

Individual Income Tax Rates and Shares, 2005

by Kyle Mudry and Justin Bryan

Taxpayers filed 134.4 million returns for Tax Year 2005, of which 90.6 million (or 67.4 percent) were classified as taxable returns. A taxable return is a return that has total income tax greater than \$0. This represents an increase of 1.7 percent in the number of taxable returns from 2004. Adjusted gross income (AGI) on these taxable returns rose 9.4 percent to \$6,857 billion for 2005, while total income tax rose 12.4 percent to \$935 billion. The average tax rate for taxable returns rose, increasing approximately 0.4 percentage points to 13.6 percent for 2005.

Taxpayers with an AGI of at least \$364,657, the top 1 percent of taxpayers, accounted for 21.2 percent of AGI for 2005. This represents an increase in income share of 2.2 percentage points from the previous year. These taxpayers accounted for 39.4 percent of the total income tax reported, an increase from 36.9 percent in 2004. The top 5 percent of taxpayers accounted for 35.7 percent of AGI and 59.7 percent of total income tax. To be included in the top 5 percent, a taxpayer must have reported an AGI of at least \$145,283, whereas, in 2004, the cutoff for this group was \$137,056.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2005. To put this discussion into perspective, it also provides explanations of selected terms used in the article and describes 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 cal-

culated 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 *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 *Income and Tax Concepts* 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 2005.

Average Tax Rates

Figure A presents statistics for 1986 through 2005 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See *Income and Tax Concepts* for a more detailed explanation of the 1979 Income Concept.) These tax years can be partitioned into seven distinct periods:

- 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 the Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- 3) 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.

Kyle Mudry and Justin Bryan are economists with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.

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.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986-2005

[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
2001	130,255,237	94,763,530	72.8	5,847	888	15.2	61,702	9,370	34,840	5,291
2002	130,076,443	90,963,896	69.9	5,641	797	14.1	62,015	8,762	34,472	4,870
2003	130,423,626	88,921,904	68.2	5,747	748	13.0	64,625	8,412	35,122	4,572
2004	132,226,042	89,101,934	67.4	6,266	832	13.3	70,318	9,337	37,225	4,943
2005	134,372,678	90,593,081	67.4	6,857	935	13.6	75,687	10,319	38,754	5,284
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
2001	130,255,237	94,763,530	72.8	5,943	888	14.9	62,716	9,370	35,413	5,291
2002	130,076,443	90,963,896	69.9	5,758	797	13.8	63,297	8,762	35,184	4,870
2003	130,423,626	88,921,904	68.2	5,849	748	12.8	65,777	8,412	35,749	4,572
2004	132,226,042	89,101,934	67.4	6,399	832	13.0	71,817	9,337	38,019	4,943
2005	134,372,678	90,593,081	67.4	7,016	935	13.3	77,448	10,319	39,656	5,284

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

[2] Average tax rate is "total income tax" (column 5) divided by "adjusted gross income less deficit (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). For 2005, the CPI-U = 195.3.

[5] These statistics are based on adjusted gross income less deficit (AGI) 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 1986-2005. See Figure G for components of the 1979 Income Concept.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

- 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 itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.
- 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 for some upper income taxpayers.
- 6) Tax Years 1997 through 2000 were subject to the Taxpayer Relief Act of 1997 which added three new capital gain tax rates to the previous rate structure to form a new eight-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent). See *Income and Tax Concepts* for a more detailed description of the capital gain rates.
- 7) Tax Years 2001 through 2005 were affected by two new laws, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). EGTRRA included a new 10-percent tax rate bracket, as well as reductions in tax rates for brackets higher than 15 percent of one-half percentage point for 2001 and 1 percentage point for 2002. It also included increases in the child tax credit and an increase in alternative minimum tax exemptions. Tax Year 2003, under JGTRRA, saw additional rate reductions in ordinary marginal tax rates higher than the 15-percent rate, as well as expansions to particular income thresholds in the rates from 15 percent and below. Also, the rate for most long-term capital gains was reduced from 20 percent to 15 percent. Further, qualified dividends were taxed at this same 15-percent rate. These changes are detailed in the previously published article, “*Individual Income Tax Rates and Shares, 2003*” in Appendix C (under *Tax Rate Reduction*). Beginning in 2004, the Working Families Tax Relief Act increased the additional child tax credit refundability rate from 10 percent to 15 percent.

