

Individual Income Tax Rates and Tax Shares, 2000

by David Campbell and Michael Parisi

Taxpayers filed 129.4 million individual income tax returns for Tax Year 2000, of which more than 96.8 million, or 74.8 percent, showed some income tax liability. The average tax rate on all taxable returns increased 0.4 percentage points from 1999 to 16.1 percent in 2000. On these taxable returns, the average adjusted gross income (less deficit) (AGI) rose 6.4 percent to \$62,832, while, average total income tax increased 9.1 percent to \$10,129. Total AGI reported on taxable returns increased 9.0 percent to \$6,083 billion, while total income tax increased 11.8 percent to \$981 billion. The alternative minimum tax (AMT) rose 48.2 percent to \$9.6 billion, its highest level ever.

For the ninth consecutive year, the percent of total income tax reported by the top 5 percent of taxpayers increased, reaching 56.5 percent for 2000. The top 5 percent of taxpayers accounted for 35.3 percent of AGI for 2000, an increase of 1.3 percentage points from 1999. To be included in the top 5 percent, a taxpayer had to have an AGI of at least \$128,336. The percent of AGI reported by the top 1 percent of taxpayers for 2000, those with AGI of at least \$313,469, increased for the seventh consecutive year to 20.8 percent, while the same group accounted for 37.4 percent of the total income tax, up from 36.2 percent in 1999. The minimum AGI required to be included in the top 0.1 percent of taxpayers was almost \$1.6 million for 2000. These taxpayers reported 10.6 percent and 19.0 percent of the total for adjusted gross income and total income tax, respectively.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2000. To put this discussion into perspective, the appendices to the article provide explanations of selected terms used in the article and describe the income tax structure, certain tax law changes, income and tax concepts (the “1979 Income Tax Concept,” “modified” taxable income, and marginal tax rates), the computation of “alternative minimum taxable income,” and the data sources and limitations.

Income Tax Rates

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

and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. For the statistics in this article, the average tax rate is “total income tax” (see Appendix A: Explanation of Selected Terms) divided by AGI reported on returns showing some income tax liability. Measures of marginal tax rates, on the other hand, focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See Appendix D for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of the average and marginal tax rates in more detail, and discuss the statistics based on these rates for 2000.

Average Tax Rates

Figure A presents statistics for 1986 through 2000 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See Appendix D for an explanation of the 1979 Income Concept.) These tax years can be partitioned into six distinct subperiods:

- (1) Tax Year 1986 was the last year under the Economic Recovery Tax Act of 1981 (ERTA81). The tax bracket boundaries, personal exemptions, and standard deductions were indexed for inflation, and the maximum tax rate was 50 percent.
- (2) Tax Year 1987 was the first year under Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure [1]. The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation on some

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Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986-2000

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

Tax year	Total number of returns	Taxable returns								
		Number of returns	As a percentage of total returns ¹	Adjusted gross income (less deficit)	Total income tax	Average tax rate (percent) ^{2,3}	Average per return (whole dollars) ³			
							Current dollars		Constant dollars ⁴	
							Adjusted gross income (less deficit)	Total income tax	Adjusted gross income (less deficit)	Total income tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income										
1986.....	103,045,170	83,967,413	81.5	2,440	367	15.1	29,062	4,374	26,516	3,991
1987.....	106,996,270	86,723,796	81.1	2,701	369	13.7	31,142	4,257	27,414	3,747
1988.....	109,708,280	87,135,332	79.4	2,990	413	13.8	34,313	4,738	29,005	4,005
1989.....	112,135,673	89,178,355	79.5	3,158	433	13.7	35,415	4,855	28,560	3,915
1990.....	113,717,138	89,862,434	79.0	3,299	447	13.6	36,711	4,976	28,088	3,807
1991.....	114,730,123	88,733,587	77.3	3,337	448	13.4	37,603	5,054	27,609	3,711
1992.....	113,604,503	86,731,946	76.3	3,484	476	13.7	40,168	5,491	28,630	3,914
1993.....	114,601,819	86,435,367	75.4	3,564	503	14.1	41,233	5,817	28,535	4,026
1994.....	115,943,131	87,619,446	75.6	3,737	535	14.3	42,646	6,104	28,776	4,119
1995.....	118,218,327	89,252,989	75.5	4,008	588	14.7	44,901	6,593	29,463	4,326
1996.....	120,351,208	90,929,350	75.6	4,342	658	15.2	47,750	7,239	30,433	4,614
1997.....	122,421,991	93,471,200	76.4	4,765	731	15.3	50,980	7,824	31,763	4,875
1998.....	124,770,662	93,047,898	74.6	5,160	789	15.3	55,458	8,475	33,836	5,171
1999.....	127,075,145	94,546,080	74.4	5,581	877	15.7	59,028	9,280	35,431	5,570
2000.....	129,373,500	96,817,603	74.8	6,083	981	16.1	62,832	10,129	36,488	5,882
Using 1979 Income Concept ⁵										
1986.....	103,045,170	83,967,413	81.5	2,703	367	13.6	32,194	4,374	29,374	3,991
1987.....	106,996,270	86,723,796	81.1	2,736	369	13.5	31,551	4,257	27,774	3,747
1988.....	109,708,280	87,135,332	79.4	3,011	413	13.7	34,556	4,738	29,210	4,005
1989.....	112,135,673	89,178,355	79.5	3,188	433	13.6	35,752	4,855	28,832	3,915
1990.....	113,717,138	89,862,434	79.0	3,335	447	13.4	37,108	4,976	28,392	3,807
1991.....	114,730,123	88,733,587	77.3	3,387	448	13.2	38,169	5,054	28,024	3,711
1992.....	113,604,503	86,731,946	76.3	3,553	476	13.4	40,964	5,491	29,198	3,914
1993.....	114,601,819	86,435,367	75.4	3,625	503	13.9	41,938	5,817	29,023	4,026
1994.....	115,943,131	87,619,446	75.6	3,796	535	14.1	43,322	6,104	29,232	4,119
1995.....	118,218,327	89,252,989	75.5	4,075	588	14.4	45,655	6,593	29,957	4,326
1996.....	120,351,208	90,929,350	75.6	4,418	658	14.9	48,582	7,239	30,964	4,614
1997.....	122,421,991	93,471,200	76.4	4,849	731	15.1	51,875	7,824	32,321	4,875
1998.....	124,770,662	93,047,898	74.6	5,299	789	14.9	56,947	8,475	34,745	5,171
1999.....	127,075,145	94,546,080	74.4	5,736	877	15.3	60,666	9,280	36,414	5,570
2000.....	129,373,500	96,817,603	74.8	6,294	981	15.6	65,012	10,129	37,754	5,882

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

² Average tax rate is "total income tax" (column 5) as a percentage of adjusted gross income less deficit (AGI) (column 4).

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

⁴ Constant dollars were calculated, using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). See footnote 2 of this article for further details.

⁵ These statistics are based on adjusted gross income (AGI) (less deficit) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income--Individual Income Tax Returns, for 1986-2000.

itemized deductions, and a phaseout of personal exemptions.

- (5) Tax Years 1993 through 1996 had a five-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions.

- (6) Tax Years 1997 through 2000 were subject to the Taxpayer Relief Act of 1997 (TRA97). TRA97 added three new capital gain tax rates to the previous rate structure to form a new eight-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent). See Appendix C for more detailed description of the capital gain rates.

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More than 96.8 million, or 74.8 percent, of the 129.4 million individual returns filed for 2000 were “taxable returns.” Total AGI for these returns increased 9.0 percent to \$6,083 billion. Using the 1979 Income Concept, taxable returns showed total income of \$6,294 billion, an increase of 9.7 percent from 1999. Using either measure, this increase in income was the largest since 1997. Taxpayers reported \$981 billion in total income tax for 2000, approximately \$104 billion (11.8 percent) more than for 1999. This represents an increase over the 11.3-percent increase for 1999 and marks the fourth out of the previous 5 years that growth in the income tax has exceeded 11 percent.

Average total income tax and average AGI for those paying income tax increased from 1999 to 2000, in both current and constant 1982-84 dollars [2]. In current dollars, average tax increased 9.1 percent to \$10,129, some 2.5 percentage points more than growth in average AGI, which increased 6.4 percent to \$62,832. In constant 1982-84 dollars, after adjusting for inflation, average AGI rose 3.0 percent to \$36,488, and average total income tax increased 5.6 percent to \$5,882.

Because TRA86 reduced statutory tax rates and broadened the definition of AGI (by eliminating or limiting the preferential treatment of various tax items, such as restricting the use of “passive losses” to offset “non-passive income” and including all net long-term capital gains), comparisons of average tax rates before and after 1986, based on current-year definitions of AGI, become less meaningful [3]. The 1979 Income Concept provides a more consistent basis for such comparisons. Based on the 1979 Income Concept, average tax rates declined 0.1 percentage point from 13.6 percent for 1986 to 13.5 percent for 1987, increased to 13.7 percent for 1988, and declined for the next 3 years, until reaching 13.2 percent for 1991. The average tax rate rose to 13.4 percent for 1992, to 13.9 percent for 1993, and continued to increase to 15.1 percent for 1997 before declining slightly to 14.9 percent for 1998, its first decline since 1991. In 1999, the average tax rate resumed its upward trend and reached 15.6 percent of taxpayer income for 2000.

As shown in Figure B, the average tax rate (as a percentage of AGI) on all taxable returns was 16.1 percent for 2000. The average tax rate for the AGI-

Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 1999 and 2000

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

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 ¹	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 2000:											
Number of taxable returns.....	96,818	6	7,831	14,476	14,863	23,253	25,542	8,078	2,134	396	239
Adjusted gross income (less deficit).....	6,083,263	-5,646	49,981	219,038	370,902	910,893	1,774,029	1,065,629	613,255	268,765	816,418
Total income tax.....	980,645	124	2,231	14,408	29,533	85,969	215,549	184,035	146,454	76,022	226,320
Average tax rate (percent) ² ...	16.1	(³)	4.5	6.6	8.0	9.4	12.2	17.3	23.9	28.3	27.7
Tax Year 1999:											
Number of taxable returns.....	94,546	5	8,047	14,770	15,175	22,544	24,480	7,098	1,875	348	205
Adjusted gross income (less deficit).....	5,580,849	-6,400	51,208	222,963	378,381	881,156	1,689,529	933,899	542,108	235,524	652,480
Total income tax.....	877,401	109	2,220	14,741	30,392	83,160	205,023	162,225	130,274	66,965	182,293
Average tax rate (percent) ² ...	15.7	(³)	4.3	6.6	8.0	9.4	12.1	17.4	24.0	28.4	27.9
Increase in average tax rates, 2000 over 1999.....	0.4	(⁴)	0.1	--	-0.1	--	--	-0.1	-0.1	-0.1	-0.2

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

² Average tax rate is total income tax as a percentage of adjusted gross income less deficit.

³ Percentage not computed.

⁴ Increase not computed.

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

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size classes ranged from only 4.5 percent for the “\$1 under \$10,000” AGI-size class to 28.3 percent for the “\$500,000 under \$1,000,000” AGI-size class. The progressive nature of the income tax is readily apparent in Figure B, with the only exception being the “\$1,000,000 or more” AGI-size class whose average tax rate is 0.6 percentage points less than the “\$500,000 under \$1,000,000” AGI-size class. This lower average tax rate is due to 41.6 percent of AGI reported by taxpayers in the “\$1 million or more” AGI class being in the form of long term capital gain (less loss), which is taxed at a lower rate than ordinary income. The comparable figure for taxpayers in the “\$500,000 under \$1,000,000” AGI-size class was 20.3 percent, which explains that much of their income was taxed at a higher rate. The total average tax rate of 16.1 percent for 2000 was an increase of 0.4 percentage points over the 15.7 percent reported for 1999. Most of this increase was due to taxpayers moving into the top three AGI-size classes where, due to the previously mentioned progressive nature of the income tax, the average tax rate is significantly higher than in the lower AGI-size classes. Specifi-

cally, both the “\$200,000 under \$500,000” and “\$500,000 under \$1,000,000” AGI-size classes showed increases in the number of taxable returns of 13.8 percent for 2000, while the number of taxable returns in the “\$1,000,000 or more” AGI-size class increased 16.8 percent. Even though the average tax rate itself either fell or remained unchanged for most of the AGI-size classes (it increased slightly for the “\$1 under \$10,000” and “\$50,000 under \$100,000” classes), the movement of taxable returns into higher AGI-size classes led to an increase in the average tax rate for all returns. The 16.1-percent average tax rate for 2000 marks the ninth consecutive year that the average tax rate has increased.

Marginal Tax Rate Classifications

A return’s marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. Marginal tax rate statistics are presented in Figures C and D and in Table 1. These statistics were based on individual income tax returns showing an amount for “tax generated” on taxable income and items of income that were subject to the regular income tax,

Figure C

Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2000

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
All rates.....	105,254,144	100.0	4,544,454,724	100.0	1,008,640,394	100.0
10 percent.....	1,239,906	1.2	5,526,181	0.1	552,754	0.1
15 percent (Form 8814) ¹	22,171	(²)	25,701	(²)	3,855	(²)
15 percent.....	68,277,153	64.9	1,015,294,204	22.3	151,410,696	15.0
20 percent.....	1,396,709	1.3	163,406,083	3.6	29,337,306	2.9
25 percent.....	45,524	(²)	7,177,733	0.2	1,425,500	0.1
28 percent (capital gains) ³	67,436	0.1	5,131,252	0.1	1,039,695	0.1
28 percent.....	27,243,957	25.9	1,549,300,652	34.1	297,985,907	29.5
31 percent.....	3,924,396	3.7	471,862,727	10.4	112,453,232	11.1
36 percent.....	1,569,935	1.5	369,823,904	8.1	99,754,259	9.9
39.6 percent.....	921,356	0.9	951,976,119	20.9	313,510,924	31.1
Form 8615 ⁴	545,600	0.5	4,930,169	0.1	1,166,267	0.1

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child’s investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents’ income tax return.

² Less than 0.05 percent.

³ Returns with net long-term capital gains in excess of net short-term capital losses taxed at the 28-percent rate, which otherwise (based on ordinary income) would be taxed at a higher rate than 28 percent.

⁴ Form 8615 was filed for a child under age 14 to report the child’s investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

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

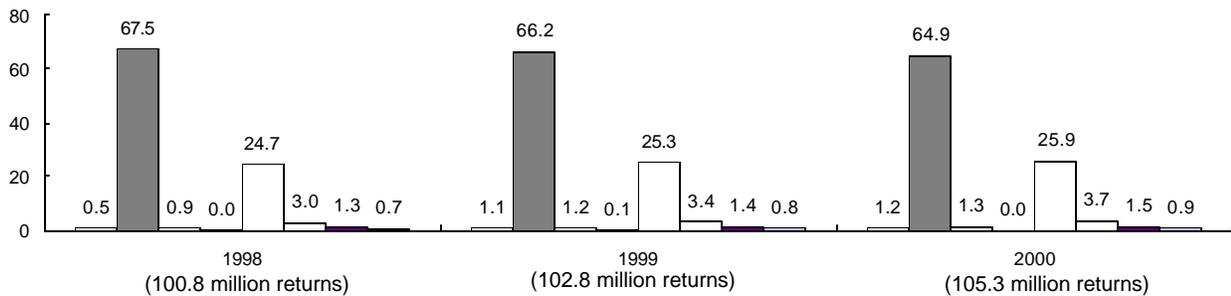
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Figure D

Returns with Modified Taxable Income: Percentages of Returns, Modified Taxable Income, and Tax Generated by Marginal Tax Rate Classification, Tax Years 1998-2000

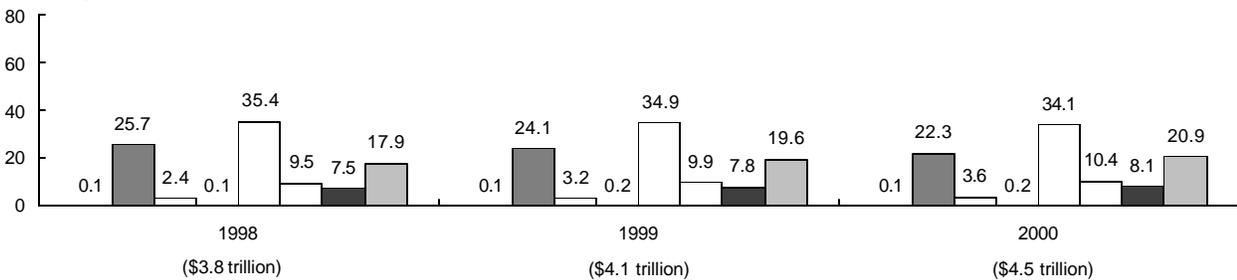
Number of Returns

Percentage



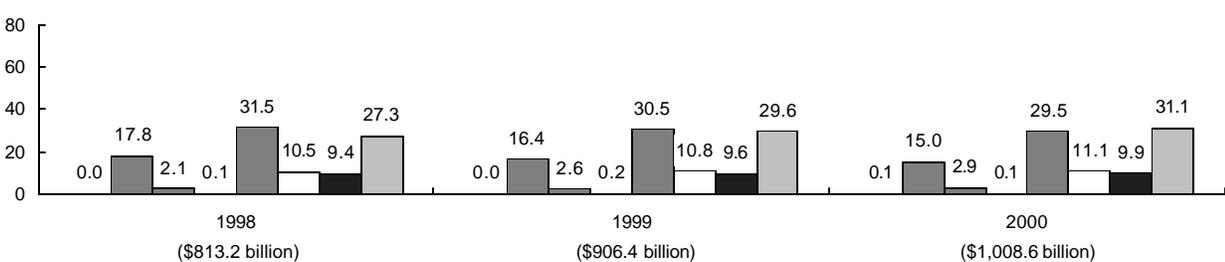
Modified Taxable Income

Percentage



Tax Generated

Percentage



10 percent
 15 percent
 20 percent
 25 percent
 28 percent¹
 31 percent
 36 percent
 39.6 percent

¹ Includes 28 percent for returns with net long-term capital gains in excess of net short-term capital losses.

