent (2,787) had a net section 965 tax liability totaling $140.2 billion. Thus far, they have paid off $29.3 billion, with $110.9 billion to be paid in future years. For Tax Year 2018, some 533 non-passthrough corporations,

[5] The section 965 inclusion is generally "grossed up" by the taxes deemed paid.

[6] Although dividend gross-up is reported on *Foreign Tax Credit-Corporations* (Form 1118) taxpayers filing Revision Year 2017 corporate returns computed their foreign tax credit with section 965 amounts separately from the Form 1118 included with their corporate return.

[7] The deduction related to the 15.5-percent tax is applied to the portion of the inclusion attributable to the section 958(a) U.S. shareholder's aggregate foreign cash position. The deduction related to the 8-percent tax is applied to the portion of the inclusion that exceeds the section 958(a) U.S. shareholder's aggregate foreign cash position.

[8] The election is valid until a specified acceleration event, such as the sale of substantially all the taxpayer's assets, occurs (unless the taxpayer enters into a valid transfer agreement).

[9] A deferred foreign income corporation is a specified foreign corporation with a positive amount of accumulated post-1986 deferred foreign income as of either November 2, 2017, or December 31, 2017.

**Figure B**

**Section 965 Inclusion and Net Section 965 Tax Liability and Payments, by Type of Corporation, Tax Years 2017 and 2018**

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

| Selected items | Tax Year 2017 [1] | | Tax Year 2018 | |
|---|---|---|---|---|
| | Passthrough returns | All other returns | Passthrough returns | All other returns |
| | (1) | (2) | (3) | (4) |
| Number of returns reporting section 965 inclusion | 730 | 4,884 | 506 | 975 |
| Section 965 inclusion | 11,343,401 | 2,254,587,770 | 4,746,515 | 1,242,374,780 |
| Section 965 deduction | 7,250,120 | 1,384,304,344 | 1,816,102 | 584,866,683 |
| Tax deemed paid | 220,409 | 441,859,858 | 13,412 | 126,981,443 |
| Disallowed foreign taxes | 138,272 | 282,218,152 | 5,628 | 80,190,732 |
| Tax deemed paid available for foreign tax credit [2] | 82,137 | 159,641,706 | 7,784 | 46,790,711 |
| Number of returns reporting net section 965 tax liability | 0 | 2,787 | 0 | 533 |
| Net section 965 tax liability | 0 | 140,154,460 | 0 | 93,044,604 |
| Net section 965 tax liability to be paid in installments | 0 | 135,277,757 | 0 | 91,706,557 |
| Net section 965 tax paid | 0 | 29,283,153 | 0 | 9,912,598 |
| Deferred net section 965 tax liability | 0 | 110,871,307 | 0 | 83,132,006 |

[1] The data in these columns is understated to the extent taxpayers failed to report their Tax Year 2017 section 965 inclusion and taxes on Form 965 and Form 965B filed with their Tax Year 2018 return.

[2] The amount of tax deemed paid available for foreign tax credit that can be credited is subject to the foreign tax credit limitation.

SOURCE: IRS: Statistics of Income, Section 965 Study, November 2021.

out of a total of 975 (55 percent), claimed a total tax liability of $93 billion and paid off $9.9 billion. For both tax years, the section 965 amount elected to be paid in installments was more than 96 percent of the total (See Figure B).

## Industry Data

Tables 1 and 2 display section 965 inclusion and net section 965 tax liability by industry. Manufacturing encompassed about 76 percent ($953.8 billion) of the $1.2 trillion section 965 inclusion reported for Tax Year 2018. Although representing only 29 percent of total Tax Year 2018 corporate returns reporting a section 965 inclusion, manufacturing returns accounted for 77 percent ($71.8 billion) of the total net section 965 tax liability ($93 billion). For Tax Year 2017, manufacturing comprised nearly 52 percent ($1.2 trillion) of the $2.3 trillion section 965 inclusion. Those manufacturing returns accounted for 47 percent ($66.5 billion) of the total net section 965 tax liability and represented 30 percent of total Tax Year 2017 corporate returns reporting section 965 inclusion. Chemical manufacturing, a subsector of the manufacturing industry, had a net section 965 tax liability of $16.8 billion in Tax Year 2018 (23 percent of the total manufacturing net section 965 tax liability). Pharmaceutical and medicine manufacturing, a subsector of chemical manufacturing, represented 96 percent ($16 billion) of this amount although corporations in this sector only accounted for 21 percent of the total returns in chemical manufacturing with a section 965 inclusion. In Tax Year 2017 the subsector chemical manufacturing had a net section 965 tax liability of $34 billion (51 percent of the total manufacturing net section 965 tax liability). Pharmaceutical and medicine manufacturing encompassed 87 percent ($29.5 billion) of this amount although corporations in this sector only accounted for 30 percent of total returns in chemical manufacturing with a section 965 inclusion.