About 90.6 million, or 67.4 percent, of the 134.4 million individual returns filed for 2005 were clas-

sified as taxable returns. This was a 1.7-percent increase in the number of taxable returns from 2004. Total AGI reported on taxable returns increased 9.4 percent to \$6,857 billion. Total income on taxable returns rose using the 1979 Income Concept as well, increasing 9.6 percent to \$7,016 billion for 2005. Total income tax rose by almost \$103 billion (12.4 percent) to \$935 billion for 2005. Average AGI for taxable returns rose to \$75,687 for 2005, a 7.6-percent increase from 2004. Average income tax also rose for 2005 by 10.5 percent to \$10,319.

In order to analyze the average tax rate over time, it is necessary to use a more consistent measure of income than AGI because some tax law changes resulted in the definition of AGI changing from year to year. The 1979 Income Concept controls for much of this variation in tax law, and its use provides a more consistent estimate of the average tax rate across years. Under the 1979 Concept, the average tax rate for 2005 rose to 13.3 percent from 13.0 percent for the previous year.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 13.6 percent for 2005. The average tax rate for the AGI-size classes ranged from 2.5 percent for the “\$1 under \$10,000” AGI-size class to 23.9 percent for the “\$500,000 under \$1,000,000” AGI-size class. This latter rate was higher than the 23.0-percent average paid by those taxpayers in the “\$1,000,000 or more” class. This was partially due to taxpayers in the “\$1,000,000 or more” class receiving almost double the percentage of AGI in the form of capital gains and qualified dividends taxed at preferential tax rates than those in the “\$500,000 under \$1,000,000” AGI-size class. Taxpayers in the “\$1,000,000 or more” class received 38.7 percent of their AGI through these capital gains and qualified dividends compared to 20.3 percent for the “\$500,000 under \$1,000,000” AGI-size class.

The average tax rate of 13.6 percent for 2005 for all income classes combined was an increase of approximately 0.4 percentage points from the 13.3 percent for 2004. The average tax rate for taxable returns fell or stayed the same in every AGI-size class except for the \$1 under \$10,000 class, which increased less than 0.1 percentage point from 2004 to 2.5 percent. The overall average rate increased despite this decline in each AGI class because individuals tended to move to higher income classes

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, Capital Gain plus Dividends Subject to Reduced Rate, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2004 and 2005

[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 2005:											
Number of taxable returns	90,593	5	4,524	11,741	11,745	20,432	27,821	10,767	2,732	523	303
Adjusted gross income (less deficit)	6,856,723	-6,680	30,448	176,775	293,474	804,970	1,967,468	1,425,108	787,269	354,471	1,023,421
Capital gain plus dividends subject to reduced rate as a percentage of adjusted gross income (less deficit)	10.4	[3]	5.0	1.9	1.6	1.5	2.2	5.2	13.2	20.3	38.7
Total income tax	934,836	133	746	7,386	18,371	60,162	178,811	189,468	159,395	84,700	235,664
Average tax rate (percent) [2]	13.6	[3]	2.5	4.2	6.3	7.5	9.1	13.3	20.2	23.9	23.0
Tax Year 2004:											
Number of taxable returns	89,102	5	4,637	11,817	11,783	20,751	27,372	9,718	2,346	433	240
Adjusted gross income (less deficit)	6,265,500	-6,536	31,922	178,453	294,228	816,924	1,932,778	1,286,115	676,147	293,123	762,347
Capital gain plus dividends subject to reduced rate as a percentage of adjusted gross income (less deficit)	8.5	[3]	3.9	1.8	1.6	1.3	2.0	4.6	11.3	18.3	37.2
Total income tax	831,976	86	768	7,710	18,570	62,129	178,513	175,206	139,227	71,339	178,429
Average tax rate (percent) [2]	13.3	[3]	2.4	4.3	6.3	7.6	9.2	13.6	20.6	24.3	23.4
Change in:											
Number of taxable returns	1,491	[4]	-114	-75	-39	-319	449	1,049	386	91	63
Percent	1.7	0.2	-2.5	-0.6	-0.3	-1.5	1.6	10.8	16.5	20.9	26.3
Adjusted gross income (less deficit)	591,223	-144	-1,474	-1,677	-754	-11,954	34,689	138,993	111,122	61,348	261,074
Percent	9.4	2.2	-4.6	-0.9	-0.3	-1.5	1.8	10.8	16.4	20.9	34.2
Capital gain plus dividends subject to reduced rate as a percentage of adjusted gross income (less deficit):											
Percentage point change	1.9	[3]	1.1	0.1	0.0	0.2	0.2	0.6	1.9	2.0	1.5
Total income tax	102,860	47	-22	-324	-200	-1,967	298	14,263	20,168	13,361	57,235
Percent	12.4	55.0	-2.8	-4.2	-1.1	-3.2	[6]	8.1	14.5	18.7	32.1
Average tax rate:											
Percentage point change	0.4	[5]	0.0	-0.1	-0.1	-0.1	-0.1	-0.3	-0.3	-0.4	-0.4

[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 (AGI)." The average tax rate was calculated from unrounded data.