NOTE: Returns in the "Form 8615" and "Form 8814" categories were included in the calculation of the percentages, but are not shown separately. Detail may not add to 100 percent because of rounding.

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generally those included in AGI [4]. Tables 2 and 3 contain additional data based on marginal tax rates. These tables present statistics on the income and tax generated at each marginal tax rate by size of AGI (Table 2) and by filing status (Table 3). Appendix D explains the details of the determination of the marginal tax rate bracket into which a return is assumed to fall.

For 2000, the 105.3 million individual returns with modified taxable income totaling \$4,544.2 billion generated \$1,008.6 billion in income taxes before credits. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits, including the earned income credit) by the marginal rate categories (defined in Appendix D). The 64.9 percent of the returns with modified taxable income were in the “15-percent” and “15-percent (Form 8814)” marginal rate categories, and generated only 15.0 percent of the tax while having 22.3 percent of the modified taxable income. Conversely, the 0.9 percent of returns in the “39.6-percent” classification reported 20.9 percent of the modified taxable income while paying 29.6 percent of the tax. The 25.9 percent of returns in the “28-percent” and “28-percent (capital gains)” categories reported 34.2 percent of the modified taxable income and 29.6 percent of the tax. Returns in the “31-percent” classification reported 10.4 percent of the modified taxable income and 11.1 percent of the income tax. Returns in the “36-percent” classification showed 8.1 percent of the modified taxable income and 9.9 percent of the income tax. Other than capital gains, the remaining returns--those in the “Form 8615” category--reported 0.1 percent of the modified taxable income and 0.1 percent of the income tax generated.

The three capital gain rate classifications that were created under TRA97, “10 percent,” “20 percent,” and “25 percent,” reported just 3.9 percent of the modified taxable income and 3.1 percent of the income tax for 2000. As shown in Table 2, some 10.2 percent of returns had modified taxable income taxed at “20 percent” which accounted for 10.9 percent of the modified taxable income and 9.8 percent of the income tax. Also, 8.9 percent of returns (had modified taxable income) taxed at the “10-percent” rate which accounted for only 0.9 percent of modified taxable income and 0.4 percent of income tax. The returns with income taxed at the

“25-percent” rate classification accounted for only 0.4 percent of returns, while both the modified taxable income and income tax reported at this rate were 0.2 percent of the aggregates.

Figure D illustrates changes in the distributions of percentages of tax returns, modified taxable income, and income tax generated among various marginal tax rate classifications over Tax Years 1998, 1999, and 2000. Over the 3-year period, the percentage of returns in the “15-percent” marginal tax rate category decreased 2.6 percentage points, while the remaining seven marginal tax rate categories either increased or remained the same. During this 3-year period, the largest changes in the percentage shares of modified taxable income and income tax generated occurred in the “15-percent,” “28-percent,” and “39.6-percent” categories. The percentage shares of modified taxable income declined in both the “15-percent” and “28-percent” categories by 3.4 and 1.3 percentage points, respectively, and increased by 3.0 percentage points in the “39.6-percent” category. Similar to the changes in the percentage shares of modified taxable income, the percentage shares of income tax generated for the “15-percent” categories decreased by 2.8 percentage points, and the “28-percent” categories decreased by 2.0 percentage points. The percentage share of income tax generated for the “39.6-percent” category increased 3.8 percentage points. The three marginal tax rate categories introduced under TRA97, “10-percent,” “20-percent,” and “25-percent,” had little impact on the distribution of returns, modified taxable income, or tax generated.

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer’s taxable income based on statutory tax rates less any applicable tax credits. It does not include the “alternative minimum tax” (AMT). Figure E illustrates the derivation of aggregate total income tax for 2000 returns with modified taxable income. Table 1 includes two tax amounts: “tax generated” and “income tax after credits.” Tables 5 through 8 and Figures A and B include an additional measure of tax, “total income tax.”

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

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Figure E

Derivation of 2000 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Tax generated from tax rate schedules or tax table.....	1,008.6
PLUS:	
Tax on lump-sum distributions from qualified retirement plans.....	0.1
Alternative minimum tax.....	9.6
EQUALS:	
Income tax before credits.....	1,018.2
LESS: Tax credits, total ¹	37.7
Child-care credit.....	2.8
Child tax credit ¹	19.7
Education credit.....	4.9
Foreign tax credit.....	6.0
General business credit.....	0.8
Earned income credit (limited to the amount needed to reduce total income tax to zero).....	2.0
Credit for prior-year minimum tax.....	1.3
Other credits ²	0.2
EQUALS:	
Income tax after credits.....	980.5
PLUS: Trusts accumulation distribution.....	0.1
EQUALS:	
Total income tax.....	980.6

¹ Does not include the additional child tax credit which for 2000 was \$977.6 million.

² Includes the elderly or disabled credit, empowerment zone employment credit, mortgage interest credit, adoption credit, nonconventional source fuel credit, and other credits

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

rates to modified taxable income was \$1,008.6 billion. For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers, income tax before credits included the alternative minimum tax (AMT) and/or special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method was used) [5]. This was the first year that the AMT was calculated before personal credits were taken, thus possibly reducing the AMT burden on some taxpayers. The earned income credit (EIC) is included in this computation to the extent that its application did not reduce income tax before credits below zero. Any portion of the EIC that is refundable to the taxpayer because it exceeds the taxpayer's liability and any portion of the EIC used to reduce taxes other than income taxes are excluded from the computation of income tax after credits [6]. Income tax after credits (Figure E) totaled \$980.5 billion. Total income tax of \$980.6 billion is the sum of income tax after credits and tax on trusts accumulation distributions [7].

Table 4 provides estimates on the type of tax computation for returns with modified taxable income. For 2000, the number of children under age 14 who filed Form 8615 for reporting investment income over \$1,400 decreased 5.1 percent to 545,600. Using Form 8615 to compute their tax (as if their income were treated as the marginal income of their parents or guardians), these children generated over \$1.1 billion (column 7) of tax revenue which is \$100.6 million (column 8) of tax more than the \$1.0 billion (column 6) of tax that would have been levied using the ordinary tax computation.

For 2000, the 17.1 million returns subjected to the Schedule D capital gain tax computation generated \$440.3 billion in tax (column 7). However, if long-term capital gains had been taxed the same as ordinary income, the amount of income tax before credits (regular tax computation) for these same taxpayers would have been \$512.9 billion (column 6). Therefore, the reduction in tax generation resulting from use of the Schedule D tax computation was \$72.6 billion (column 8), an increase of 23.2 percent over the \$58.9-billion reduction shown for 1999 (column 4) when 16.9 million taxpayers received some benefit from lower capital gain taxes (column 1). This large increase in tax savings was due largely to the 16.2-percent increase in capital gains for 2000, which was especially concentrated in the \$1 million or more AGI class.

Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise use certain provisions of the tax code meant to stimulate economic activity and generate "economic income" to reduce, or even eliminate, their regular tax liabilities. The AMT provisions may recapture some of these tax reductions by recomputing income to achieve "alternative minimum taxable income," or AMTI, the tax base for AMT. Form 6251, *Alternative Minimum Tax--Individuals*, is used to calculate AMT. (See Appendix E for an explanation of the computation of AMTI.)

Figure F presents statistics, by size of AGI, on the AMT reported by taxpayers filing Form 6251 with their returns. For 2000, an AMT liability of \$9.6 billion was reported based on AMTI of \$1.1 trillion. This represented an increase of 22.8 percent over the

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Figure F

Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 1999 and 2000

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences ¹		Alternative minimum taxable income		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2000						
All returns.....	4,668,843	116,693,913	4,674,927	1,093,505,463	1,304,197	9,600,840
No adjusted gross income ²	85,443	1,474,623	85,262	-4,680,793	3,823	100,636
\$1 under \$10,000.....	314,222	1,026,652	314,222	1,417,120	3,058	8,131
\$10,000 under \$20,000.....	241,475	1,248,547	241,475	3,121,189	5,724	5,760
\$20,000 under \$30,000.....	189,486	989,525	189,486	4,146,827	3,544	8,260
\$30,000 under \$40,000.....	209,270	1,418,881	209,270	6,624,480	12,493	14,323
\$40,000 under \$50,000.....	215,047	1,486,481	215,048	8,658,725	20,063	19,819
\$50,000 under \$75,000.....	594,332	5,638,126	594,528	33,107,110	121,906	168,366
\$75,000 under \$100,000.....	568,183	6,675,031	571,240	44,771,889	177,433	244,174
\$100,000 under \$200,000.....	1,097,292	20,063,494	1,099,350	141,514,523	437,004	1,531,783
\$200,000 under \$500,000.....	832,265	26,342,935	832,654	231,645,543	416,198	3,340,500
\$500,000 under \$1,000,000.....	187,674	12,198,541	187,992	122,178,405	66,860	1,438,572
\$1,000,000 or more.....	134,153	38,131,077	134,397	501,000,444	36,093	2,720,516
Tax Year 1999						
All returns.....	4,208,973	91,126,166	4,212,275	890,836,550	1,018,063	6,477,697
No adjusted gross income ²	72,210	1,492,006	71,372	-4,091,048	4,829	109,076
\$1 under \$10,000.....	363,667	1,140,156	364,622	1,338,833	2,034	9,482
\$10,000 under \$20,000.....	234,326	1,280,267	234,326	3,180,511	5,219	10,981
\$20,000 under \$30,000.....	199,112	1,240,407	199,120	4,495,258	5,859	31,214
\$30,000 under \$40,000.....	197,364	1,214,558	198,351	6,231,667	11,688	12,857
\$40,000 under \$50,000.....	209,137	1,476,528	209,137	8,426,268	22,447	19,781
\$50,000 under \$75,000.....	548,940	4,933,423	549,284	30,372,792	83,050	148,447
\$75,000 under \$100,000.....	451,415	5,504,769	451,758	35,348,980	143,729	248,555
\$100,000 under \$200,000.....	942,677	16,207,352	943,035	120,174,901	334,533	1,138,963
\$200,000 under \$500,000.....	714,132	19,785,761	715,014	198,681,460	322,600	2,042,634
\$500,000 under \$1,000,000.....	162,253	9,357,527	162,379	103,285,019	53,912	976,542
\$1,000,000 or more.....	113,741	27,493,414	113,876	383,391,908	28,163	1,729,163

¹ See Figures M-1 and M-2 for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences.

² Includes returns with adjusted gross deficit.

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

\$890.8 billion reported for 1999. Generally, AMTI is only shown on filed tax returns if the taxpayer's liability is affected by the AMT. The AMT amount for 2000 represents a 48.2-percent increase from the \$6.5 billion in AMT for 1999. Over the past few years, net long-term capital gain (less loss) has shown a significant increase. Although long-term capital gains are taxed at the same rate for both the AMT and "ordinary" tax, any increased capital gains may have generated additional State and local income taxes, which are deductible for ordinary tax purposes but added back to income for AMT purposes. This differential treatment of State and local taxes has the effect of raising AMT liability as capital gains realiza-

tions increases. Also, the large increase in alternative minimum tax is at least partially attributable to the fact that the AMT exemption amount, the AMT income level at which the rate increases from 26 percent to 28 percent, and the phaseout of the AMT exemption are not indexed for inflation, while the regular income tax brackets and sizes of personal exemptions are inflation-adjusted. Thus, year-to-year inflation may cause more taxpayers to be affected by the AMT and the amount of AMT liability to increase. Even if this inflation does not cause an AMT liability, it may reduce or eliminate the ability to take certain tax credits. These credits include all general business credits, prior-year minimum tax credit,

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Figure G

Marginal Tax Rate, Capital Gain Tax Rate, Alternative Minimum Tax Rate, and Alternative Minimum Tax, Tax Years 1986-2000

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

Tax year	Highest marginal statutory tax rate on ordinary income	Highest capital gain tax rate	Highest statutory alternative minimum tax rate	Alternative minimum tax	
				Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)
1986.....	50.0	20 ¹	20	608,907	6,713,149
1987.....	38.5	28	21	139,779	1,674,898
1988.....	28.0 ²	28 ²	21	113,562	1,027,884
1989.....	28.0 ²	28 ²	21	117,483	831,012
1990.....	28.0 ²	28 ²	21	132,103	830,313
1991.....	31.0	28	24	243,672	1,213,426
1992.....	31.0	28	24	287,183	1,357,063
1993.....	39.6	28	28	334,615	2,052,790
1994.....	39.6	28	28	368,964	2,212,094
1995.....	39.6	28	28	414,106	2,290,576
1996.....	39.6	28	28	477,898	2,812,746
1997.....	39.6	28	28	618,072	4,005,101
1998.....	39.6	28	28	853,433	5,014,549
1999.....	39.6	28	28	1,018,063	6,477,697
2000.....	39.6	28	28	1,304,197	9,600,840

¹ This tax rate was based on 60 percent of long-term capital gains (in excess of short-term capital losses) being excluded from income. The remaining 40 percent of capital gains were taxed at the maximum rate of 50 percent, creating a top capital gain rate of 20 percent.

² The tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was subject to an additional 5 percent tax, creating an "effective" 33-percent tax rate.

empowerment zone credit, mortgage interest credit, and the nonconventional source fuel credit.

Figure G shows the highest marginal tax rates on ordinary income, capital gains, and AMTI for each of the years 1986 through 2000. The amount of AMT reported for each of the 14 years is also shown. For 1986, after TRA86 was introduced but before it became effective, when the highest marginal tax rate on ordinary income was 50 percent, and the highest capital gain rate and AMT rates were both 20 percent, the AMT reported was \$6.7 billion. After 1986, both the highest capital gain rate and the highest AMT rate increased, while the highest marginal ordinary tax rate declined. In addition, capital gains were fully included in AGI. For 1987, AMT decreased dramatically to \$1.7 billion. From 1988 to 1990, AMT revenue continued to decrease, to a low of \$830.3 million for 1990. For 1991, when the AMT rate increased to 24 percent, the AMT increased 46.1 percent to \$1.2 billion. From 1992 to 1993, when the highest marginal tax rate on ordinary income and the highest AMT rate increased again (while the highest capital gain rate remained the

same), the AMT liability increased 51.3 percent to nearly \$2.1 billion. From 1994 through 1996, the amount of the AMT increased gradually every year. But for 1997, the AMT began a 4-year trend of very substantial growth until it totaled more than \$9.6 billion for 2000, some 2.4 times the amount reported for 1996. This also coincides with a large increase in the number of taxpayers subject to the AMT, which almost tripled from just under 478,000 for 1996 to more than 1.3 million for 2000. In 2000, the amount of AMT increased 48.2 percent to \$9.6 billion, following the 29.2-percent increase in 1999. Of all returns filed, 1.0 percent of taxpayers paid AMT in 2000, the highest percentage since the imposition of the AMT.