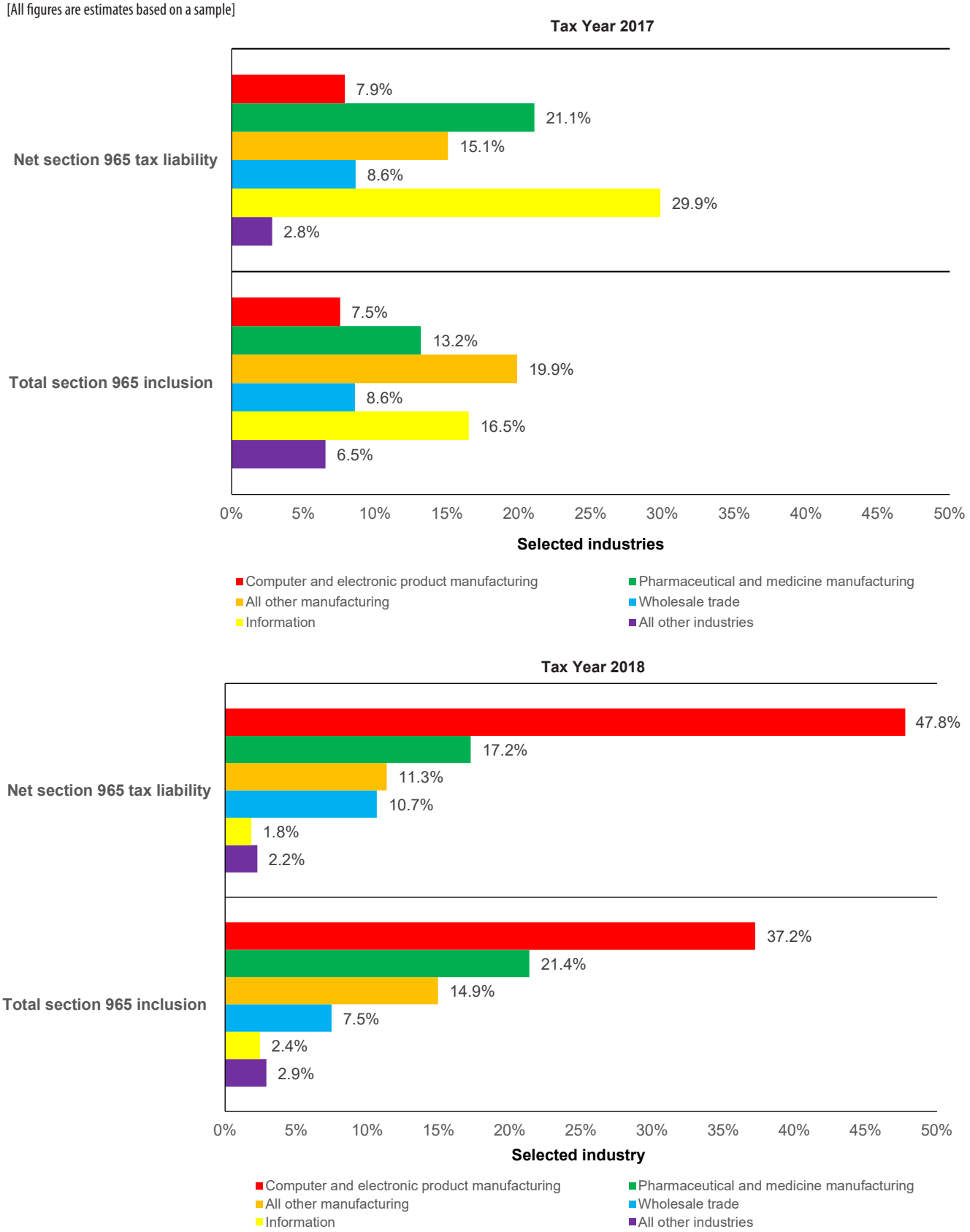
Figure C displays industries contributing the largest amounts of the section 965 inclusion and net tax liability. One of the largest contributors in both Tax Year 2017 and 2018 was pharmaceutical and medicine manufacturing. This sector represented 21 percent of the total net section 965 tax liability for Tax Year 2017 and 17 percent for Tax Year 2018. Of the firms in Tax Year 2018, the computer and electronic product manufacturing subsector accounted for 48 percent ($44.4 billion) of the total $93 billion net section 965 tax liability. In Tax Year 2017 this sector accounted for 8 percent of the net section 965 tax liability and section 965 inclusion.