[3] Percentage not computed.

[4] Less than 500.

[5] Increase not computed.

[6] Less than 0.05 percent.

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

which, in turn, faced higher tax rates. For example, in 2005, the number of taxable returns in every positive AGI class under \$50,000 or less decreased, while the number of taxable returns reporting an AGI of \$1 million or more increased by 26.3 percent from 2004. For 2001 and 2002, many of the higher income tax returns had shifted to lower income brackets partially due to reductions in realized capital gain (less loss). This trend began to reverse for 2003 and continued through 2005.

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 Figure C and Table 1. These statistics are based on individual income tax returns showing a positive taxable income amount based on "tax generated" and items of income that were subject to the regular income tax, generally those included in AGI.² *Income and Tax Concepts* explains the determination of the marginal tax rate bracket into which a return is assumed to fall.

² 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.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure C

Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2005

[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)
Total	104,321,332	100.0	5,136,900,575	100.0	972,712,962	100.0
5 percent	1,186,478	1.1	8,366,689	0.2	418,410	[1]
8 percent	* 651	*[1]	* 100	*[1]	* 8	*[1]
10 percent	25,486,770	24.4	130,863,770	2.5	12,611,894	1.3
10 percent (capital gains)	8,510	[1]	94,974	[1]	9,328	[1]
10 percent (Form 8814) [2]	13,542	[1]	7,421	[1]	748	[1]
15 percent	40,828,626	39.1	1,028,305,402	20.0	132,330,144	13.6
15 percent (capital gains) [3]	8,492,769	8.1	494,814,177	9.6	64,396,265	6.6
20 percent	2,960	[1]	264,683	[1]	42,933	[1]
25 percent	21,625,799	20.7	1,411,063,695	27.5	237,515,000	24.4
25 percent (capital gains)	371,017	0.4	70,819,356	1.4	11,787,533	1.2
28 percent	3,703,217	3.5	503,828,147	9.8	104,491,346	10.7
28 percent (capital gains)	26,785	[1]	4,603,788	0.1	881,324	0.1
33 percent	1,479,592	1.4	387,519,395	7.5	92,351,980	9.5
35 percent	953,005	0.9	1,094,229,516	21.3	315,443,028	32.4
Form 8615 [4]	141,612	0.1	2,119,463	[1]	433,021	[1]

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

[1] Less than 0.05 percent.

[2] 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, dividends, or capital gains totaling between \$800 and \$8,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

[4] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. The returns in this rate classification are not distributed by tax rate.

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

Table 2 contains additional data based on ordinary tax rates and presents statistics on the income and tax generated at each ordinary tax rate by size of AGI.

For 2005, the number of individual returns with modified taxable income rose 1.6 percent to 104.3 million. The amount of modified taxable income reported on these returns increased 10.0 percent to \$5,136.9 billion.³ The tax generated on taxable returns rose by 11.6 percent to \$972.7 billion. 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 tax rate categories (defined in *Income and Tax Concepts*).

Returns with modified taxable income in the "15-percent" (ordinary income) marginal tax rate bracket contained the largest share of returns for 2005, at 39.1 percent. These returns reported 20.0 percent of modified taxable income for 2005 and 13.6 percent

of income tax generated. Conversely, taxpayers in the "35-percent" (ordinary income) marginal rate, the least represented bracket, accounted for only 0.9 percent of returns, but reported 21.3 percent of modified taxable income and 32.4 percent of tax generated (the largest of any tax bracket). The "10-percent" (ordinary income) marginal rate bracket reported the second largest share of returns at 24.4 percent. However, it only accounted for 2.5 percent of modified income and 1.3 percent of tax generated. With a 20.7-percent share of returns, making it the third largest, the "25-percent" (ordinary income) marginal rate bracket reported 27.5 percent of modified taxable income and 24.4 percent of tax generated. Returns in the "28-percent" (ordinary income) marginal rate bracket represented 3.5 percent of the total share of returns and accounted for 9.8 percent of modified taxable income and 10.7 percent of tax generated. Returns in the "33-percent" (ordinary income) mar-