Income and Tax Shares

Historical statistics on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 5 through 8. Distributions of AGI, as defined for each year and tax or income item, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and

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Figure H

Returns with Positive Adjusted Gross Income (AGI) and Positive "1979 Income Concept" Income: AGI and Income Floor on Selected Percentiles in Current Dollars, Tax Years 1997-2000

Item	Descending cumulative percentiles					
	Top 0.1 percent	Top 1 percent	Top 2 percent	Top 3 percent	Top 4 percent	Top 5 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Floor						
1997.....	1,123,627	250,736	170,318	137,444	119,476	108,048
1998.....	1,271,148	269,496	181,923	145,937	127,090	114,729
1999.....	1,424,103	293,415	195,676	156,802	135,188	120,846
2000.....	1,599,786	313,469	208,577	167,010	143,451	128,336
"1979 Income Concept" Floor						
1997.....	1,192,727	268,889	181,084	144,284	123,659	110,949
1998.....	1,343,653	301,513	200,088	157,637	134,327	120,262
1999.....	1,517,265	332,253	213,723	167,563	142,640	126,643
2000.....	1,696,322	353,945	227,971	178,317	151,331	134,128

6. These tables can be used to make comparisons across cumulative percentile classes within each year, among years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and among years within the post-TRA86 period (i.e., Tax Years 1987 through 2000). Since TRA86 redefined AGI, Tables 5 and 6 are not as useful for comparisons between pre- and post-TRA86 years. Thus, Tables 7 and 8, which are based on a consistent definition of income (i.e., using the 1979 Income Concept), are included to facilitate such comparisons.

Tables 5 and 7, and Figure H are based on percentiles of returns cumulated downward from the highest income returns. The data in Tables 5 and 7 are shown for the top 1, 5, 10, 25, and 50 percent of returns, while data shown in Figure H are for the top 0.1, 1, 2, 3, 4, and 5 percent of returns. Tables 6 and 8 are based on returns cumulated upward for the lowest income returns. Data are shown for the bottom 50, 75, 90, 95, and 99 percent of all returns.

For example, consider the data in Table 5 for the 128.2 million returns filed for 2000 with positive AGI [8]. The average tax rate for these returns was 15.3 percent, representing a 0.4-percentage-point increase from 1999 and the highest level since 1981. The average tax rate on the top 1 percentile decreased slightly for 2000, while the average tax rate on the 5, 10, 25, and 50 percentiles increased from 2000. The 1, 5, 10, 25, and 50 percentiles all recorded a larger share of the income tax burden than their respective

shares of AGI. For 2000, the returns in the top 1 percentile reported 20.8 percent of total AGI and 37.4 percent of total income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$313,469. For 1999, the returns in this percentile group (i.e., those with at least \$293,415 in AGI) reported 19.5 percent of total AGI and 36.2 percent of total income tax. For 2000, the returns in the top 5 percentile group (returns reporting AGI of \$128,336 or more) reported 35.3 percent of total AGI and 56.5 percent of total income tax, higher than the 34.0 percent and 55.5 percent, respectively, for 1999 (when the AGI floor was \$120,846). For 2000, returns in the top-10 percentile group (returns with AGI of at least \$92,144) showed 46.0 percent of AGI and 67.3 percent of total income tax. For 1999, the returns in this percentile group (with AGI of \$87,682 or more) reported 44.9 percent of total AGI and 66.5 percent of total income tax. The top-50 percentile group accounted for 87.0 percent of income and 96.1 percent of the income tax for 2000. Figure I presents statistics for the 128,227 returns that were classified in the top 0.1 percentile of returns based on AGI. The average tax rate on these returns was 27.4 percent for 2000. These returns reported earnings consisting of 10.6 percent of total AGI, while paying 19.0 percent of the total income tax.

The statistics by percentile in Tables 5 and 6 for years prior to 1991 and Tables 7 and 8 for years prior to 1994 were estimated, using a mathematical tech-

Individual Income Tax Rates and Tax Shares, 2000

Figure I

Returns with Positive Adjusted Gross Income (AGI) and "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, Tax Year 2000

Item	Returns with positive AGI	
	All returns, total	Highest 0.1 percent of returns
Number of returns.....	128,227,143	128,227
Adjusted gross income floor on percentiles (current dollars).....	N/A	1,599,786
Adjusted gross income floor on percentiles (constant dollars) ¹	N/A	929,028
Adjusted gross income (millions of dollars).....	6,423,977	678,318
Total income tax (millions of dollars).....	980,521	185,771
Average tax rate (percentage) ²	15.26	27.39
Adjusted gross income share (percentage).....	100.00	10.56
Total income tax share (percentage).....	100.00	18.95

Item	Returns with positive 1979 income	
	All returns, total	Highest 0.1 percent of returns
Number of returns.....	128,340,271	128,340
Income floor on percentiles (current dollars).....	N/A	1,696,322
Income floor on percentiles (constant dollars) ¹	N/A	985,088
Income (millions of dollars).....	6,601,494	692,452
Total income tax (millions of dollars).....	980,459	183,369
Average tax rate (percentage) ²	14.85	26.48
Adjusted gross income share (percentage).....	100.00	10.49
Total income tax share (percentage).....	100.00	18.70

N/A--Not available.

¹ Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). See footnote 2 of this article for further details.

² The average adjusted gross income (less deficit), average total income tax, and average tax rate were calculated from unrounded data.

nique called "osculatory interpolation," applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class [9]. For 1991 and later years, the statistics by percentiles in Tables 5 and 6 and Tables 7 and 8 for 1994 through 2000 were computed, based on an actual ranking of the returns in the statistical sample that served as the basis for Individual Statistics of Income estimates. The differences under the two methods were judged to be minor enough so that the pre-1991 and post-1990 data are believed to be comparable.

Figure J presents percentage shares of income and total income tax for various percentile groups, using the 1979 Income Concept, for 1986 through 2000. While shares of income for the top 1 percent and bottom 50 percent of taxpayers have been close over the years, 2000 marks the sixth consecutive year that that the income shares of the top 1 percent

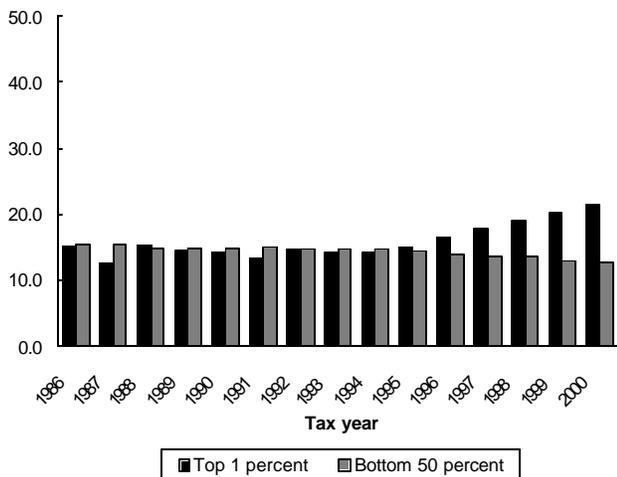
of taxpayers were higher than the corresponding shares of the bottom 50 percentile. The income share for the top 1 percent of taxpayers entered its sixth year of growth, reaching 21.6 percent for 2000, while the share of income for the bottom 50 percent of taxpayers continued to slide over the same period, falling to 12.8 percent. This 8.8-percentage point difference constitutes the largest difference in income shares between the two percentile groups over the previous 15 years. Similarly, the shares of total income tax for the top 1 percent and bottom 50 percent of taxpayers have diverged over time. The total income tax shares for the top 1 percent have risen from a low of 24.1 percent for 1991 to a high of 36.3 percent for 2000. Shares of total income tax for the bottom 50 percent of taxpayers have decreased from 6.7 percent for 1986 to just under 4.0 percent for 2000. The difference between the income tax shares of these two groups reached 32.3 percentage

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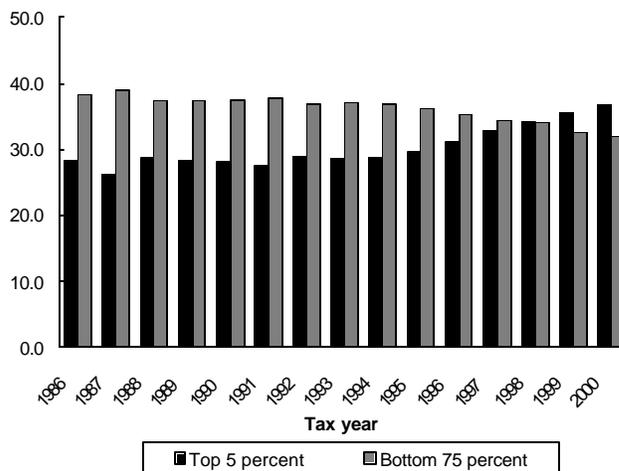
Figure J

Shares of Income and Total Income Tax Based on the 1979 Income Concept, Cumulative Percentiles, Tax Years 1986-2000

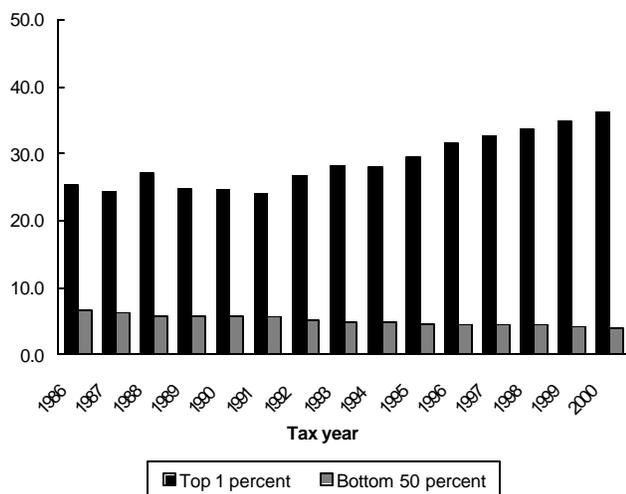
Percentage share of income



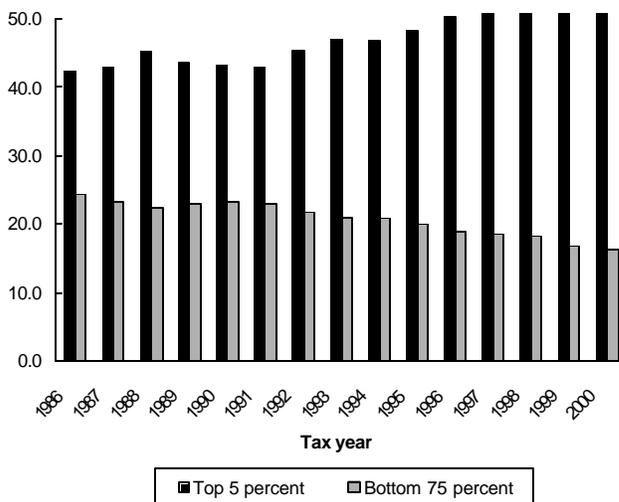
Percentage share of income



Percentage share of total income tax



Percentage share of total income tax



¹ Percentile groupings of tax filers exclude returns with zero or negative income.

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points for 2000, marking the largest difference between the two groups over the past 15 years. The shares of income for the top 5 percent and bottom 75 percent of taxpayers converged during the 1990's; however, beginning in 1998, the difference between these two groups began to grow. Income shares increased from 28.4 percent for 1986 to 36.8 percent for 2000 for the top 5 percent of taxpayers and decreased from 38.2 percent for 1986 to 31.9 percent for 2000 for the bottom 75 percent of taxpayers. Shares of total income tax for the top 5 percent and bottom 75 percent of taxpayers have consistently diverged over the past 15 years. Percentage shares of total income tax for taxpayers in the top 5 percentile rose from 42.4 percent for 1986 to a high of 55.7 percent for 2000, while shares of total income tax for the bottom 75 percent of taxpayers have decreased from 24.3 percent for 1986 to a low of 16.4 percent for 2000. The gap between the income tax shares of these two groups reached a 15-year high of 39.3 percentage points for 2000.

Notes and References

- [1] For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where these benefits were completely phased out, the tax rate returned to 28 percent.
- [2] U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index (CPI-U) represents annual averages of monthly figures and reflects the buying of typical urban consumers (1982-84=100):

Year	CPI-U	Year	CPI-U
2000	172.2	1992	140.5
1999	166.6	1991	136.2
1998	163.9	1990	130.7
1997	160.5	1989	124.0
1996	156.9	1988	118.3
1995	152.4	1987	113.6
1994	148.2	1986	109.6
1993	144.5	1985	107.6

- [3] For further information about the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986 (H.R. 3838, 99th Congress, Public Law 99-514), May 4, 1987.
- [4] Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, in some situations the receipt of some forms of tax-exempt income, such as tax-exempt interest, could have influenced the taxability of other income, in particular Social Security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.
- [5] The income amounts on which these special computations for lump-sum distributions were based were not reflected in current-year AGI or current-year taxable income.
- [6] For 2000, the total earned income credit was \$32.3 billion. This amount includes the amount used to reduce the income tax (\$2.0 billion), the amount used to reduce other taxes reported on individual income tax returns (\$2.5 billion), and the amount refunded to taxpayers (\$27.8 billion). Table 4 in Campbell and Parisi, "Individual Income Tax Returns, 2000," *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2, shows these amounts.
- [7] Total income tax does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security tax on income from self-employment), the Social Security tax on certain tip income, tax from the recapture of prior-year investment or low-income housing credits, tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans, tax on trusts, accumulation and distributions, and household employment taxes. The statistics for "total tax liability," shown in Campbell and Parisi, "Individual Income Tax Returns, 2000," *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2, include these taxes. For Tax Year 2000, total tax liability reported on 99.5 million returns was \$1,017.5 billion.

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- [8] The percentile groupings of tax filers exclude returns with zero or negative AGI.
- [9] For an explanation of the osculatory interpolation technique, see Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," *1977 Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.

Appendix A: Explanation of Selected Terms

This appendix provides brief explanations of the major tax concepts discussed. For more extensive definitions, see Section 4 in Campbell and Parisi, "Individual Income Tax Returns, 2000," *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2.

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

Difference Due to Special Tax Computation.--For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 or Schedule D) less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

Form 8615 Tax Computation.--Form 8615 was used to compute the tax on investment income of children under age 14 who had investment income of more than \$1,400. Generally, such income was taxed at the marginal tax rate of the parents.

Income Tax Before Credits.--This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, Schedule J, or Form 8615, plus Form (s) 8814, and any additional taxes from Form 4972. Beginning in Tax Year 2000, this amount also includes the Alternative Minimum Tax.

Income Tax Before Credits (Regular Tax Computation).--This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child's rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 10, 20, 25, or 28-percent tax rate for capital gains. This is in contrast to the computation of Income Tax Before Credits (see above) in which special tax computations such as those involved on the Form 8615 and Schedule D are taken into account. See Table 4.

Marginal Tax Rate.--See Appendix D.

Marginal Taxable Income.--See Appendix D.

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

Schedule D Tax Computation.--Schedule D was used to compute the 10-percent, 20-percent, 25-percent, and 28-percent tax on net long-term capital gains (in excess of net short-term capital losses), if such a computation was beneficial to the taxpayer. Any investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation.

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

Taxable Returns.--A return is classified as "taxable" based on the presence of "total income tax." The following additional taxes were not taken into account for this purpose: self-employment, household employment, Social Security, Railroad Retirement Tax Act (RRTA) taxes, tax from recom-

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putting prior-year investment or low-income housing credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes, advance earned income credit payments, or “golden parachute” payments (made to key employees as compensation under certain circumstances).

Tax Generated.--This is the amount of tax computed on modified taxable income either from the tax rate schedules or the tax table. Tax generated does not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without the special tax on lump-sum distributions from qualified retirement plans or alternative minimum tax), tax generated equals “income tax before credits.”

Total Income Tax.--Total income tax is the sum of income tax after credits and tax on accumulated trusts distribution from Form 4970, less the portion of the EIC used to offset other taxes as well as the refundable portion of the EIC.