Outside of the manufacturing sector, wholesale trade accounted for $9.9 billion (11 percent) of the total tax liability for Tax Year 2018 and 47 percent of the remaining $21.3 billion not in manufacturing. For Tax Year 2017 wholesale trade accounted for $12.1 billion (9 percent) of the total tax liability and 16 percent of the remaining $73.7 billion when excluding manufacturing. The last of the large sectors is information. Information accounted for 2 percent of the net section 965 tax liability and section 965 inclusion in Tax Year 2018. For Tax Year 2017 information accounted for 30 percent of the total net section 965 tax liability.

As seen in Figure D, corporations in pharmaceutical and medicine manufacturing, computer and electronic product manufacturing, and information accounted for 46 percent ($1.6 trillion) of the total section 965 inclusion ($3.5 trillion). In Tax Year 2017 these industries accounted for 37 percent ($844 billion) of the total section 965 inclusion and 59 percent ($82.4 billion) of the net section 965 tax liability. During Tax Year 2018 these industries account for 61 percent ($761 billion) of the total section 965 inclusion and 67 percent ($62 billion) of the net section 965 tax liability.

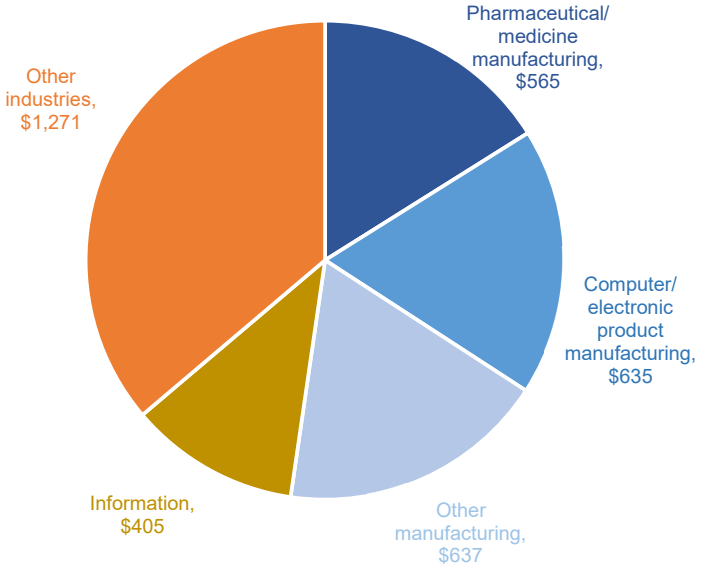
## Figure C
### Section 965 Inclusion and Net Section 965 Tax Liability, by Selected Industries, Tax Years 2017 and 2018

[All figures are estimates based on a sample]




SOURCE: IRS, Statistics of Income Division, Section 965 Study, November 2021.

**Figure D**
**Total Section 965 Inclusion, $3.5 Trillion, for Tax Years 2017 and 2018**
[In billions of dollars]




SOURCE: IRS, Statistics of Income Division, Section 965 Study, November 2021.