³ The 2004 data are from Mudry, Kyle and Justin Bryan, "Individual Income Tax Rates and Shares, 2004," *Statistics of Income Bulletin*, Winter 2006-2007, Volume 26, Number 3, p. 21-60.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

ginal rate bracket represented the second smallest share of ordinary tax rate returns at 1.4 percent. It also accounted for 7.5 percent of modified taxable income, as well as 9.5 percent of tax generated. Returns in the capital gain and dividends, 10-percent, 15-percent, 25-percent, and 28-percent tax brackets represented 8.5 percent of returns (with modified taxable income), and reported a total of 11.1 percent of modified taxable income and 7.9 percent of tax generated.

As shown in Table 2, the total tax generated for 2005 at the 15-percent rate was more than at any other rate. The 33.5 percent of income taxed at this rate was reported by 73.9 percent of returns with modified taxable income, producing 26.5 percent of tax generated. The 35-percent rate generated the next largest amount of income tax liability. Tax in that bracket was reported on only 0.9 percent of returns. However, 11.0 percent of all income was taxed at this rate, producing 20.3 percent of tax generated. The 25-percent rate had the third largest amount of income. Tax in that bracket was reported on 26.9 percent of returns with 14.0 percent of all income taxed at this rate, producing 18.5 percent of tax generated.

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer's taxable income based on statutory tax rates. It does not include the "alternative minimum tax" (AMT) nor does it exclude allowable tax credits. Figure D illustrates the derivation of the aggregate tax generated for 2005 returns. Table 1 includes two tax amounts: "tax generated" and "income tax after credits." Tables 5 through 8 and Figures A and B include an additional measure of tax, "total income tax," which also includes distributed tax on trust accumulations.

As shown (Figure D and column 5 of Table 1), the tax generated by applying statutory ordinary income and capital gain tax rates to modified taxable

Figure D

Derivation of Tax Years 2004 and 2005 Total Income Tax as Shown in Statistics of Income

(Money amounts are in billions of dollars)

Item	2004	2005	Percentage change
	(1)	(2)	
Tax generated from tax rate schedules or tax table	871.2	972.7	11.6
PLUS:			
Tax on lump-sum distributions from qualified retirement plans	0.1	[3]	-72.3
Alternative minimum tax	13.0	17.4	33.7
EQUALS:			
Income tax before credits	884.3	990.2	12.0
LESS: Tax credits, total [1]	52.4	55.3	5.6
Child-care credit	3.3	3.5	3.7
Child tax credit [1]	32.3	32.0	-0.8
Education credit	6.0	6.1	1.7
Foreign tax credit	6.8	9.4	38.5
General business credit	0.6	0.9	38.2
Earned income credit (limited to the amount needed to reduce total income tax to zero)	0.8	0.7	-2.9
Credit for prior-year minimum tax	0.9	1.1	19.9
Retirement savings contribution credit	1.0	0.9	-6.6
Other credits [2]	0.6	0.7	6.1
EQUALS:			
Income tax after credits	832.0	934.8	12.4
PLUS: Trusts accumulation distribution	[3]	[3]	-15.0
EQUALS:			
Total income tax	832.0	934.8	12.4

[1] Does not include the additional child tax credit that for 2005 was \$15.50 billion which was refunded to taxpayers and not included in total income tax.

[2] Includes the elderly or disabled credit, empowerment zone and community renewal employment credit, mortgage interest credit, adoption credit, DC first time home buyer's credit, nonconventional source fuel credit, and other credits.

[3] Less than \$0.05 billion.

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

income was \$972.7 billion, an 11.6-percent increase from 2004.⁴ 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 The AMT increased sharply by 33.7 percent to \$17.4 billion for 2005. Income tax before credits was \$990.2 billion for 2005, up from \$884.3 billion, representing a 12.0-percent increase from 2004. Taxpayers used \$55.3 billion of tax credits to reduce their income tax before credits. 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

⁴ Tax generated does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security and Medicare tax on income from self-employment), the Social Security tax on certain tip income, household employment taxes, tax from the recapture of prior-year investment, low-income housing, or other credits, penalty tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans, and tax on trusts, accumulation, and distributions. The statistics for "total tax liability," shown in Marcia, Sean and Justin Bryan, "Individual Income Tax Returns: 2005," *Statistics of Income Bulletin*, Fall 2007, Volume 27, Number 2, include these taxes.