Appendix B: Income Tax Structure

Each year, taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 2000 were generally based on the amount of “gross income,” filing status, age, and, to a lesser extent, dependency and blindness [B1]. Generally, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 2000 if they had net earnings from self-employment of at least \$400; liability for Social Security or Medicare tax on unreported tip income; Social Security, Medicare, or Railroad Retirement tax on reported tip income or group-term life insurance; “alternative minimum tax”; tax on qualified retirement plan distributions, including an Individual Retirement Arrangement (IRA) or a Medical Savings Account (MSA); tax on the recapture of investment credit or low-income housing credit; recapture tax on the disposition of a home purchased with a Federally-subsidized mortgage; any advance earned income credit payments; or wages of \$108.28 or more from a church or qualified church-

controlled organization that was exempt from Social Security taxes.

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax [B2]. Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses [B3]. “Taxable income,” the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions, or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers.

Income tax before credits is calculated from taxable income using: The tax table or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children’s investment income; Schedule D worksheet for net long-term capital gains; or some combination of the above [B4]. For 2000, the tax rates for each filing status were 10, 15, 20, 25, 28, 31, 36, and 39.6 percent. The tax rates of 10, 20, and 25 percent were only for net long-term capital gains (in excess of net short-term capital losses). New for 2000, income tax before credits includes any alternative minimum tax. (See Appendix C for further details on these rates.)

To calculate their Federal income tax liability for 2000, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules. The tax table was based on income tax “brackets” up to \$50 wide [B5]. The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax table and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax table could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax table with taxable income that was subject to the 36-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$9 [B6]. However, the actual difference in tax was smaller for most taxpayers.

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Notes to Appendix B

- [B1] Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Those taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Campbell and Parisi, "Individual Income Tax Returns, 2000," *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2 or Publication 17, *Your Federal Income Tax*.
- [B2] As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross profits from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, concept of "total income," which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.
- [B3] As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, or the health insurance deduction for certain self-employed taxpayers.
- [B4] Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.
- [B5] For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income

between \$25 and \$3,000, the brackets were \$25 wide. All brackets for taxable income above \$3,000 were \$50 wide.

- [B6] For example, assume a taxpayer filing as "married filing separately" reported taxable income of \$85,000. Using the tax table, the tax would be \$22,115, but, using the tax rate schedules, the tax would be \$22,124, a difference of \$9.

Appendix C: Changes in Law for 2000

Alternative Minimum Tax.--For Tax Year 2000, The Tax Relief Extension Act of 1999 allowed individuals to apply personal nonrefundable credits in their full amounts against both their regular tax and alternative minimum tax. The AMT was included in income tax before credits.

Earned Income Credit.--The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends and capital gain income) a taxpayer could have and still claim the credit increased to \$2,400 from \$2,350. The maximum credit for taxpayers with no qualifying children increased to \$353. For these taxpayers, earned income and modified AGI had to be less than \$10,380 (up from \$10,200 for 1999). The maximum credit increased to \$3,888 for taxpayers with one qualifying child, and to \$2,353 for taxpayers with two or more qualifying children. To be eligible for the credit, a taxpayer's earned income and modified AGI had to be less than \$27,413 for taxpayers with one qualifying child, or \$31,152 for taxpayers with two or more qualifying children.

Exemption Amount.--Most taxpayers were allowed to claim a \$2,800 deduction for each exemption to which he or she was entitled for 2000, a \$50 increase over the amount allowed for 1999. The AGI threshold for the reduction of exemption amounts was also increased due to inflation, from \$126,600 to \$128,950 for single filers; \$189,950 to \$193,400 for married persons filing jointly and surviving spouses; \$158,300 to \$161,150 for heads of household; and \$94,975 to \$96,700 for married persons filing separately.

Foreign Earned Income Exclusion.--For Tax Year 2000, the amount of foreign earned income that could have been excluded from income per taxpayer increased from \$74,000 to \$76,000.

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Itemized Deductions.--If a taxpayer's AGI was greater than \$128,950 (\$64,475 if married filing separately), some types of his or her itemized deductions were limited; this threshold increased from \$126,600 (\$63,300) for 1999 as a result of indexing for inflation. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: (1) 80 percent of the "limited" deductions or (2) 3 percent of AGI in excess of the limitation threshold.

Standard Deduction.--The basic standard deduction and additional standard deduction for age or blindness increased for 2000 as a result of inflation indexing. For single filers, the basic standard deduction rose from \$4,300 to \$4,400; for married persons filing jointly or surviving spouses, from \$7,200 to \$7,350; for married persons filing separately, from \$3,600 to \$3,675; and for heads of household, from \$6,350 to \$6,450. The amount of the standard deduction for dependents was the larger of \$700 or the dependents' earned income plus \$250 (but not more than the regular standard deduction amount). The additional standard deduction for age and/or blindness went from \$1,050 to \$1,100 for single or head of household returns, but remained unchanged at \$850 for married taxpayers.

Interest on Student Loans.--For Tax Year 2000, eligible taxpayers were allowed to deduct up to \$2,000 of interest paid on qualified higher educational loans, up from \$1,500 for 1999. These loans must have gone towards qualified expenses of either the taxpayer, taxpayer's spouse, or any dependent of the taxpayer at the time the debt was incurred. The taxpayer's modified AGI must have been less than: \$55,000 if single, head of household, or qualifying widow(er); or \$75,000 if married filing jointly.

Tax Brackets.--The boundaries for the tax brackets were widened to offset the effects of inflation. The 15-percent bracket applied to taxable income equal to or below \$26,250 (\$25,750 for 1999) for single filers; \$43,850 (\$43,050 for 1999) for joint filers or surviving spouses; \$21,925 (\$21,525 for 1999) for married persons filing separately; and \$35,150 (\$34,550 for 1999) for heads of household. The 28-percent tax bracket applied to taxable income

in excess of the 15-percent bracket ceiling and equal to or below \$63,550 (\$62,450 for 1999) for single filers; \$105,950 (\$104,050 for 1999) for joint filers or surviving spouses; \$52,975 (\$52,025 for 1999) for married persons filing separately; and \$90,800 (\$89,150 for 1999) for heads of household. The 31-percent tax bracket applied to taxable income in excess of the 28-percent bracket ceiling and equal to or below \$132,600 (\$130,250 for 1999) for single filers; \$161,450 (\$158,550 for 1999) for joint filers or surviving spouses; \$80,725 (\$79,275 for 1999) for married persons filing separately; and \$147,050 (\$144,400 for 1999) for heads of households. The 36-percent tax bracket applied to taxable income in excess of the 31-percent bracket ceiling and equal to or below \$288,350 (\$283,150 for 1999) for single filers, joint filers or surviving spouses, and heads of households and \$144,175 (\$141,575 for 1999) for married persons filing separately. The 39.6-percent tax rate applied to taxable income in excess of the upper boundary for the 36-percent tax bracket.

Appendix D: Income and Tax Concepts

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

1979 Income Concept

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI may vary from year to year as the law changes, the "1979 Income Concept" was developed to provide a more uniform measure of income across tax years. By including the same income and deduction items in each year's income calculation and using only items available on Federal individual income tax returns, the definition of the 1979 Income Concept is consistent throughout the base years and can be used for future years to compare income by including only income components common to all years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in this

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concept. The 1979 Income Concept applied to 2000 includes many income and deduction items that are also components of AGI (Figure K). However, unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [D1].

Modified Taxable Income

This concept is relevant only for "prior-year returns." For current-year returns, modified taxable income is identical to taxable income.

Figure K

Components of the 1979 Income Concept, Tax Year 2000

Income or Loss:

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

Deductions:

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

¹ Included in adjusted gross income (less deficit) (AGI) for Tax Year 2000.

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

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

⁴ Not fully included in AGI for Tax Year 2000.

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

⁶ Not included in AGI for Tax Year 2000.

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

Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure L illustrates how income tax is determined for a single taxpayer with AGI of \$310,000 who used the standard deduction. As shown in the example, five different tax rates were applied to the taxable income to arrive at total tax. The first \$26,250 of taxable income were taxed at the 15-percent rate; the next \$37,300 were taxed at the 28-percent rate; the next \$69,050 were taxed at the 31-percent rate; the next \$155,750 were taxed at the 36-percent rate; and the remaining \$17,250 were

Figure L

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2000

[Money amounts are in whole dollars]

Item	Amount
Adjusted gross income.....	310,000
Less: Exemption amount.....	0 ¹
Standard deduction amount.....	4,400
Equals: Taxable income.....	305,600
Tax based on tax rates for single taxpayers:	
First \$26,250 taxed at 15 percent.....	3,938
Next \$37,300 taxed at 28 percent.....	10,444
Next \$69,050 taxed at 31 percent.....	21,406
Next \$155,750 taxed at 36 percent.....	56,070
Next \$17,250 taxed at 39.6 percent.....	6,831
Total tax from tax rate schedule.....	98,688

¹ The exemption amount was phased out completely because AGI exceeded \$251,450.

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taxed at the 39.6-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 39.6 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes which are not subject to the same treatment under tax laws, the marginal tax rate is not always apparent. For instance, investment income of a dependent under age 14 in excess of a specific amount is treated differently than salaries and wages of the same dependent. The investment income in excess of \$1,400 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

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

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

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having a "10-percent rate" marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 20-percent or 25-percent rate on the net gain applied, the return was defined as having a marginal tax

rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 28-percent tax rate applied as the highest rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a "28-percent (capital gains)" marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 28-percent applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.

- (3) For returns of dependents with a Form 8615 attached when the use of this form resulted in the taxation of some of the dependent's income as if it were that of the parents, the return was classified as having a "Form 8615" marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest and dividend income of their dependents under age 14 on their own (i.e., the parents') return using Form 8814, when the dependent's income generated the only tax liability on the parent's return, the return was classified with a "Form 8814" marginal tax rate.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses), and presence of Form 8615 or Form 8814. Returns were classified into one of the following eleven mutually exclusive marginal tax rate categories: (1) 10-percent rate; (2) Form 8814 (15-percent rate with no tax liability other than that generated by the dependent's income); (3) 15-percent rate; (4) 20-percent rate; (5) 25-percent rate; (6) 28-percent rate with net long-term capital

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gains [D2]; (7) 28-percent rate; (8) 31-percent rate; (9) 36-percent rate; (10) 39.6-percent rate; and (11) Form 8615 (with income taxed at any rate) [D3].

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modified taxable income. For each marginal rate classification, modified taxable income and “income tax generated” were computed “at all rates” and “at marginal rate.” The “at all rates” computations (columns 3 and 5) show the total amount of modified taxable income or tax generated, tabulated by the marginal tax rate specified; each tax rate classification is mutually exclusive. The “at marginal rate” computations (columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. For example, consider returns in the “joint returns and returns of surviving spouses” filing status that were included in the “39.6-percent” marginal tax rate classification. The total modified taxable income for the 780,834 returns in this classification “at all rates” was \$802.0 billion (column 3), and the total tax generated was \$263.8 billion (column 5). Approximately \$410.4 billion (column 4) of the modified taxable income were subject to tax at the marginal tax rate of 39.6 percent. This modified taxable income generated \$162.5 billion (column 6) in tax at the 39.6-percent tax rate with the remainder generated at the lower seven tax rates. The alternative minimum tax was not included in the statistics by marginal tax rate.

Table 2 provides statistics on the tax generated, in total and at each marginal tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI rather than by the marginal tax rate classifications used in Table 1. The tax generated at each marginal tax rate was computed, based on the modified taxable income for each individual return. For example, the approximately 2.1 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$522.0 billion and generated total tax of \$144.6 billion. Of the \$522.0 billion of modified taxable income, \$1.5 billion were taxed at 10 percent; \$86.6 billion were taxed at 15 percent; \$66.6 billion were taxed at 20 percent; \$2.3 billion were taxed at 25 percent, \$0.1 billion were taxed at the 28-percent rate with net long-term capital gains,

\$118.0 billion were taxed at the 28-percent rate (ordinary income); \$104.2 billion were taxed at the 31 percent, \$117.5 billion were taxed at 36 percent; and \$24.9 billion were taxed at 39.6 percent, with the remainder consisting of income related to Forms 8814 and 8615. Approximately \$0.1 billion of the total tax generated were from the 10-percent rate; \$13.0 billion of the total tax generated were from the 15-percent rate; \$13.3 billion were from the 20-percent rate; \$0.6 billion were from the 25-percent rate; \$0.02 billion were from the 28-percent rate with net long-term capital gains; \$33.0 billion were from the 28-percent rate (ordinary income); \$32.3 billion were from the 31-percent rate; \$42.3 billion were from the 36-percent rate; and \$9.9 billion were generated at the 39.6-percent rate, with the remainder from tax related to Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each marginal tax rate (as in Table 2, columns 5 through 37) by filing status, instead of size of AGI, for returns with modified taxable income. Almost 0.8 million of the more than 45.0 million returns with modified taxable income filed jointly had some income taxed at the 39.6-percent tax rate. For these returns, the taxable income subject to this rate was \$410.4 billion, and the tax generated was \$162.5 billion.

Notes to Appendix D

[D1] For more details on the income computation under the 1979 Income Concept for 2000, see Campbell and Parisi, “Individual Income Tax Returns, 2000,” *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2.

[D2] The “28-percent (capital gains)” marginal tax rate category consists of returns that have a top tax rate of 28 percent, but have net long-term capital gains (in excess of net short-term capital losses), which would have been taxed at a higher rate if they had been some other form of income.

[D3] For some taxpayers, the statutory marginal tax rate may differ from the effective marginal tax rate. For example, extra income received by certain taxpayers may result in the phaseout of their personal exemptions, as well as some of their itemized deductions. Therefore, an extra

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\$1 of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 31 percent, the effective marginal rate faced by the taxpayer would be somewhat higher.

Appendix E: Computation of Alternative Minimum Taxable Income (AMTI)

AMTI was computed by adding certain “tax preferences” (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and “adjustments” (i.e., regular tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures M-1 and M-2). Although itemized deductions for some taxpayers were limited for regular tax purposes, the full amounts of such itemized deductions were included as adjustments. (To compensate for this, the overall limitation on itemized deductions was then subtracted from taxable income for AMT purposes.) The “net operating loss deduction” was recomputed to allow for the exclusion of the “tax preference items” and “adjustments” used to reduce regular tax liability. The recomputed net operating loss deduction, termed the “alternative net operating loss deduction,” was limited to 90 percent of AMTI (with certain minor exceptions for 2000).

AMTI was reduced by an exemption amount dependent on the filing status of the individual and subject to phaseout at higher AMTI levels. The AMTI exemption for single filers (and heads of

households) was \$33,750; for joint filers and surviving spouses, \$45,000; and for married persons filing separately, \$22,500. The exemption was reduced (but not below zero) by 25 percent of the amount by which the AMTI exceeded threshold levels of \$112,500 for single filers (and heads of households), \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was phased out completely for individuals whose filing status was single (or head of household), married filing jointly, and married filing separately, at \$247,500, \$330,000, and \$165,000, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI were subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains (recalculated for AMT purposes) that were taxed at lower rates (10, 20, and 25 percent) were tax at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the “alternative minimum tax foreign tax credit,” which produced a “tentative minimum tax.” Tentative minimum tax was further reduced by the individual’s regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 14 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents’ incomes on their own tax returns. (Dependents filing their own returns were limited to an AMT exemption of \$5,200 plus their “earned income.” The dependent’s AMT could be reduced if the parents had regular tax greater than the child’s own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

Appendix F: Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, 1040EZ, and 1040PC, including electronically-filed returns) filed

Figure M1

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2000

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences
PLUS:	Net operating loss deduction
MINUS:	Overall itemized deductions limitation
MINUS:	Alternative tax net operating loss deduction ¹
EQUALS:	Alternative minimum taxable income

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

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Figure M2

Alternative Minimum Tax Adjustments and Preferences, Tax Year 2000

- Standard deduction
- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI)
- Deductions for State and local income, real estate, personal property, and foreign taxes
- Deductions for interest on certain home mortgages not used to buy, build, or improve the taxpayer's main home or second home
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Refunds of State and local income, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Excess of accelerated depreciation on property placed in service before 1987 over straight-line depreciation as refigured for AMT purposes
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result could be negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Amount of net section 1231 gain or loss other than due to casualty or theft from large partnerships
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S Corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 42%
- Adjustment for refigured tax shelter farm losses, taking into account AMT adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, including section 179 expense deduction, expenses for business or rental use of the home, conservation expenses, taxable IRA distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)

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during Calendar Year 2001. They also include some returns that were filed during the beginning of Calendar Year 2002 for Tax Year 2000 due to a special extension granted to taxpayers who were affected by the terrorist attacks of September 11, 2001. Returns in the sample were stratified, based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes [F1]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The 2000 data are based on a sample of 196,156 returns and an estimated final population of 129,644,987 returns. The corresponding sample and population returns for 1999 were 176,966 and 127,321,626, respectively.