## Summary

Corporations reported around $2.3 trillion in section 965 inclusion for Tax Year 2017 and $1.3 trillion for Tax Year 2018, a total of more than $3.5 trillion. They deducted nearly $1.4 trillion for Tax Year 2017 and $586 billion for Tax Year 2018. After taking the section 965 deduction, taxpayers added $874 billion of section 965 inclusion to their income subject to tax for Tax Year 2017 and $660 billion for Tax Year 2018. They also added dividend gross-up on the section 965 inclusion, reduced by an amount proportionate with the 965 deduction. Total net section 965 tax liability from both tax years came to $233 billion, of which $39 billion has already been paid. Losses and excess foreign tax credits absorbed by the inclusion also impacted tax due in the section 965 tax year and in other years. Corporations in the pharmaceutical and medicine manufacturing, computer and electronic product manufacturing, and information industries together accounted for approximately 46 percent of the total section 965 inclusion and 62 percent of the total net section 965 tax liability.

## Data Limitations

The statistics in this data release are estimates based on information reported on applicable corporate tax returns (Forms 1120, 1120-L and 1120 PC) that were included in the 2018 Statistics of Income stratified probability sample of corporate returns.[10] This sample includes returns that posted to the Internal Revenue Service Business Master File from the beginning of July 2018 through the end of June 2020. However, SOI adjusted its processes to add returns significant to the Tax Year 2018 sample as late as October 2020. These returns became available for SOI processing later due to COVID-19 related processing adjustments implemented in the IRS Submission Processing Centers.

SOI selected returns after administrative processing, but prior to any amendments or audit examinations. Since large corporations, which are sampled at 100 percent, reported most of the section 965 inclusion, the sampling error for the amounts is estimated to be very small. Returns for small corporations are selected at much lower rates, however, thus estimates of the number of returns should be viewed with caution.

For Tax Year 2017, taxpayers reported some section 965 amounts, such as the section 965 inclusion and deduction, on a transition tax statement and carried only the amount of the net section 965 tax liability and the amount to be paid in subsequent installments to their corporate return. Due to the difficulty of capturing data from this attachment, SOI gathered data for Tax Year 2017 primarily from Form 965 and Form 965-B filed with the Tax Year 2018 return. Some taxpayers, however, failed to file those forms with their Tax Year 2018 return. SOI researched returns with large amounts of net section 965 tax on their Tax Year 2017 return or large amounts of accumulated untaxed E&P from CFCs according to the 2016 Form 5471 study[11] and collected data from the transition tax statement when needed. The extent of the remaining underreported section 965 amounts is considered to be small. Some taxpayers may have also reported section 965 net tax liability without taking into account losses from unrelated income or foreign tax credits computed with the section 965 amounts. In general, reporting errors were more common with smaller corporations reporting relatively small amounts of net section 965 tax liability.

*This article was written by Melissa Costa, an economist with the International Returns Analysis Section, and Bernard Quinn, an economist with the Corporation Returns Analysis Section, under the direction of Nuria McGrath, Chief.*

[10] See also "Description of the Sample and Limitations of the Data" at https://www.irs.gov/statistics/soi-tax-stats-corporation-income-tax-returns-complete-report-publication-16.
[11] SOI conducts the Controlled Foreign Corporations (Form 5471) study every other year. Tax Year 2016 was the latest year with available data.

## Table 1. Corporations: Section 965 Inclusion of Deferred Foreign Income and Net Section 965 Tax Liability and Payments, by Major and Selected Minor Industry, Tax Year 2018