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.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 D) totaled \$934.8 billion as did total income tax (the sum of income tax after credits and tax on trust accumulation distributions). These taxes both represented a 12.4-percent increase from 2004.

Table 4 provides estimates of income tax before credits by the type of tax computation for returns with modified taxable income. For 2005, the number of returns with the Schedule D and qualified dividend tax computation increased 6.4 percent from 20.4 million to 21.7 million. Along with this was an increase in the income tax before credits and tax generated at these lower rates. These taxpayers paid \$91.7 billion (column 8) less in tentative taxes than they would have if they had not received the benefits of the lower capital gain and qualified dividend tax rates. This was up from the \$65.6 billion in savings from using these rates for 2004 (column 4). The average tax savings for those who had these capital gains rose from \$3,219 per return for 2004 to \$4,228 for 2005. Tax Year 2005 saw an increase of only 83.7 thousand returns that calculated taxes with a regular tax computation only. For 2005, the number of returns filed by children under age 14 with Form 8615 for reporting investment income over \$1,600 increased 26.9 percent to a little under 142 thousand. Using Form 8615 to compute their tax (as if their incomes were treated as the marginal incomes of their parents or guardians), these children generated just over \$419.4 million (column 7) of tax revenue which is \$24.4 million (column 8) less than the \$443.8 million (column 6) of tax that would have been generated using ordinary tax computations. In previous years, this provision in the tax law caused these taxpayer's to pay additional taxes in comparison to the regular tax rate, such as the \$3.8 million for Tax Year 2004. However, this anomaly probably occurred for 2005 because the higher rates on Form 8615 were offset by the preferential rates given to investment income for these children's long-term capital gains and qualified dividends.

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 be able to legally reduce, or totally eliminate, their tax burdens. The AMT provisions may recapture some of the tax reductions under the ordinary income tax. Form 6251, *Alternative Minimum Tax—Individuals*, is used to calculate AMT. (See *Computation of Alternative Minimum Taxable Income* for an explanation of the computation of income for AMT purposes.)

Figure E presents statistics, by size of AGI, on the AMT reported by taxpayers filing Form 6251 with their returns. Some taxpayers included Form 6251 even though their tax liability was not increased due to the AMT. The tabulations in Figure E include such forms. For 2005, AMT liability rose 33.7 percent to \$17.4 billion from \$13.0 billion in 2004. This rise in AMT coincided with a large increase in the number of returns that were subject to paying the AMT. The number of returns subject to paying the AMT increased 29.3 percent from 2004 to 4.0 million returns for 2005, and the Alternative Minimum Taxable Income (AMTI) increased 27.0 percent from 2004. In addition, limiting certain business tax credits, the AMT increases the tax liability for some taxpayers who do not have any AMT liability.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2005. Much of the variation in the number of taxpayers affected by the AMT and in the amount of AMT liability during the mid-to-late 1980s and early 1990s was attributable to tax law changes such as TRA86, RRA90 (Revenue Reconciliation Act of 1990), and OBRA93, which altered the AMT. Since then, the impact of the AMT has increased partially because the AMT exemptions have not been automatically indexed annually for the effects of inflation, whereas various parameters of the ordinary income tax (such as tax brackets, exemptions, etc.) have been indexed annually for inflation. In both EGTRRA in 2001 and JGTRRA in 2003, AMT exemptions were increased, while ordinary

⁶ For 2004, the total earned income credit was \$42.4 billion. This amount includes the amount used to reduce the income tax (\$0.7 billion), the amount used to reduce other taxes reported on individual income tax returns (\$4.2 billion), and the amount refunded to taxpayers (\$37.5 billion). Table 4 in Marcia, Sean and Justin Bryan, "Individual Income Tax Returns: 2005," *Statistics of Income Bulletin*, Fall 2007, Volume 27, Number 2, shows these amounts