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

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

Notes to Appendix F

[F1] Returns in the sample were stratified, based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Non-resident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss from Farming*.

Figure N

Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2000

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount	Amount	Amount	Amount
	(1)	(2)	(3)	(4)	(5)
Total.....	0.16	0.14	0.16	0.17	1.56
Under \$2,000 ¹	4.81	5.76	6.18	6.24	32.66
\$2,000 under \$4,000.....	4.60	5.25	5.66	5.66	99.92
\$4,000 under \$6,000.....	3.20	4.09	4.42	4.43	99.89
\$6,000 under \$8,000.....	2.87	3.54	3.68	3.75	14.58
\$8,000 under \$10,000.....	2.42	2.91	3.03	3.24	15.70
\$10,000 under \$12,000.....	2.44	2.66	2.69	2.80	13.14
\$12,000 under \$14,000.....	2.27	2.55	2.57	2.75	6.12
\$14,000 under \$16,000.....	2.08	2.39	2.40	2.64	5.05
\$16,000 under \$18,000.....	2.02	2.31	2.32	2.64	4.39
\$18,000 under \$20,000.....	1.99	2.22	2.24	2.60	4.21
\$20,000 under \$25,000.....	1.28	1.41	1.42	1.62	3.25
\$25,000 under \$30,000.....	1.39	1.49	1.50	1.64	4.75
\$30,000 under \$40,000.....	1.04	1.10	1.11	1.17	7.00
\$40,000 under \$50,000.....	1.08	1.12	1.16	1.22	12.49
\$50,000 under \$75,000.....	0.81	0.84	0.89	0.91	15.74
\$75,000 under \$100,000.....	1.04	1.07	1.11	1.13	48.88
\$100,000 under \$200,000.....	1.01	0.92	0.92	0.93	27.79
\$200,000 under \$500,000.....	1.03	0.89	0.89	0.89	0.49
\$500,000 under \$1,000,000.....	0.95	0.86	0.88	0.93	0.69
\$1,000,000 under \$1,500,000.....	1.13	1.06	1.10	1.10	0.99
\$1,500,000 under \$2,000,000.....	1.06	1.08	1.11	1.11	1.01
\$2,000,000 under \$5,000,000.....	0.47	0.41	0.44	0.44	0.41
\$5,000,000 under \$10,000,000.....	0.46	0.37	0.39	0.39	0.38
\$10,000,000 or more.....	0.02	0.02	0.02	0.02	0.02

¹ Includes returns with adjusted gross deficit.

Individual Income Tax Rates and Tax Shares, 2000

Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2000

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

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns									
Total.....	105,254,144	6,255,479,877	4,544,454,724	2,102,758,318	1,008,640,394	514,103,193	979,416,711	15.7	21.6
10 percent.....	1,239,906	16,073,905	5,526,181	5,525,082	552,754	552,508	513,415	3.2	9.3
15 percent (Form 8814) ¹	22,171	-5,793	25,701	25,701	3,855	3,855	15,737	(X)	61.2
15 percent.....	68,277,153	1,895,800,696	1,015,294,204	997,113,758	151,410,696	149,567,064	129,924,012	6.9	12.8
20 percent.....	1,396,709	209,925,287	163,406,083	112,559,841	29,337,306	22,511,968	30,236,001	14.4	18.5
25 percent.....	45,524	8,556,124	7,177,733	1,568,072	1,425,500	392,018	1,451,686	17.0	20.2
28 percent (capital gains) ²	67,436	6,579,824	5,131,252	307,623	1,039,695	86,134	1,034,590	15.7	20.2
28 percent.....	27,243,957	2,060,878,797	1,549,300,652	335,962,198	297,985,907	94,069,415	291,538,275	14.1	18.8
31 percent.....	3,924,396	576,327,152	471,862,727	81,876,009	112,453,232	25,381,563	113,202,803	19.6	24.0
36 percent.....	1,569,935	428,868,704	369,823,904	73,980,668	99,754,259	26,633,040	100,178,224	23.4	27.1
39.6 percent.....	921,356	1,047,120,135	951,976,119	489,420,352	313,510,924	193,810,459	310,190,563	29.6	32.6
Form 8615 ³	545,600	5,355,047	4,930,169	4,419,014	1,166,267	1,095,169	1,131,405	21.1	22.9
Joint returns and returns of surviving spouses									
Total.....	45,034,053	4,222,346,268	3,134,788,665	1,354,243,588	724,081,523	356,885,880	704,795,790	16.7	22.5
10 percent.....	249,042	7,834,768	2,459,722	2,459,393	246,008	245,939	232,047	3.0	9.4
15 percent (Form 8814) ¹	**	**	**	**	**	**	**	**	**
15 percent.....	24,339,522	1,009,793,406	539,829,943	529,998,830	80,503,973	79,499,825	67,981,795	6.7	12.6
20 percent.....	763,883	147,277,143	114,464,382	80,779,303	20,723,975	16,155,861	21,350,511	14.5	18.7
25 percent.....	33,065	6,685,102	5,580,333	1,230,286	1,105,390	307,572	1,123,626	16.8	20.1
28 percent (capital gains) ²	**	**	**	**	**	**	**	**	**
28 percent.....	15,418,387	1,437,769,406	1,063,601,346	225,387,739	205,272,347	63,108,567	199,471,734	13.9	18.8
31 percent.....	2,186,116	384,715,030	310,417,271	47,391,519	73,415,182	14,691,371	73,938,682	19.2	23.8
36 percent.....	1,201,529	341,378,919	292,660,259	56,474,756	78,299,222	20,330,912	78,597,888	23.0	26.9
39.6 percent.....	780,834	882,089,865	802,026,869	410,363,116	263,764,749	162,503,794	261,351,449	29.6	32.6
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)
Returns of married persons filing separately									
Total.....	2,222,887	112,217,984	84,597,060	41,423,381	19,980,020	11,334,247	19,522,511	17.4	23.1
10 percent.....	10,502	234,093	62,085	61,968	6,214	6,197	5,058	2.2	8.1
15 percent (Form 8814) ¹	**	**	**	**	**	**	**	**	**
15 percent.....	1,253,060	25,937,731	14,285,802	14,167,041	2,136,989	2,125,056	1,956,710	7.5	13.7
20 percent.....	14,126	4,552,245	3,472,388	3,146,622	672,663	629,324	717,567	15.8	20.7
25 percent.....	1,182	231,045	189,775	86,015	40,961	21,504	43,959	19.0	23.2
28 percent (capital gains) ²	**	**	**	**	**	**	9	**	**
28 percent.....	744,741	33,705,330	25,121,386	6,675,671	4,834,442	1,869,188	4,760,343	14.1	18.9
31 percent.....	131,500	11,113,760	9,047,326	1,452,650	2,152,749	450,322	2,162,154	19.5	23.9
36 percent.....	40,680	5,904,480	5,114,458	1,038,055	1,369,837	373,700	1,374,832	23.3	26.9
39.6 percent.....	27,088	30,533,754	27,294,178	14,795,318	8,764,230	5,858,946	8,499,924	27.8	31.1
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)
Returns of heads of households									
Total.....	12,421,206	419,598,692	232,841,988	157,770,260	41,833,501	28,116,044	34,305,354	8.2	14.7
10 percent.....	21,171	611,144	262,248	262,248	26,224	26,225	20,875	3.4	8.0
15 percent (Form 8814) ¹	*6,676	*78,505	*7,379	*7,379	*1,107	*1,107	*306	*0.4	*4.1
15 percent.....	10,886,454	286,764,434	130,678,484	129,665,571	19,554,008	19,449,836	12,479,049	4.4	9.5
20 percent.....	63,396	6,758,325	5,324,537	3,096,158	917,501	619,232	920,440	13.6	17.3
25 percent.....	*560	*152,586	*133,212	*27,226	*27,024	*6,807	*29,281	*19.2	*22
28 percent (capital gains) ²	--	--	--	--	--	--	--	(X)	(X)
28 percent.....	1,318,375	88,874,281	64,859,489	13,590,857	11,991,756	3,805,440	11,613,958	13.1	17.9
31 percent.....	72,268	10,905,732	8,903,594	1,654,823	2,158,312	512,995	2,186,667	20.1	24.6
36 percent.....	36,607	8,966,282	7,753,458	1,503,681	2,116,755	541,325	2,120,426	23.6	27.3
39.6 percent.....	15,699	16,487,405	14,919,586	7,962,316	5,040,814	3,153,077	4,934,351	29.9	33.1
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)

Individual Income Tax Rates and Tax Shares, 2000

**Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2000
--Continued**

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

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Returns of single persons									
Total.....	45,575,998	1,501,316,933	1,092,227,012	549,321,089	222,745,350	117,767,024	220,793,057	14.7	20.2
10 percent.....	959,191	7,393,900	2,742,125	2,741,474	274,309	274,147	255,435	3.5	*9.3
15 percent (Form 8814) ¹	--	--	--	--	--	--	--	(X)	(X)
15 percent.....	31,798,117	573,305,125	330,499,975	323,282,316	49,215,726	48,492,347	47,506,459	8.3	14.4
20 percent.....	555,304	51,337,574	40,144,776	25,537,758	7,023,167	5,107,552	7,247,483	14.1	18.1
25 percent.....	10,718	1,487,392	1,274,413	224,544	252,125	56,136	254,820	17.1	20.0
28 percent (capital gains) ²	21,249	1,687,351	1,391,371	167,258	289,830	46,832	299,998	17.8	21.6
28 percent.....	9,762,454	500,529,780	395,718,431	90,307,931	75,887,361	25,286,221	75,692,240	15.1	19.1
31 percent.....	1,534,511	169,592,630	143,494,536	31,377,017	34,726,989	9,726,875	34,915,300	20.6	24.3
36 percent.....	291,119	72,619,023	64,295,729	14,964,176	17,968,445	5,387,103	18,085,079	24.9	28.1
39.6 percent.....	97,735	118,009,111	107,735,486	56,299,601	35,941,132	22,294,642	35,404,839	30.0	32.9
Form 8615 ³	545,600	5,355,047	4,930,169	4,419,014	1,166,267	1,095,169	1,131,405	21.1	22.9

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

** Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in appropriate totals.

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28-percent rate, which otherwise (based on ordinary income) would be taxed at a higher rate than 28 percent.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

(X) Percentage not computed.

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

Individual Income Tax Rates and Tax Shares, 2000

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2000

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

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					10 percent			15 percent (from Form 8814) ¹		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Total.....	105,254,144	4,544,242,347	4,544,454,724	1,008,640,394	9,407,394	40,421,905	4,042,634	348,381	276,017	41,412
Under \$2,000 ²	728,355	403,500	407,564	53,222	495,906	223,790	22,417	3,320	3,731	560
\$2,000 under \$4,000.....	772,689	1,164,830	1,179,015	175,650	487,205	519,790	52,003	*948	*2,656	*398
\$4,000 under \$6,000.....	1,770,153	2,271,887	2,272,602	345,189	310,026	495,566	49,563	*948	*664	*100
\$6,000 under \$8,000.....	2,168,907	4,372,394	4,394,476	660,409	262,459	496,403	49,645	*972	*2,042	*306
\$8,000 under \$10,000.....	2,975,905	7,419,540	7,422,399	1,114,373	289,120	515,877	51,610	*2,175	*2,817	*422
\$10,000 under \$12,000.....	2,920,227	11,477,791	11,477,900	1,701,847	265,176	621,594	62,175	*6	*8	*1
\$12,000 under \$14,000.....	3,396,633	16,198,328	16,201,206	2,419,538	220,331	534,888	53,510	*2,894	*4,748	*712
\$14,000 under \$16,000.....	3,977,962	22,398,362	22,401,665	3,341,833	262,234	648,534	64,858	*5,870	*4,506	*676
\$16,000 under \$18,000.....	4,192,127	28,494,359	28,497,321	4,249,634	300,435	703,598	70,375	*2,851	*2,812	*421
\$18,000 under \$20,000.....	4,287,589	35,484,903	35,527,215	5,293,477	296,253	888,463	88,862	*3,855	*1,531	*230
\$20,000 under \$25,000.....	9,585,445	108,031,449	108,030,830	16,109,360	743,700	2,400,726	240,108	*3,811	*3,347	*502
\$25,000 under \$30,000.....	8,235,563	127,600,390	127,608,814	19,046,013	725,454	2,453,723	245,411	*7,246	*7,332	*1,100
\$30,000 under \$40,000.....	13,410,399	289,468,391	289,490,599	44,307,242	1,284,217	5,267,751	526,821	12,679	10,395	1,559
\$40,000 under \$50,000.....	10,376,331	305,175,955	305,222,306	49,596,589	1,052,261	4,704,327	470,492	21,942	13,571	2,040
\$50,000 under \$75,000.....	17,026,414	724,730,198	724,735,063	123,389,614	1,771,573	9,741,786	974,250	50,681	33,931	5,092
\$75,000 under \$100,000.....	8,585,345	537,645,034	537,652,653	103,922,256	329,076	3,903,098	390,326	71,508	39,919	5,990
\$100,000 under \$200,000.....	8,076,677	821,705,724	821,745,446	185,016,291	220,585	3,851,303	385,138	94,179	87,084	13,062
\$200,000 under \$500,000.....	2,132,745	521,942,794	521,950,125	144,638,780	62,120	1,479,381	147,940	43,757	36,915	5,538
\$500,000 under \$1,000,000.....	395,413	239,349,218	239,364,402	75,682,396	15,148	468,135	46,814	11,025	10,548	1,582
\$1,000,000 under \$1,500,000.....	99,333	108,725,941	108,721,787	35,307,670	4,300	140,267	14,027	3,479	3,430	515
\$1,500,000 under \$2,000,000.....	44,504	69,595,617	69,593,141	22,634,618	2,392	83,058	8,306	1,261	1,257	189
\$2,000,000 under \$5,000,000.....	66,651	181,760,398	181,746,298	58,561,043	4,331	158,555	15,856	2,074	1,900	285
\$5,000,000 under \$10,000,000.....	17,576	109,905,445	109,903,190	34,570,570	1,606	62,394	6,239	500	493	74
\$10,000,000 or more.....	11,201	268,919,902	268,908,707	76,502,781	1,488	58,900	5,890	399	382	57