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

| Major and selected minor industry of U.S. corporation filing return | Number of returns | Section 965 inclusion not from passthroughs | Section 965 inclusion from passthroughs or not specified | Total section 965 inclusion | Aggregate foreign cash position | Section 965 deduction related to 15.5-percent rate | Section 965 deduction related to 8-percent rate | Section 965 deduction from passthroughs or not specified |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All industries** | **1,481** | **1,235,226,461** | **11,894,833** | **1,247,121,295** | **1,253,579,462** | **247,606,147** | **333,108,694** | **5,967,945** |
| **Manufacturing** | **433** | **945,923,628** | **7,887,500** | **953,811,128** | **531,264,791** | **162,458,587** | **291,500,784** | **4,498,432** |
| Chemical manufacturing | 43 | d | d | 303,184,450 | 78,553,088 | 21,046,188 | d | d |
| Pharmaceutical and medicine manufacturing | *9 | *266,435,553 | 0 | *266,435,553 | *62,910,724 | *16,479,354 | *125,993,185 | 0 |
| Computer and electronic product manufacturing | 66 | d | d | 464,255,444 | 314,583,515 | 112,501,578 | d | d |
| All other manufacturing | 324 | 178,684,900 | 7,686,331 | 186,371,237 | 138,128,188 | 28,910,822 | 51,413,178 | 4,406,033 |
| **Wholesale trade** | **145** | **92,601,313** | **585,539** | **93,186,852** | **85,145,212** | **40,711,452** | **10,862,034** | **306,436** |
| **Retail trade** | **24** | **17,004,145** | ***11,338** | **17,015,483** | **4,809,695** | **1,896,056** | ***8,394,184** | ***5,612** |
| **Information** | **70** | **30,436,192** | **45,556** | **30,481,749** | **29,775,365** | **6,661,013** | **5,753,331** | **27,699** |
| **Finance and insurance** | **301** | **81,253,888** | **590,338** | **81,844,226** | **236,140,392** | **21,979,875** | ***2,687,876** | **232,366** |
| **Professional, scientific, and technical services** | **141** | **20,877,286** | ***158,421** | **21,035,707** | **21,347,498** | **5,552,742** | **2,687,160** | ***128,747** |
| **Management of companies (holding companies)** | **201** | **11,051,502** | **2,569,058** | **13,620,560** | **317,824,518** | **2,619,313** | ***1,015,036** | **743,000** |
| **All other industries** | **166** | **36,078,507** | **47,084** | **36,125,589** | **27,271,990** | **5,727,108** | **10,208,288** | **25,655** |

| Major and selected minor industry of U.S. corporation filing return | Total section 965 deduction | Tax deemed paid | Disallowed foreign taxes [1] | Number of returns reporting net section 965 tax liability | Net section 965 tax liability [2] [3] | Net section 965 tax liability to be paid in installments | Net section 965 tax paid | Deferred net section 965 tax liability |
|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| **All industries** | **586,682,785** | **126,994,855** | **80,196,359** | **533** | **93,044,604** | **91,706,557** | **9,912,598** | **83,132,006** |
| **Manufacturing** | **458,457,803** | **79,128,960** | **51,529,321** | **265** | **71,759,878** | **71,538,184** | **6,761,937** | **64,997,942** |
| Chemical manufacturing | 161,189,767 | 24,040,308 | 17,207,588 | 29 | 16,772,488 | 16,727,490 | 1,464,860 | 15,307,628 |
| Pharmaceutical and medicine manufacturing | *142,472,539 | *15,606,957 | *11,410,010 | *6 | *16,044,652 | *16,044,652 | *1,338,963 | *14,705,689 |
| Computer and electronic product manufacturing | 212,538,005 | 23,660,839 | 14,411,518 | 43 | 44,435,386 | 44,411,844 | 4,014,277 | 40,421,108 |
| All other manufacturing | 84,730,030 | 31,427,812 | 19,910,214 | 193 | 10,552,005 | 10,398,850 | 1,282,799 | 9,269,206 |
| **Wholesale trade** | **51,879,921** | **10,599,592** | **6,323,538** | **56** | **9,913,163** | **9,759,689** | **934,738** | **8,978,425** |
| **Retail trade** | **10,295,851** | ***3,558,169** | ***2,485,380** | **10** | **787,830** | **787,470** | **367,077** | ***420,753** |
| **Information** | **12,442,043** | **6,023,616** | **3,535,345** | **28** | **1,710,866** | **1,294,478** | **520,240** | **1,190,626** |
| **Finance and insurance** | **24,900,117** | **15,221,786** | **8,553,038** | **42** | **5,963,878** | **5,866,385** | **626,831** | **5,337,048** |
| **Professional, scientific, and technical services** | **8,368,649** | **2,990,990** | **1,805,890** | **43** | **85,921** | **81,532** | **23,052** | **62,869** |
| **Management of companies (holding companies)** | **4,377,349** | **1,250,987** | **701,150** | **52** | **730,269** | **490,981** | **281,809** | ***448,460** |
| **All other industries** | **15,961,051** | **8,220,752** | **5,262,697** | **37** | **2,092,797** | **1,887,837** | **396,915** | **1,695,883** |

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

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

[1] Disallowed foreign taxes are the portion of taxes deemed paid that must be excluded from the foreign taxes eligible for the foreign tax credit.