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure E

Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 2004 and 2005

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences [1]		Alternative minimum taxable income [1]		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2005						
All returns	7,433,534	174,509,523	8,270,156	1,922,027,257	4,004,756	17,421,071
Under \$1 [2]	96,769	1,473,947	131,785	-8,129,282	6,152	137,419
\$1 under \$10,000	115,963	279,577	314,427	1,023,238	2,739	10,585
\$10,000 under \$20,000	180,647	417,569	301,303	3,231,288	924	2,075
\$20,000 under \$30,000	174,965	576,229	266,899	5,261,458	3,989	8,236
\$30,000 under \$40,000	193,244	807,603	245,302	6,877,303	2,806	9,267
\$40,000 under \$50,000	230,223	1,428,357	273,595	10,617,629	20,439	29,940
\$50,000 under \$75,000	707,022	6,165,540	822,719	44,814,981	127,175	128,416
\$75,000 under \$100,000	687,090	7,946,629	730,989	55,644,816	180,455	266,632
\$100,000 under \$200,000	2,364,847	40,373,226	2,434,996	316,140,733	1,453,782	2,661,737
\$200,000 under \$500,000	2,152,921	54,598,446	2,202,913	586,897,315	1,934,237	8,842,035
\$500,000 under \$1,000,000	337,485	17,779,102	347,968	215,844,422	201,570	2,333,727
\$1,000,000 or more	192,359	42,663,296	197,259	683,803,357	70,487	2,991,005
Tax Year 2004						
All returns	6,305,794	139,132,813	7,079,558	1,513,426,013	3,096,299	13,029,239
Under \$1 [2]	89,295	1,339,925	124,398	-8,913,784	4,714	88,495
\$1 under \$10,000	130,464	210,994	321,011	923,530	*83	*932
\$10,000 under \$20,000	165,151	520,143	263,404	2,887,139	4,754	5,168
\$20,000 under \$30,000	167,635	459,514	240,592	4,875,664	*2,311	*2,708
\$30,000 under \$40,000	168,727	693,861	239,797	6,980,973	1,664	448
\$40,000 under \$50,000	220,623	1,309,171	279,567	10,768,555	11,818	19,019
\$50,000 under \$75,000	645,355	5,217,887	742,108	40,686,106	89,396	116,192
\$75,000 under \$100,000	637,994	7,577,811	702,786	54,000,442	155,065	224,349
\$100,000 under \$200,000	1,909,206	32,232,673	1,947,203	256,536,024	1,095,242	2,058,479
\$200,000 under \$500,000	1,755,113	45,602,027	1,791,349	480,002,963	1,529,159	6,831,014
\$500,000 under \$1,000,000	267,596	13,587,916	274,871	170,439,189	149,042	1,645,295
\$1,000,000 or more	148,635	30,380,890	152,473	494,239,207	53,052	2,037,141

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

[1] See Figures I and J 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.

tax rates declined. For 2003, 2004, and 2005, AMT levels rose to \$9.5 billion, \$13.0 billion, and \$17.4 billion, respectively. The amount in 2005 set the all-time high paid by individual taxpayers, surpassing the previous high set last year. This marks the fourth year in a row of increases in AMT levels. Since 2001, the AMT liability has increased a total of 157.8 percent. Also, during this same time, the number of returns paying AMT has more than tripled from 1.1 million to 4.0 million.

Income and Tax Shares

Historical statistics from 1986 through 2005 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 cu-

mulative percentiles of returns, are presented in Tables 5 and 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 2005). 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., the 1979 Income Concept), are included to facilitate such comparisons.

Tables 5 and 7 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 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. Tables 6 and 8 are based on

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure F

Alternative Minimum Tax, Tax Years 1986-2005

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

Tax year	Highest statutory alternative minimum tax rate	Alternative minimum tax	
		Number of returns	Amount
	(1)	(2)	(3)
1986	20	608,907	6,713,149
1987	21	139,779	1,674,898
1988	21	113,562	1,027,884
1989	21	117,483	831,012
1990	21	132,103	830,313
1991	24	243,672	1,213,426
1992	24	287,183	1,357,063
1993	28	334,615	2,052,790
1994	28	368,964	2,212,094
1995	28	414,106	2,290,576
1996	28	477,898	2,812,746
1997	28 [1]	618,072	4,005,101
1998	28 [1]	853,433	5,014,549
1999	28 [1]	1,018,063	6,477,697
2000	28 [1]	1,304,197	9,600,840
2001	28 [1]	1,120,047	6,756,705
2002	28 [1]	1,910,789	6,853,901
2003	28 [1]	2,357,975	9,469,803
2004	28 [1]	3,096,299	13,029,239
2005	28 [1]	4,004,756	17,421,071

[1] Top rate on most long-term capital gains was 20%, for 2003-05, 15%.