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 2000

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2000--Continued

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

Size of adjusted gross income	Tax generated at specified rate--continued								
	15 percent			20 percent			25 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Total.....	103,530,686	2,272,668,608	340,900,291	10,753,975	493,969,412	98,793,867	409,610	8,521,816	2,130,509
Under \$2,000 ²	317,249	144,708	21,706	--	--	--	--	--	--
\$2,000 under \$4,000.....	489,458	402,597	60,390	--	--	--	--	--	--
\$4,000 under \$6,000.....	1,643,144	1,473,950	221,093	--	--	--	--	--	--
\$6,000 under \$8,000.....	2,089,056	3,603,201	540,480	--	--	--	--	--	--
\$8,000 under \$10,000.....	2,877,806	6,641,863	996,279	--	--	--	--	--	--
\$10,000 under \$12,000.....	2,851,067	10,724,172	1,608,626	--	--	--	--	--	--
\$12,000 under \$14,000.....	3,346,703	15,480,792	2,322,119	--	--	--	--	--	--
\$14,000 under \$16,000.....	3,917,115	21,551,786	3,232,768	--	--	--	--	--	--
\$16,000 under \$18,000.....	4,138,983	27,703,296	4,155,494	--	--	--	--	--	--
\$18,000 under \$20,000.....	4,237,913	34,509,481	5,176,422	--	--	--	--	--	--
\$20,000 under \$25,000.....	9,492,816	105,430,869	15,814,630	--	--	--	--	--	--
\$25,000 under \$30,000.....	8,180,391	124,852,531	18,727,880	10,582	5,715	1,144	--	--	--
\$30,000 under \$40,000.....	13,338,616	274,917,058	41,237,559	382,093	613,258	122,651	*3,306	*2,404	*601
\$40,000 under \$50,000.....	10,328,037	267,926,122	40,188,918	641,196	2,327,280	465,447	*6,746	*12,296	*3,075
\$50,000 under \$75,000.....	16,976,572	591,182,597	88,677,390	2,306,784	11,492,030	2,298,388	46,117	174,942	43,741
\$75,000 under \$100,000.....	8,551,864	344,926,537	51,738,981	2,392,279	16,297,463	3,259,501	73,250	307,224	76,817
\$100,000 under \$200,000.....	8,030,519	329,507,563	49,426,134	3,334,007	52,569,839	10,513,963	149,502	1,909,338	477,357
\$200,000 under \$500,000.....	2,110,201	86,586,059	12,987,909	1,248,095	66,551,510	13,310,311	85,899	2,318,350	579,597
\$500,000 under \$1,000,000.....	385,925	15,821,060	2,373,159	261,412	45,856,808	9,171,360	25,631	1,392,909	348,231
\$1,000,000 under \$1,500,000.....	95,984	3,928,136	589,220	70,787	26,320,918	5,264,183	6,942	489,534	122,384
\$1,500,000 under \$2,000,000.....	42,587	1,742,390	261,359	32,601	19,074,128	3,814,826	3,615	357,612	89,403
\$2,000,000 under \$5,000,000.....	62,852	2,561,089	384,163	50,675	59,086,573	11,817,315	5,660	733,158	183,290
\$5,000,000 under \$10,000,000.....	16,083	653,740	98,061	13,994	43,019,565	8,603,913	1,637	330,336	82,584
\$10,000,000 or more.....	9,745	397,010	59,552	9,471	150,754,326	30,150,865	1,305	493,714	123,429

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 2000

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2000--Continued

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

Size of adjusted gross income	Tax generated at specified rate--continued								
	28 percent (capital gains) ³			28 percent			31 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
Total.....	104,922	1,951,428	546,403	33,728,994	816,986,775	228,756,297	6,415,727	223,573,114	69,307,665
Under \$2,000 ²	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	*948	*1,343	*376	--	--	--
\$20,000 under \$25,000.....	--	--	--	*3,014	*318	*89	--	--	--
\$25,000 under \$30,000.....	--	--	--	52,786	55,189	15,453	--	--	--
\$30,000 under \$40,000.....	--	--	--	2,777,734	8,408,602	2,354,409	--	--	--
\$40,000 under \$50,000.....	*4,106	*10,715	*3,001	3,497,469	30,146,971	8,441,152	--	--	--
\$50,000 under \$75,000.....	18,224	67,461	18,889	8,963,640	111,271,913	31,156,136	138,899	491,861	152,477
\$75,000 under \$100,000.....	29,127	42,068	11,779	7,964,426	163,944,285	45,904,400	776,385	8,088,873	2,507,551
\$100,000 under \$200,000.....	35,025	189,920	53,180	7,803,232	350,400,050	98,112,014	2,972,810	78,243,582	24,255,510
\$200,000 under \$500,000.....	12,898	84,464	23,650	2,063,654	117,990,535	33,037,350	1,943,310	104,245,368	32,316,064
\$500,000 under \$1,000,000.....	2,417	157,131	43,997	378,208	21,866,020	6,122,486	365,641	20,300,456	6,293,141
\$1,000,000 under \$1,500,000.....	975	147,151	41,202	94,445	5,439,205	1,522,977	91,660	5,107,435	1,583,305
\$1,500,000 under \$2,000,000.....	507	117,935	33,022	41,854	2,419,893	677,570	40,868	2,277,210	705,935
\$2,000,000 under \$5,000,000.....	825	401,380	112,386	62,046	3,569,923	999,578	60,844	3,403,585	1,055,111
\$5,000,000 under \$10,000,000.....	402	292,246	81,829	15,897	915,967	256,471	15,736	881,384	273,229
\$10,000,000 or more.....	415	440,957	123,468	9,642	556,561	155,837	9,575	533,360	165,342

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 2000

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2000--Continued

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

Size of adjusted gross income	Tax generated at specified rate--continued								
	36 percent			39.6 percent			Form 8615 ⁴		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)
Total.....	2,491,332	192,234,038	69,204,254	921,396	489,432,594	193,815,307	545,600	4,419,014	1,095,169
Under \$2,000 ²	--	--	--	--	--	--	98,141	35,335	8,484
\$2,000 under \$4,000.....	--	--	--	--	--	--	169,980	253,969	62,775
\$4,000 under \$6,000.....	--	--	--	--	--	--	87,406	302,423	74,364
\$6,000 under \$8,000.....	--	--	--	--	--	--	56,276	292,831	69,919
\$8,000 under \$10,000.....	--	--	--	--	--	--	36,754	261,843	65,968
\$10,000 under \$12,000.....	--	--	--	--	--	--	13,781	132,126	30,938
\$12,000 under \$14,000.....	--	--	--	--	--	--	15,293	180,777	43,087
\$14,000 under \$16,000.....	--	--	--	--	--	--	14,544	196,839	43,416
\$16,000 under \$18,000.....	--	--	--	--	--	--	*5,809	*87,615	*23,185
\$18,000 under \$20,000.....	--	--	--	--	--	--	*7,653	*126,396	*27,507
\$20,000 under \$25,000.....	--	--	--	--	--	--	9,517	195,570	53,882
\$25,000 under \$30,000.....	--	--	--	--	--	--	*9,602	*234,324	*54,916
\$30,000 under \$40,000.....	--	--	--	--	--	--	*8,501	*271,131	*63,391
\$40,000 under \$50,000.....	--	--	--	--	--	--	*1,850	*81,024	*22,023
\$50,000 under \$75,000.....	--	--	--	--	--	--	*5,485	*278,542	*61,692
\$75,000 under \$100,000.....	*5,119	*10,199	*3,672	--	--	--	*1,341	*92,988	*21,957
\$100,000 under \$200,000.....	272,307	4,653,272	1,675,178	4,679	75,378	29,850	*2,330	*258,115	*73,198
\$200,000 under \$500,000.....	1,651,429	117,527,494	42,309,898	396,962	24,923,176	9,869,578	*722	*206,873	*50,819
\$500,000 under \$1,000,000.....	349,945	43,422,096	15,631,955	319,895	89,858,525	35,583,976	*358	*210,713	*65,678
\$1,000,000 under \$1,500,000.....	88,666	11,059,178	3,981,304	82,674	55,947,581	22,155,242	122	138,952	33,306
\$1,500,000 under \$2,000,000.....	39,689	4,976,846	1,791,665	37,300	38,465,304	15,232,260	*49	*77,509	*20,082
\$2,000,000 under \$5,000,000.....	59,219	7,436,438	2,677,118	55,848	104,219,312	41,270,848	64	174,386	45,090
\$5,000,000 under \$10,000,000.....	15,477	1,950,950	702,342	14,806	61,706,343	24,435,712	*13	*89,775	*30,116
\$10,000,000 or more.....	9,480	1,197,564	431,123	9,232	114,236,974	45,237,842	*9	*238,958	*49,376

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

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Includes returns with adjusted gross deficit.

³ Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate, which otherwise (based on ordinary income) would be taxed at a higher rate than 28 percent.

⁴ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Tax Shares, 2000

Table 3.--Returns with Modified Taxable Income: Taxable Income, and Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 2000

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

Marginal tax rate classes	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates.....	105,254,144	4,544,454,721	1,008,633,322	45,034,053	3,134,788,664	724,077,757	2,222,887	84,597,060	19,979,927
10 percent.....	9,407,394	40,421,905	4,042,191	4,162,759	22,297,615	2,229,762	72,162	333,273	33,327
15 percent (Form 8814) ¹	348,381	276,017	41,412	305,543	248,795	37,328	4,147	1,630	244
15 percent.....	103,530,686	2,272,668,608	340,900,291	44,699,014	1,415,664,794	212,349,719	2,208,448	35,047,522	5,257,128
20 percent.....	10,753,975	493,969,412	98,793,882	7,064,845	376,788,720	75,357,744	156,730	14,005,709	2,801,142
25 percent.....	409,610	8,521,816	2,130,454	288,846	6,905,034	1,726,259	4,298	240,276	60,069
28 percent (capital gains) ²	104,922	1,951,428	546,400	74,780	1,436,165	402,126	262	96,007	26,882
28 percent.....	33,728,994	816,986,775	228,756,297	19,633,052	588,109,185	164,670,572	944,010	13,987,333	3,916,453
31 percent.....	6,415,727	223,573,114	69,307,665	4,168,479	157,412,666	48,797,926	199,269	3,333,217	1,033,297
36 percent.....	2,491,332	192,234,038	69,204,254	1,982,363	155,562,574	56,002,527	67,768	2,756,775	992,439
39.6 percent.....	921,396	489,432,594	193,815,307	780,834	410,363,116	162,503,794	27,088	14,795,318	5,858,946
Form 8615 ³	545,600	4,419,014	1,095,169	--	--	--	--	--	--

Marginal tax rate classes	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates.....	12,421,206	232,841,987	41,833,044	45,575,998	1,092,227,006	222,742,594
10 percent.....	458,314	1,966,137	196,614	4,714,159	15,824,879	1,582,488
15 percent (Form 8814) ¹	36,335	23,982	3,599	2,355	1,610	242
15 percent.....	12,389,708	181,913,095	27,286,964	44,233,515	640,043,196	96,006,479
20 percent.....	281,163	8,901,886	1,780,377	3,251,237	94,273,096	18,854,619
25 percent.....	6,179	137,587	34,397	110,287	1,238,919	309,730
28 percent (capital gains) ²	68	13,285	3,720	29,812	405,971	113,672
28 percent.....	1,442,949	23,604,812	6,609,347	11,708,983	191,285,445	53,559,925
31 percent.....	124,573	4,596,995	1,425,068	1,923,407	58,230,236	18,051,373
36 percent.....	52,305	3,721,892	1,339,881	388,895	30,192,797	10,869,407
39.6 percent.....	15,699	7,962,316	3,153,077	97,776	56,311,843	22,299,490
Form 8615 ³	--	--	--	545,600	4,419,014	1,095,169

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28-percent rate, which otherwise (based on ordinary income) would be taxed at a higher rate than 28 percent.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Tax Shares, 2000

Table 4.--Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 1999 and 2000

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

Type of tax computation by size of adjusted gross income	Tax Year 1999				Tax Year 2000			
	Income tax before credits (regular tax computation) ¹		Tax generated	Difference due to special tax computation ²	Income tax before credits (regular tax computation) ¹		Tax generated	Difference due to special tax computation ²
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with regular tax computation only								
Total.....	84,117,372	487,596,499	487,448,545	-	86,253,365	551,085,194	550,958,257	-
Under \$5,000 ³	1,240,612	106,742	106,742	-	1,078,806	95,867	95,867	-
\$5,000 under \$10,000.....	5,552,709	1,656,010	1,656,012	-	5,376,121	1,572,648	1,572,648	-
\$10,000 under \$15,000.....	7,822,748	5,337,754	5,337,754	-	7,575,796	5,221,615	5,221,108	-
\$15,000 under \$20,000.....	9,850,125	10,644,024	10,644,021	-	9,835,992	10,481,502	10,481,502	-
\$20,000 under \$25,000.....	8,860,009	15,121,307	15,120,404	-	8,836,069	14,929,470	14,928,791	-
\$25,000 under \$30,000.....	7,494,517	17,673,473	17,673,437	-	7,503,322	17,441,990	17,441,823	-
\$30,000 under \$40,000.....	11,676,541	38,785,497	38,785,119	-	11,885,936	39,381,033	39,380,171	-
\$40,000 under \$50,000.....	8,306,213	39,813,102	39,812,766	-	8,838,458	42,319,879	42,314,453	-
\$50,000 under \$75,000.....	13,231,473	94,799,981	94,790,013	-	13,469,310	96,554,724	96,536,715	-
\$75,000 under \$100,000.....	5,346,995	64,925,546	64,899,761	-	6,080,232	72,951,937	72,929,417	-
\$100,000 under \$200,000.....	3,873,863	86,621,811	86,589,360	-	4,703,933	105,422,834	105,393,439	-
\$200,000 under \$500,000.....	715,331	50,548,866	50,535,030	-	877,224	61,161,992	61,139,844	-
\$500,000 under \$1,000,000.....	100,671	21,075,754	21,066,494	-	131,522	27,443,320	27,433,567	-
\$1,000,000 or more.....	45,567	40,486,630	40,431,632	-	60,643	56,106,383	56,088,913	-
Returns with Form 8615 tax computation								
Total.....	574,924	783,166	933,335	150,170	545,600	1,037,678	1,138,311	100,633
Under \$5,000 ³	392,164	116,615	145,473	28,858	315,664	97,763	130,992	33,229
\$5,000 under \$10,000.....	103,215	94,475	134,238	39,763	132,892	122,066	187,459	65,392
\$10,000 under \$15,000.....	33,092	52,355	79,883	27,529	36,860	65,912	100,217	34,305
\$15,000 under \$20,000.....	17,248	42,355	61,326	18,971	20,219	48,411	72,102	23,691
\$20,000 under \$25,000.....	*8,483	*26,577	*45,395	*18,818	9,517	30,035	54,409	24,374
\$25,000 under \$30,000.....	*5,615	*20,779	*37,405	*16,626	*9,602	*36,409	*55,511	*19,102
\$30,000 under \$40,000.....	*7,095	*40,738	*60,300	*19,563	*8,501	*47,765	*63,699	*15,935
\$40,000 under \$50,000.....	*3,611	*31,586	*52,604	*21,018	*1,850	*16,747	*22,133	*5,385
\$50,000 under \$75,000.....	*903	*9,749	*17,926	*8,177	*5,485	*59,777	*61,873	*2,096
\$75,000 under \$100,000.....	*495	*4,292	*5,337	*1,046	*1,341	*22,214	*22,027	*187
\$100,000 under \$200,000.....	*2,035	*54,816	*65,614	*10,798	*2,330	*68,628	*73,398	*4,770
\$200,000 under \$500,000.....	*502	*41,165	*39,861	*1,304	*722	*67,214	*50,822	*16,392
\$500,000 under \$1,000,000.....	*166	*28,509	*20,480	*8,030	*358	*75,510	*65,694	*9,815
\$1,000,000 or more.....	300	219,155	167,492	-51,662	257	279,226	177,975	-101,252
Returns with Schedule D tax computation								
Total.....	16,913,104	464,675,975	405,764,485	-58,911,490	17,091,388	512,907,932	440,309,912	-72,598,019
Under \$5,000 ³	344,434	81,189	64,329	-16,861	352,329	90,427	71,582	-18,846
\$5,000 under \$10,000.....	377,758	200,723	166,815	-33,908	453,538	253,821	208,746	-45,075
\$10,000 under \$15,000.....	515,435	459,634	412,948	-46,686	454,214	396,705	346,607	-50,098
\$15,000 under \$20,000.....	673,885	809,946	739,611	-70,334	606,573	742,182	675,322	-66,860
\$20,000 under \$25,000.....	720,274	1,254,687	1,167,990	-86,697	653,902	1,149,155	1,061,668	-87,487
\$25,000 under \$30,000.....	722,133	1,765,560	1,669,335	-96,225	673,190	1,599,616	1,500,569	-99,047
\$30,000 under \$40,000.....	1,464,062	5,134,958	4,872,644	-262,314	1,451,698	5,017,390	4,758,088	-259,302
\$40,000 under \$50,000.....	1,495,997	7,718,621	7,369,755	-348,866	1,488,654	7,531,647	7,156,434	-375,213
\$50,000 under \$75,000.....	3,451,142	27,359,947	26,148,320	-1,211,627	3,506,337	27,987,392	26,643,396	-1,343,996
\$75,000 under \$100,000.....	2,435,436	31,956,485	30,439,377	-1,517,108	2,471,632	32,263,622	30,774,256	-1,489,366
\$100,000 under \$200,000.....	3,186,404	80,518,771	75,868,192	-4,650,580	3,325,589	84,065,248	78,973,737	-5,091,511
\$200,000 under \$500,000.....	1,136,894	86,629,285	78,165,542	-8,463,743	1,232,936	92,326,984	82,606,393	-9,720,591
\$500,000 under \$1,000,000.....	239,726	51,736,522	45,111,759	-6,624,763	254,211	55,040,976	47,198,832	-7,842,145
\$1,000,000 or more.....	149,523	169,049,647	133,567,869	-35,481,778	166,585	204,442,766	158,334,283	-46,108,483

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

¹ Includes special tax not included in tax generated.