[2] Net section 965 tax liability equals total tax liability after credits computed with section 965 amounts less total tax liability after credits computed without section 965 amounts. Many corporations with section 965 inclusion did not have any net section 965 tax liability due to offsetting losses on unrelated income and/or the application of tax credits, primarily the foreign tax credit. Because the losses and excess foreign tax credits absorbed by the section 965 inclusion could otherwise have been used to offset tax on other income in 2018 and other years (through carryback and carryforward provisions), the total net section 965 tax liability shown here underestimates the tax effect of the inclusion.

[3] Net section 965 tax liability transferred in or out has been excluded from these statistics to avoid disclosure of information about specific taxpayers.

SOURCE: IRS, Statistics of Income Division, Section 965 Study, November 2021.

## Table 2. Corporations: Section 965 Inclusion of Deferred Foreign Income and Net Section 965 Tax Liability and Payments, by Major and Selected Minor Industry, Tax Year 2017

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

| Major and selected minor industry of U.S. corporation filing return | Number of returns [1] | Section 965 inclusion not from passthroughs | Section 965 inclusion from passthroughs or not specified | Total section 965 inclusion | Aggregate foreign cash position | Section 965 deduction related to 15.5-percent rate | Section 965 deduction related to 8-percent rate | Section 965 deduction from passthroughs or not specified |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All industries** | **5,614** | **2,244,240,472** | **21,690,698** | **2,265,931,171** | **2,150,412,643** | **795,875,112** | **581,951,489** | **13,727,864** |
| **Manufacturing** | **1,697** | **1,155,138,565** | **17,548,670** | **1,172,687,234** | **808,549,739** | **362,730,983** | **377,877,223** | **11,074,191** |
| Petroleum and coal products manufacturing | 17 | 128,764,849 | *7,053,225 | 135,818,074 | 74,594,876 | 31,389,228 | 55,870,875 | *4,468,642 |
| Chemical manufacturing | 207 | d | d | 415,635,220 | 238,620,850 | 123,068,063 | d | d |
| Pharmaceutical and medicine manufacturing | 62 | 298,604,810 | 0 | 298,604,810 | 173,120,457 | 91,717,869 | 103,321,964 | 0 |
| Computer and electronic product manufacturing | 286 | d | d | 171,001,747 | 113,360,025 | 58,842,183 | d | d |
| All other manufacturing | 1,187 | 441,355,868 | 8,876,327 | 450,232,194 | 381,973,987 | 149,431,507 | 129,788,283 | 5,703,598 |
| **Wholesale trade** | **649** | **194,057,267** | **670,435** | **194,727,701** | **129,581,430** | **64,953,060** | **54,676,372** | **426,319** |
| **Retail trade** | **199** | **78,510,281** | ***113,931** | **78,624,211** | **72,845,722** | **29,850,137** | **18,585,875** | ***65,037** |
| **Information** | **644** | **373,413,282** | **614,494** | **374,027,776** | **333,851,856** | **156,399,007** | **41,689,135** | **410,920** |
| **Finance and insurance** | **332** | **81,259,218** | **543,407** | **81,802,624** | **136,721,613** | **42,555,152** | **3,434,768** | **322,347** |
| **Professional, scientific, and technical services** | **859** | **51,867,674** | **198,116** | **52,065,791** | **58,528,718** | **19,018,681** | **13,476,853** | **128,035** |
| **Management of companies (holding companies)** | **574** | **162,996,378** | **926,319** | **163,922,697** | **496,879,912** | **72,985,551** | **24,667,571** | **580,764** |
| **All other industries** | **658** | **146,997,807** | **1,075,328** | **148,073,136** | **113,453,654** | **47,382,541** | **47,543,691** | **720,251** |