returns cumulated upward from the lowest income returns. Data are shown for the bottom 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

Consider, for example, the data in Table 5 for the 132.6 million returns filed for 2005 with positive AGI.⁷ The average tax rate for these returns was 12.4 percent, a 0.3-percentage point increase from 2004. (A sizable portion of returns with positive AGI are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.6-percent average tax rate for taxable returns only—Figure A.) The average tax rate increased for second year in a row after having fallen for 3 previous years, bottoming out at 11.9 percent in 2003. Despite the overall increase, the average tax rate on the top 1 percent decreased, while the rates paid by the top 5 percent, 10 percent, 25 percent, and 50 percent all increased from 2004. The top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent all also recorded a larger share of the income tax burden than their respective shares of AGI. For 2005, the returns in the top 1 percent reported 21.2 percent

of total AGI and 39.4 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$364,657. For 2004, the returns in this percentile group (i.e., those with at least \$328,049 in AGI) reported 19.0 percent of total AGI and 36.9 percent of total income tax.

For 2005, the returns in the top 5-percent group (returns reporting AGI of \$145,283 or more) reported 35.7 percent of total AGI and 59.7 percent of income tax, compared to 33.5 percent and 57.1 percent, respectively, for 2004 (when the AGI floor was \$137,056). For 2005, returns in the top 10-percent group (returns with AGI of at least \$103,912) earned 46.4 percent of AGI and paid 70.3 percent of income tax. For 2004, the returns in this percentile group (with AGI of \$99,112 or more) reported 44.4 percent of total AGI and 68.2 percent of income tax. The top 50-percent group (earning \$30,881 or more) accounted for 87.2 percent of income and paid almost all (96.9 percent) of the income tax for 2005.

The statistics by percentile in Tables 5 and 6 for years prior to 1991 and in Tables 7 and 8 for years prior to 1994 were estimated, using a mathematical technique called “osculatory interpolation,” applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class.⁸ For 1991 and later years, the statistics by percentiles in Tables 5 and 6, and Tables 7 and 8 for 1994 through 2005 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.

Explanation of Selected Terms

This appendix provides brief explanations of the major tax concepts discussed. For more extensive definitions, see *Individual Income Tax Returns 2005*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

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

⁷ The percentile groupings of tax filers exclude returns with zero or negative AGI.

⁸ 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.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 and qualified dividends) less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

Dividends—Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks, mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These conditions include: the dividend must have been paid by a U.S. corporation or a “qualified” foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent generally (or 5 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rate).

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 \$1,600. Generally, such income was taxed as the marginal income 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, any additional taxes from Form 4972, and the alternative minimum tax.

Income Tax Before Credits (Regular Tax Computation)—This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child’s rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When a tax was payable on a qualified dividend, the tax was based on regular tax rates instead of the maximum tax rate for qualified dividends, 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent tax brackets). This is in contrast to the computation of Income Tax Before Credits (see above) in which special tax computations, such as those involved on Form 8615, Schedule D, and qualified dividends, are taken into account. See Table 4.

Marginal Tax Rate—See *Income and Tax Concepts*.

Modified Taxable Income—See *Income and Tax Concepts*.

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

Schedule D and Qualified Dividend Tax Computation—Schedule D was used to compute the 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, and 28-percent taxes on net long-term capital gains (in excess of net short-term capital losses) if such computations were beneficial to the taxpayer. Any

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent brackets).

Taxable Income—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for nonitemizers or total itemized deductions. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes 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 recomputing prior-year investment, low-income housing, and a few other business 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—This is the sum of income tax after credits and tax on accumulated trust distribution from Form 4970, less the portion of EIC used to offset other taxes as well as the refundable portion of EIC (with tax limited to zero).

Income Tax Structure

Taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 2005 generally were based on the amount of “gross income,” filing status, age, dependency, and blindness.⁹ 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 2005 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, low-income housing credit, or a few other business credits; 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.¹⁰ Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses.¹¹ “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.

⁹ Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Marcia, Sean and Justin Bryan, “Individual Income Tax Returns: 2005,” *Statistics of Income Bulletin*, Fall 2007, Volume 27, Number 2.

¹⁰ As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross income from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, 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.