² The difference between the amount of tax resulting from using provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

³ Includes returns with adjusted gross deficit.

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

Individual Income Tax Rates and Tax Shares, 2000

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top	Top	Top	Top	Top
		1 percent	5 percent	10 percent	25 percent	50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	102,087,623	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987.....	106,154,761	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988.....	108,872,859	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989.....	111,312,721	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990.....	112,812,262	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991.....	113,804,104	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992.....	112,652,759	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993.....	113,681,387	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994.....	114,989,920	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995.....	117,274,186	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996.....	119,441,767	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997.....	121,503,284	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998.....	123,775,831	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999.....	126,008,974	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
2000.....	128,227,143	1,282,271	6,411,357	12,822,714	32,056,786	64,113,572
Adjusted gross income floor on percentiles						
(current dollars):						
1986.....	N/A	118,818	62,377	48,656	32,242	17,302
1987.....	N/A	139,289	68,414	52,921	33,983	17,768
1988.....	N/A	157,136	72,735	55,437	35,398	18,367
1989.....	N/A	163,869	76,933	58,263	36,839	18,993
1990.....	N/A	167,421	79,064	60,287	38,080	19,767
1991.....	N/A	170,139	81,720	61,944	38,929	20,097
1992.....	N/A	181,904	85,103	64,457	40,378	20,803
1993.....	N/A	185,715	87,386	66,077	41,210	21,179
1994.....	N/A	195,726	91,226	68,753	42,742	21,802
1995.....	N/A	209,406	96,221	72,094	44,207	22,344
1996.....	N/A	227,546	101,141	74,986	45,757	23,174
1997.....	N/A	250,736	108,048	79,212	48,173	24,393
1998.....	N/A	269,496	114,729	83,220	50,607	25,491
1999.....	N/A	293,415	120,846	87,682	52,965	26,415
2000.....	N/A	313,469	128,336	92,144	55,225	27,682
Adjusted gross income floor on percentiles						
(constant dollars):						
1986.....	N/A	108,411	56,913	44,394	29,418	15,786
1987.....	N/A	122,614	60,224	46,585	29,915	15,641
1988.....	N/A	132,828	61,484	46,861	29,922	15,526
1989.....	N/A	132,152	62,043	46,986	29,709	15,317
1990.....	N/A	128,096	60,493	46,126	29,135	15,124
1991.....	N/A	124,919	60,000	45,480	28,582	14,756
1992.....	N/A	129,654	60,658	45,942	28,780	14,828
1993.....	N/A	128,522	60,475	45,728	28,519	14,657
1994.....	N/A	132,069	61,556	46,392	28,841	14,711
1995.....	N/A	137,406	63,137	47,306	29,007	14,661
1996.....	N/A	145,026	64,462	47,792	29,163	14,769
1997.....	N/A	156,222	67,320	49,353	30,014	15,198
1998.....	N/A	164,427	69,999	50,775	30,877	15,553
1999.....	N/A	176,119	72,537	52,630	31,792	15,855
2000.....	N/A	182,038	74,527	53,510	32,070	16,075

Footnotes at end of Table 6.

Individual Income Tax Rates and Tax Shares, 2000

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	285,197	608,467	886,510	1,490,173	2,103,569
1987.....	2,813,728	346,635	722,221	1,038,221	1,709,389	2,373,869
1988.....	3,124,156	473,527	890,702	1,232,536	1,950,860	2,657,865
1989.....	3,298,858	468,079	918,421	1,286,539	2,054,478	2,805,235
1990.....	3,451,237	483,252	953,337	1,338,032	2,144,177	2,932,537
1991.....	3,516,142	456,603	943,350	1,343,202	2,174,765	2,984,003
1992.....	3,680,552	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993.....	3,775,578	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994.....	3,961,146	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995.....	4,244,607	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996.....	4,590,527	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997.....	5,023,457	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998.....	5,469,211	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999.....	5,909,329	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
2000.....	6,423,977	1,336,773	2,267,403	2,955,386	4,313,786	5,589,755
Total income tax (millions of dollars): ²						
1986.....	366,979	94,491	156,240	200,703	278,976	343,289
1987.....	369,046	91,559	159,642	205,230	283,857	346,655
1988.....	412,761	113,841	188,303	236,411	321,297	389,145
1989.....	432,838	109,259	190,188	241,458	334,258	407,599
1990.....	447,061	112,338	195,088	247,514	344,340	421,075
1991.....	448,349	111,267	194,480	250,282	346,511	423,759
1992.....	476,163	131,156	218,479	276,213	373,700	452,070
1993.....	502,720	145,836	238,083	297,808	398,516	478,563
1994.....	534,754	154,337	254,106	317,902	425,402	509,256
1995.....	588,331	178,035	287,741	357,402	472,808	561,225
1996.....	658,124	212,626	335,433	411,404	535,164	629,684
1997.....	727,303	241,239	377,241	459,639	594,007	696,161
1998.....	788,452	274,009	424,506	512,836	651,964	755,240
1999.....	877,292	317,419	486,464	583,002	732,890	842,168
2000.....	980,521	366,929	553,670	660,150	823,706	942,179
Average tax rate (percentage): ³						
1986.....	14.54	33.13	25.68	22.64	18.72	16.32
1987.....	13.12	26.41	22.10	19.77	16.61	14.60
1988.....	13.21	24.04	21.14	19.18	16.47	14.64
1989.....	13.12	23.34	20.71	18.77	16.27	14.53
1990.....	12.95	23.25	20.46	18.50	16.06	14.36
1991.....	12.75	24.37	20.62	18.63	15.93	14.20
1992.....	12.94	25.05	21.19	19.13	16.25	14.44
1993.....	13.32	28.01	22.71	20.20	16.90	14.90
1994.....	13.50	28.23	23.04	20.48	17.15	15.11
1995.....	13.86	28.73	23.53	20.97	17.58	15.47
1996.....	14.34	28.87	24.07	21.55	18.12	15.96
1997.....	14.48	27.64	23.62	21.36	18.18	16.09
1998.....	14.42	27.12	23.63	21.42	18.16	16.00
1999.....	14.85	27.53	24.18	21.98	18.66	16.43
2000.....	15.26	27.45	24.42	22.34	19.09	16.86

Footnotes at end of Table 6.

Individual Income Tax Rates and Tax Shares, 2000

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income share (percentage):						
1986.....	100.00	11.30	24.11	35.12	59.04	83.34
1987.....	100.00	12.32	25.67	36.90	60.75	84.37
1988.....	100.00	15.16	28.51	39.45	62.44	85.07
1989.....	100.00	14.19	27.84	39.00	62.28	85.04
1990.....	100.00	14.00	27.62	38.77	62.13	84.97
1991.....	100.00	12.99	26.83	38.20	61.85	84.87
1992.....	100.00	14.23	28.01	39.23	62.47	85.08
1993.....	100.00	13.79	27.76	39.05	62.45	85.08
1994.....	100.00	13.80	27.85	39.19	62.64	85.11
1995.....	100.00	14.60	28.81	40.16	63.37	85.46
1996.....	100.00	16.04	30.36	41.59	64.32	85.92
1997.....	100.00	17.38	31.79	42.83	65.05	86.16
1998.....	100.00	18.47	32.85	43.77	65.63	86.33
1999.....	100.00	19.51	34.04	44.89	66.46	86.75
2000.....	100.00	20.81	35.30	46.01	67.15	87.01
Total income tax share (percentage):						
1986.....	100.00	25.75	42.57	54.69	76.02	93.54
1987.....	100.00	24.81	43.26	55.61	76.92	93.93
1988.....	100.00	27.58	45.62	57.28	77.84	94.28
1989.....	100.00	25.24	43.94	55.78	77.22	94.17
1990.....	100.00	25.13	43.64	55.36	77.02	94.19
1991.....	100.00	24.82	43.38	55.82	77.29	94.52
1992.....	100.00	27.54	45.88	58.01	78.48	94.94
1993.....	100.00	29.01	47.36	59.24	79.27	95.19
1994.....	100.00	28.86	47.52	59.45	79.55	95.23
1995.....	100.00	30.26	48.91	60.75	80.36	95.39
1996.....	100.00	32.31	50.97	62.51	81.32	95.68
1997.....	100.00	33.17	51.87	63.20	81.67	95.72
1998.....	100.00	34.75	53.84	65.04	82.69	95.79
1999.....	100.00	36.18	55.45	66.45	83.54	96.00
2000.....	100.00	37.42	56.47	67.33	84.01	96.09

Footnotes at end of Table 6.

Individual Income Tax Rates and Tax Shares, 2000

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987.....	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988.....	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989.....	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990.....	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
1991.....	113,804,104	56,902,052	85,353,078	102,423,694	108,113,899	112,666,063
1992.....	112,652,759	56,326,380	84,489,560	101,387,483	107,020,121	111,526,231
1993.....	113,681,387	56,840,693	85,261,040	102,313,248	107,997,318	112,544,573
1994.....	114,989,920	57,494,960	86,242,440	103,490,928	109,240,424	113,840,021
1995.....	117,274,186	58,637,093	87,955,640	105,546,767	111,410,477	116,101,444
1996.....	119,441,767	59,720,883	89,581,325	107,497,590	113,469,679	118,247,349
1997.....	121,503,284	60,751,642	91,127,463	109,352,956	115,428,120	120,288,251
1998.....	123,775,831	61,887,916	92,831,873	111,398,248	117,587,039	122,538,073
1999.....	126,008,974	63,004,487	94,506,731	113,408,077	119,708,525	124,748,884
2000.....	128,227,143	64,113,572	96,170,357	115,404,429	121,815,786	126,944,872
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987.....	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988.....	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989.....	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990.....	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991.....	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992.....	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993.....	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994.....	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995.....	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996.....	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997.....	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998.....	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999.....	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
2000.....	6,423,977	834,222	2,110,190	3,468,590	4,156,573	5,087,204
Total income tax (millions of dollars): ²						
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,816	209,404	277,488
1988.....	412,761	23,616	91,464	176,350	224,459	298,920
1989.....	432,838	25,239	98,580	191,380	242,650	323,579
1990.....	447,061	25,986	102,721	199,547	251,973	334,723
1991.....	448,349	24,554	101,837	198,067	253,869	337,081
1992.....	476,163	24,093	102,463	199,950	257,683	345,007
1993.....	502,720	24,157	104,203	204,912	264,637	356,884
1994.....	534,754	25,499	109,353	216,852	280,648	380,418
1995.....	588,331	27,106	115,523	230,929	300,590	410,296
1996.....	658,124	28,440	122,960	246,720	322,691	445,498
1997.....	727,303	31,134	133,296	267,664	350,062	486,064
1998.....	788,452	33,212	136,488	275,615	363,946	514,442
1999.....	877,292	35,126	144,402	294,290	390,828	559,874
2000.....	980,521	38,343	156,816	320,371	426,851	613,592

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 2000

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage):³						
1986.....	14.54	5.63	8.51	10.15	11.00	12.17
1987.....	13.12	5.09	7.71	9.23	10.01	11.25
1988.....	13.21	5.06	7.80	9.32	10.05	11.28
1989.....	13.12	5.11	7.92	9.51	10.19	11.43
1990.....	12.95	5.01	7.86	9.44	10.09	11.28
1991.....	12.75	4.61	7.59	9.12	9.87	11.04
1992.....	12.94	4.39	7.42	8.94	9.73	10.93
1993.....	13.32	4.29	7.35	8.90	9.70	10.96
1994.....	13.50	4.32	7.39	9.00	9.82	11.14
1995.....	13.86	4.39	7.43	9.09	9.95	11.32
1996.....	14.34	4.40	7.51	9.20	10.09	11.56
1997.....	14.48	4.48	7.59	9.32	10.22	11.71
1998.....	14.42	4.44	7.26	8.96	9.91	11.54
1999.....	14.85	4.49	7.29	9.04	10.03	11.77
2000.....	15.26	4.60	7.43	9.24	10.27	12.06
Adjusted gross income share (percentage):						
1986.....	100.00	16.66	40.96	64.88	75.89	88.70
1987.....	100.00	15.63	39.25	63.10	74.33	87.68
1988.....	100.00	14.93	37.56	60.55	71.49	84.84
1989.....	100.00	14.96	37.72	61.00	72.16	85.81
1990.....	100.00	15.03	37.87	61.23	72.38	86.00
1991.....	100.00	15.13	38.15	61.80	73.17	87.01
1992.....	100.00	14.92	37.53	60.77	71.99	85.77
1993.....	100.00	14.92	37.55	60.95	72.24	86.21
1994.....	100.00	14.89	37.36	60.81	72.15	86.20
1995.....	100.00	14.54	36.63	59.84	71.19	85.40
1996.....	100.00	14.08	35.68	58.41	69.64	83.96
1997.....	100.00	13.84	34.95	57.17	68.21	82.63
1998.....	100.00	13.67	34.37	56.23	67.15	81.53
1999.....	100.00	13.25	33.54	55.11	65.96	80.49
2000.....	100.00	12.99	32.85	53.99	64.70	79.19
Total income tax share (percentage):						
1986.....	100.00	6.46	23.98	45.31	57.43	74.25
1987.....	100.00	6.07	23.08	44.39	56.74	75.19
1988.....	100.00	5.72	22.16	42.72	54.38	72.42
1989.....	100.00	5.83	22.78	44.22	56.06	74.76
1990.....	100.00	5.81	22.98	44.64	56.36	74.87
1991.....	100.00	5.48	22.71	44.18	56.62	75.18
1992.....	100.00	5.06	21.52	41.99	54.12	72.46
1993.....	100.00	4.81	20.73	40.76	52.64	70.99
1994.....	100.00	4.77	20.45	40.55	52.48	71.14
1995.....	100.00	4.61	19.64	39.25	51.09	69.74
1996.....	100.00	4.32	18.68	37.49	49.03	67.69
1997.....	100.00	4.28	18.33	36.80	48.13	66.83
1998.....	100.00	4.21	17.31	34.96	46.16	65.25
1999.....	100.00	4.00	16.46	33.55	44.55	63.82
2000.....	100.00	3.91	15.99	32.67	43.53	62.58

N/A-- Not applicable.

¹ The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Tables 5 and 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2000, there were 5,714 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$100.6 million.

² Total income tax is the sum of income tax after credits and alternative minimum tax for Tax Year 1999 and prior years reported on returns that showed a positive amount for adjusted gross income. (For Tax Year 2000, alternative minimum tax is included in income tax before credits.) Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1 and Figure E.

³ The average tax rate was computed by dividing total income tax (see footnote 2) by (positive) adjusted gross income.