| Major and selected minor industry of U.S. corporation filing return | Total section 965 deduction | Tax deemed paid | Disallowed foreign taxes [2] | Number of returns reporting net section 965 tax liability [1] | Net section 965 tax liability, after transfers and adjustments [3] | Net section 965 tax liability to be paid in installments | Net section 965 tax paid | Deferred net section 965 tax liability |
|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| **All industries** | **1,391,554,465** | **442,080,267** | **282,356,425** | **2,787** | **140,154,460** | **135,277,757** | **29,283,153** | **110,871,307** |
| **Manufacturing** | **751,682,396** | **232,824,503** | **152,898,413** | **937** | **66,476,941** | **64,668,513** | **13,910,507** | **52,566,433** |
| Petroleum and coal products manufacturing | 91,728,746 | 74,223,952 | 51,178,384 | 10 | 251,688 | 201,058 | 116,493 | *135,196 |
| Chemical manufacturing | 268,838,495 | 46,055,906 | 30,073,906 | 114 | 34,065,279 | 33,810,874 | 6,444,499 | 27,620,780 |
| Pharmaceutical and medicine manufacturing | 195,039,833 | 21,176,879 | 13,780,262 | 35 | 29,525,849 | 29,371,054 | 5,361,476 | 24,164,373 |
| Computer and electronic product manufacturing | 106,191,765 | 17,805,705 | 11,130,851 | 147 | 11,041,320 | 10,958,942 | 2,338,188 | 8,703,132 |
| All other manufacturing | 284,923,391 | 94,738,939 | 60,515,271 | 665 | 21,118,653 | 19,697,639 | 5,011,328 | 16,107,325 |
| **Wholesale trade** | **120,055,751** | **40,570,706** | **26,577,573** | **424** | **12,101,893** | **11,238,136** | **2,265,650** | **9,836,244** |
| **Retail trade** | **48,501,050** | **16,454,033** | **10,370,821** | **80** | **2,833,840** | **2,387,943** | **1,122,872** | **1,710,969** |
| **Information** | **198,499,061** | **28,587,898** | **16,865,336** | **269** | **41,840,187** | **41,492,891** | **7,550,081** | **34,290,106** |
| **Finance and insurance** | **46,312,267** | **22,015,936** | **12,420,256** | **158** | **4,460,821** | **3,961,127** | **1,186,947** | **3,273,874** |
| **Professional, scientific, and technical services** | **32,623,569** | **9,391,494** | **5,672,068** | **335** | **3,262,683** | **3,093,157** | **688,640** | **2,574,043** |
| **Management of companies (holding companies)** | **98,233,885** | **35,983,492** | **21,351,607** | **274** | **5,216,603** | **4,902,990** | **1,211,183** | **4,005,419** |
| **All other industries** | **95,646,484** | **56,252,207** | **36,200,350** | **310** | **3,961,493** | **3,533,001** | **1,347,273** | **2,614,220** |

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

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

[1] The number of returns is understated to the extent taxpayers failed to report their Tax Year 2017 section 965 inclusion and taxes on Form 965 and Form 965B filed with their Tax Year 2018 return. Taxpayers failing to file generally reported small amounts of Section 965 inclusion and net section 965 tax liability with their Tax Year 2017 corporate return.

[2] Disallowed foreign taxes are the portion of taxes deemed paid that must be excluded from the foreign taxes eligible for the foreign tax credit.

[3] Net section 965 tax liability equals total tax liability after credits computed with section 965 amounts less total tax liability after credits computed without section 965 amounts. Many corporations with section 965 inclusion did not have any net section 965 tax liability due to offsetting losses on unrelated income and/or the application of tax credits, primarily the foreign tax credit. Because the losses and excess foreign tax credits absorbed by the section 965 inclusion could otherwise have been used to offset tax on other income in 2017 and other years (through carryback and carryforward provisions), the total net section 965 tax liability shown here underestimates the tax effect of the inclusion.

SOURCE: IRS, Statistics of Income Division,Section 965 Study, November 2021.

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