Individual Income Tax Rates and Tax Shares, 2000

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2000

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
1986.....	101,988,805	1,019,888	5,099,440	10,198,881	25,497,201	50,994,402
1987.....	106,191,624	1,061,916	5,309,581	10,619,162	26,547,906	53,095,812
1988.....	108,879,154	1,088,792	5,443,958	10,887,915	27,219,788	54,439,577
1989.....	111,328,835	1,113,288	5,566,442	11,132,884	27,832,209	55,664,418
1990.....	112,717,959	1,127,180	5,635,898	11,271,796	28,179,490	56,358,980
1991.....	113,823,123	1,138,231	5,691,156	11,382,312	28,455,781	56,911,562
1992.....	112,687,747	1,126,877	5,634,387	11,268,775	28,171,937	56,343,874
1993.....	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
1994.....	115,061,112	1,150,611	5,753,056	11,506,111	28,765,278	57,530,556
1995.....	117,333,779	1,173,338	5,866,689	11,733,378	29,333,445	58,666,889
1996.....	119,487,813	1,194,878	5,974,391	11,948,781	29,871,953	59,743,906
1997.....	121,555,156	1,215,552	6,077,758	12,155,516	30,388,789	60,777,578
1998.....	123,852,016	1,238,520	6,192,601	12,385,202	30,963,004	61,926,008
1999.....	126,107,596	1,261,076	6,305,380	12,610,760	31,526,899	63,053,798
2000.....	128,340,271	1,283,403	6,417,014	12,834,027	32,085,068	64,170,135
Income floor on percentiles (current dollars):						
1986.....	N/A	147,863	68,362	52,035	33,623	17,909
1987.....	N/A	145,624	69,222	53,094	34,165	17,959
1988.....	N/A	161,774	73,451	55,532	35,432	18,534
1989.....	N/A	169,603	77,542	58,429	36,783	19,152
1990.....	N/A	174,813	80,400	60,623	38,026	19,947
1991.....	N/A	180,268	83,300	62,413	38,913	20,302
1992.....	N/A	197,031	87,370	65,283	40,423	21,041
1993.....	N/A	199,698	88,992	66,685	41,013	21,390
1994.....	N/A	210,742	93,186	69,118	42,480	22,000
1995.....	N/A	224,523	98,420	72,210	43,860	22,575
1996.....	N/A	246,268	103,489	75,574	45,508	23,378
1997.....	N/A	268,889	110,949	79,598	47,738	24,551
1998.....	N/A	301,513	120,262	84,904	50,232	25,612
1999.....	N/A	332,253	126,643	89,172	52,399	26,487
2000.....	N/A	353,945	134,128	93,715	54,592	27,647
Income floor on percentiles (constant dollars): ¹						
1986.....	N/A	134,912	62,374	47,477	30,678	16,340
1987.....	N/A	128,190	60,935	46,738	30,075	15,809
1988.....	N/A	136,749	62,089	46,942	29,951	15,667
1989.....	N/A	136,777	62,534	47,120	29,664	15,445
1990.....	N/A	133,751	61,515	46,383	29,094	15,262
1991.....	N/A	132,355	61,160	45,825	28,571	14,906
1992.....	N/A	140,436	62,274	46,531	28,812	14,997
1993.....	N/A	138,199	61,586	46,149	28,383	14,803
1994.....	N/A	142,201	62,879	46,638	28,664	14,845
1995.....	N/A	147,325	64,580	47,382	28,780	14,813
1996.....	N/A	156,959	65,959	48,167	29,004	14,900
1997.....	N/A	167,532	69,127	49,594	29,743	15,297
1998.....	N/A	183,962	73,375	51,802	30,648	15,627
1999.....	N/A	199,432	76,016	53,525	31,452	15,899
2000.....	N/A	205,543	77,891	54,422	31,703	16,055

Footnotes at end of Table 8.

Individual Income Tax Rates and Tax Shares, 2000

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income (millions of dollars):						
1986.....	2,804,691	427,513	796,935	1,097,550	1,732,231	2,368,620
1987.....	2,856,118	363,880	749,240	1,067,438	1,741,747	2,411,715
1988.....	3,153,639	484,675	911,170	1,255,108	1,973,061	2,683,524
1989.....	3,336,571	486,976	947,363	1,317,619	2,085,003	2,838,481
1990.....	3,497,118	504,687	987,582	1,376,162	2,182,091	2,973,847
1991.....	3,577,337	478,756	985,590	1,390,924	2,224,979	3,038,428
1992.....	3,763,002	556,421	1,090,019	1,509,728	2,369,701	3,206,490
1993.....	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
1994.....	4,033,642	579,564	1,161,972	1,617,250	2,544,400	3,436,167
1995.....	4,317,506	653,717	1,284,726	1,772,890	2,754,988	3,692,267
1996.....	4,670,644	772,868	1,462,979	1,984,931	3,025,107	4,015,461
1997.....	5,112,706	918,007	1,679,877	2,242,353	3,353,245	4,409,075
1998.....	5,626,390	1,072,779	1,925,214	2,542,399	3,742,006	4,869,467
1999.....	6,082,931	1,236,081	2,166,370	2,825,789	4,099,929	5,290,805
2000.....	6,601,494	1,424,436	2,430,957	3,138,299	4,495,910	5,758,808
Total income tax (millions of dollars): ²						
1986.....	366,763	93,128	155,553	198,862	277,578	342,296
1987.....	368,924	89,908	158,485	204,050	282,970	346,228
1988.....	412,549	112,208	186,793	235,121	320,152	388,631
1989.....	432,643	107,508	188,588	240,229	333,285	407,106
1990.....	446,906	110,530	192,991	245,856	342,926	420,345
1991.....	448,177	107,926	192,548	246,745	345,168	423,180
1992.....	476,067	127,361	216,303	272,361	372,352	451,494
1993.....	502,638	142,329	235,908	294,238	397,261	477,997
1994.....	534,693	150,133	250,770	314,909	423,743	508,540
1995.....	588,292	173,877	284,036	354,427	471,035	560,748
1996.....	658,059	208,071	331,404	407,726	532,750	628,918
1997.....	731,123	238,978	376,046	459,674	595,060	699,131
1998.....	783,437	262,464	413,303	503,577	644,182	749,547
1999.....	877,199	307,382	479,531	577,903	729,679	841,172
2000.....	980,459	355,911	546,102	654,155	819,937	941,304
Average tax rate (percentage): ³						
1986.....	13.08	21.78	19.52	18.12	16.02	14.45
1987.....	12.92	24.71	21.15	19.12	16.25	14.36
1988.....	13.08	23.15	20.50	18.73	16.23	14.48
1989.....	12.97	22.08	19.91	18.23	15.98	14.34
1990.....	12.78	21.90	19.54	17.87	15.72	14.13
1991.....	12.53	22.54	19.54	17.74	15.51	13.93
1992.....	12.65	22.89	19.84	18.04	15.71	14.08
1993.....	13.06	25.69	21.35	19.14	16.40	14.58
1994.....	13.26	25.90	21.58	19.47	16.65	14.80
1995.....	13.63	26.60	22.11	19.99	17.10	15.19
1996.....	14.09	26.92	22.65	20.54	17.61	15.66
1997.....	14.30	26.03	22.39	20.50	17.75	15.86
1998.....	13.92	24.47	21.47	19.81	17.21	15.39
1999.....	14.42	24.87	22.14	20.45	17.80	15.90
2000.....	14.85	24.99	22.46	20.84	18.24	16.35

Footnotes at end of Table 8.

Individual Income Tax Rates and Tax Shares, 2000

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income share (percentage):						
1986.....	100.00	15.24	28.41	39.13	61.76	84.45
1987.....	100.00	12.74	26.23	37.37	60.98	84.44
1988.....	100.00	15.37	28.89	39.80	62.56	85.09
1989.....	100.00	14.60	28.39	39.49	62.49	85.07
1990.....	100.00	14.43	28.24	39.35	62.40	85.04
1991.....	100.00	13.38	27.55	38.88	62.20	84.94
1992.....	100.00	14.79	28.97	40.12	62.97	85.21
1993.....	100.00	14.39	28.71	39.93	62.93	85.18
1994.....	100.00	14.37	28.81	40.09	63.08	85.19
1995.....	100.00	15.14	29.76	41.06	63.81	85.52
1996.....	100.00	16.55	31.32	42.50	64.77	85.97
1997.....	100.00	17.96	32.86	43.86	65.59	86.24
1998.....	100.00	19.07	34.22	45.19	66.51	86.55
1999.....	100.00	20.32	35.61	46.45	67.40	86.98
2000.....	100.00	21.58	36.82	47.54	68.10	87.23
Total income tax share (percentage):						
1986.....	100.00	25.39	42.41	54.22	75.68	93.33
1987.....	100.00	24.37	42.96	55.31	76.70	93.85
1988.....	100.00	27.20	45.28	56.99	77.60	94.20
1989.....	100.00	24.85	43.59	55.53	77.03	94.10
1990.....	100.00	24.73	43.18	55.01	76.73	94.06
1991.....	100.00	24.08	42.96	55.06	77.02	94.42
1992.....	100.00	26.75	45.44	57.21	78.21	94.84
1993.....	100.00	28.32	46.93	58.54	79.04	95.10
1994.....	100.00	28.08	46.90	58.90	79.25	95.11
1995.....	100.00	29.56	48.28	60.25	80.07	95.32
1996.....	100.00	31.62	50.36	61.96	80.96	95.57
1997.....	100.00	32.69	51.43	62.87	81.39	95.62
1998.....	100.00	33.50	52.76	64.28	82.23	95.67
1999.....	100.00	35.04	54.67	65.88	83.18	95.89
2000.....	100.00	36.30	55.70	66.72	83.63	96.01

Footnotes at end of Table 8.

Individual Income Tax Rates and Tax Shares, 2000

Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2000

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
1986.....	101,988,805	50,994,402	76,491,604	91,789,924	96,889,365	100,968,917
1987.....	106,191,624	53,095,812	79,643,718	95,572,462	100,882,043	105,129,708
1988.....	108,879,154	54,439,577	81,659,366	97,991,239	103,435,196	107,790,362
1989.....	111,328,835	55,664,417	83,496,626	100,195,951	105,762,393	110,215,547
1990.....	112,717,959	56,358,980	84,538,469	101,446,163	107,082,061	111,590,779
1991.....	113,823,123	56,911,562	85,367,342	102,440,811	108,131,967	112,684,892
1992.....	112,687,747	56,343,874	84,515,810	101,418,972	107,053,360	111,560,870
1993.....	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
1994.....	115,061,112	57,530,556	86,295,834	103,555,001	109,308,056	113,910,501
1995.....	117,333,779	58,666,890	88,000,334	105,600,401	111,467,090	116,160,441
1996.....	119,487,813	59,743,907	89,615,860	107,539,032	113,513,422	118,292,935
1997.....	121,555,156	60,777,578	91,166,367	109,399,640	115,477,398	120,339,604
1998.....	123,852,016	61,926,008	92,889,012	111,466,814	117,659,415	122,613,496
1999.....	126,107,596	63,053,798	94,580,697	113,496,836	119,802,216	124,846,520
2000.....	128,340,271	64,170,135	96,255,203	115,506,243	121,923,257	127,056,868
Income (millions of dollars):						
1986.....	2,804,691	436,071	1,072,460	1,707,142	2,007,756	2,377,178
1987.....	2,856,118	444,403	1,114,372	1,788,680	2,106,878	2,492,238
1988.....	3,153,639	470,115	1,180,578	1,898,531	2,242,469	2,668,964
1989.....	3,336,571	498,089	1,251,567	2,018,952	2,389,207	2,849,595
1990.....	3,497,118	523,271	1,315,027	2,120,956	2,509,535	2,992,431
1991.....	3,577,337	538,910	1,352,358	2,186,413	2,591,748	3,098,582
1992.....	3,763,002	556,512	1,393,300	2,253,273	2,672,983	3,206,581
1993.....	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
1994.....	4,033,642	597,475	1,489,242	2,416,392	2,871,670	3,454,078
1995.....	4,317,506	625,239	1,562,518	2,544,615	3,032,780	3,663,789
1996.....	4,670,644	655,183	1,645,537	2,685,713	3,207,665	3,897,777
1997.....	5,112,706	703,631	1,759,461	2,870,353	3,432,828	4,194,699
1998.....	5,626,390	756,923	1,884,384	3,083,991	3,701,176	4,553,611
1999.....	6,082,931	792,125	1,983,002	3,257,142	3,916,561	4,846,850
2000.....	6,601,494	842,686	2,105,584	3,463,195	4,170,537	5,177,058
Total income tax (millions of dollars): ²						
1986.....	366,763	24,467	89,186	167,901	211,210	273,635
1987.....	368,924	22,696	85,954	164,874	210,439	279,016
1988.....	412,549	23,918	92,397	177,429	225,756	300,341
1989.....	432,643	25,537	99,358	192,414	244,055	325,135
1990.....	446,906	26,562	103,980	201,050	253,915	336,376
1991.....	448,177	24,997	103,009	201,432	255,629	340,251
1992.....	476,067	24,573	103,715	203,706	259,764	348,706
1993.....	502,638	24,641	105,377	208,400	266,730	360,309
1994.....	534,693	26,153	110,950	219,783	283,923	384,560
1995.....	588,292	27,544	117,257	233,864	304,256	414,415
1996.....	658,059	29,142	125,310	250,333	326,655	449,988
1997.....	731,123	31,992	136,063	271,450	355,078	492,146
1998.....	783,437	33,889	139,249	279,860	370,134	520,973
1999.....	877,199	36,027	147,520	299,294	397,669	569,817
2000.....	980,459	39,155	160,521	326,304	434,357	624,548

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 2000

Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2000--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage):³						
1986.....	13.08	5.61	8.32	9.84	10.52	11.51
1987.....	12.92	5.11	7.71	9.22	9.99	11.20
1988.....	13.08	5.09	7.83	9.35	10.07	11.25
1989.....	12.97	5.13	7.94	9.53	10.21	11.41
1990.....	12.78	5.08	7.91	9.48	10.12	11.24
1991.....	12.53	4.64	7.62	9.21	9.86	10.98
1992.....	12.65	4.42	7.44	9.04	9.72	10.87
1993.....	13.06	4.32	7.38	9.01	9.72	10.93
1994.....	13.26	4.38	7.45	9.10	9.89	11.13
1995.....	13.63	4.41	7.50	9.19	10.03	11.31
1996.....	14.09	4.45	7.62	9.32	10.18	11.54
1997.....	14.30	4.55	7.73	9.46	10.34	11.73
1998.....	13.92	4.48	7.39	9.07	10.00	11.44
1999.....	14.42	4.55	7.44	9.19	10.15	11.76
2000.....	14.85	4.65	7.62	9.42	10.41	12.06
Income share (percentage):						
1986.....	100.00	15.55	38.24	60.87	71.59	84.76
1987.....	100.00	15.56	39.02	62.63	73.77	87.26
1988.....	100.00	14.91	37.44	60.20	71.11	84.63
1989.....	100.00	14.93	37.51	60.51	71.61	85.40
1990.....	100.00	14.96	37.60	60.65	71.76	85.57
1991.....	100.00	15.06	37.80	61.12	72.45	86.62
1992.....	100.00	14.79	37.03	59.88	71.03	85.21
1993.....	100.00	14.82	37.07	60.07	71.29	85.61
1994.....	100.00	14.81	36.92	59.91	71.19	85.63
1995.....	100.00	14.48	36.19	58.94	70.24	84.86
1996.....	100.00	14.03	35.23	57.50	68.68	83.45
1997.....	100.00	13.76	34.41	56.14	67.14	82.04
1998.....	100.00	13.45	33.49	54.81	65.78	80.93
1999.....	100.00	13.02	32.60	53.55	64.39	79.68
2000.....	100.00	12.77	31.90	52.46	63.18	78.42
Total income tax share (percentage):						
1986.....	100.00	6.67	24.32	45.78	57.59	74.61
1987.....	100.00	6.15	23.30	44.69	57.04	75.63
1988.....	100.00	5.80	22.40	43.01	54.72	72.80
1989.....	100.00	5.90	22.97	44.47	56.41	75.15
1990.....	100.00	5.94	23.27	44.99	56.82	75.27
1991.....	100.00	5.58	22.98	44.94	57.04	75.92
1992.....	100.00	5.16	21.79	42.79	54.56	73.25
1993.....	100.00	4.90	20.96	41.46	53.07	71.68
1994.....	100.00	4.89	20.75	41.10	53.10	71.92
1995.....	100.00	4.68	19.93	39.75	51.72	70.44
1996.....	100.00	4.43	19.04	38.04	49.64	68.38
1997.....	100.00	4.38	18.61	37.13	48.57	67.31
1998.....	100.00	4.33	17.77	35.72	47.24	66.50
1999.....	100.00	4.11	16.82	34.12	45.33	64.96
2000.....	100.00	3.99	16.37	33.28	44.30	63.70

N/A--Not applicable.

¹ For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). See footnote 2 of this article for further details.

² Total income tax is the sum of income tax after credits and the alternative minimum tax for Tax Year 1999 and prior years. For Tax Year 2000, alternative minimum tax is included in income tax before credits (see Figure E).

³ Average tax rate was computed by dividing total income tax (see footnote 3) by income, using the 1979 income concept (see text and Figure I).