¹¹ As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, the health insurance deduction for certain self-employed taxpayers, or one-half of self-employment tax.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Income tax before credits is calculated from taxable income using: tax tables or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment income; Schedule J for farmers and fishermen to income-average; Schedule D and Qualified Dividends worksheet for net long-term capital gains and qualified dividends; or some combination of the above. For 2005, the tax rates for each filing status were 5 percent, 10 percent, 15 percent, 25 percent, 26 percent, 28 percent, 33 percent, and 35 percent. The tax rates of 5 percent, 8 percent, 10 percent, 15 percent, and 20 percent were used for net long-term capital gains (in excess of net short-term capital losses).¹² The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax.¹³

To calculate their Federal income tax liability for 2005, 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.¹⁴ The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax tables and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax tables could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax tables with taxable income that was subject to the 33-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$8.25.¹⁵ However, for most taxpayers, the actual difference in tax was smaller.

Changes in Law for 2005

Additional child tax credits—Modifications were made to the additional child tax credit for 2005. In

Tax Year 2004, the credit limit based on earned income was 15 percent of a taxpayer's earned income that exceeded \$10,750. For 2005, the limit was 15 percent of a taxpayer's earned income that exceeded \$11,000.

Alternative Minimum Tax (AMT)—For Tax Year 2005, the minimum exemption amount for a child under age 14 increased to \$5,850 from \$5,750 for 2004. Also, beginning in 2005, the 90-percent limit on using the AMT foreign tax credit to reduce the taxpayer's precredit tentative minimum tax.

Domestic production activities—New for 2005, this deduction equaled 3 percent of the lesser of: (a) qualified production activities income; or (b) taxable income for the taxable year. However, the deduction for a taxable year was limited to 50 percent of the W-2 wages paid by the taxpayer during that calendar year. Qualified production activities include domestic manufacturing, producing, growing, and extracting tangible personal property, computer software, and sound recordings, and the construction and substantial renovation of real property including infrastructure.

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 \$2,700 from \$2,650. The maximum credit for taxpayers with no qualifying children increased to \$399 from \$390. For these taxpayers, earned income and AGI had to be less than \$11,750 (\$13,750 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$58 to \$2,662, and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,400 from \$4,300. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$31,030 (\$33,030 for married filing jointly) for one qualifying child, or less than \$35,263 (\$37,263 for married filing jointly) for two or more qualifying children.

¹² The capital gain rates of 8 percent, 10 percent, and 20 percent were only for prior-year returns.

¹³ Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

¹⁴ For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. For taxable income above \$3,000, the brackets were \$50 wide.

¹⁵ For example, assume a taxpayer filing as "married filing separately" reported taxable income of \$98,000. Using the tax table, the tax would be \$22,644, but, using the tax rate schedules, the tax would be \$22,635.75, a difference of \$8.25.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Health savings account deduction—The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$2,650 (\$5,250 if family coverage), an increase from \$2,600 (\$5,150 if family coverage) in 2004. These limits were \$600 higher if the taxpayer was age 55 or older (\$1,200 if both spouses were 55 or older). For 2004, these limits were \$500 and \$1,000, respectively.

Indexing—The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts, the tax bracket boundaries, and the beginning income amounts for limiting certain itemized deductions and for the phaseout of personal exemptions. The maximum amount of earnings subject to self-employment Social Security tax increased based on the percentage change in average covered earnings.

Individual retirement arrangement deduction—For 2005, a taxpayer (both taxpayers for taxpayers filing jointly) was able to take an IRA deduction up to \$4,000 (\$4,500 if age 50 or older) if not covered by a retirement plan, or if covered by a retirement plan but his or her modified AGI was less than \$60,000 (\$80,000 if married filing jointly or qualifying widow(er)). This was up from \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)) for 2004.

Katrina Emergency Tax Relief Act of 2005 and Gulf Opportunity Zone Act of 2005—The Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005 contained many tax relief provisions for individuals in the Hurricane Katrina, Rita, and Wilma disaster areas. The Katrina Emergency Tax Relief Act of 2005 provided an additional exemption of \$500 in years 2005 or 2006 for each Hurricane Katrina-displaced individual claimed by the taxpayer. The total additional exemption claimed for all years could not exceed: \$2,000 for married taxpayers filing jointly, \$1,000 for married taxpayers filing separately, and \$2,000 for all other taxpayers. A Hurricane Katrina-displaced individual was defined as a person (1) whose main home on August 28, 2005, was in the Hurricane Katrina disaster area, (2) who was displaced from his or her home, and (3) who was provided housing free of charge in a taxpayer's main home for a period of 60 consecutive days which ended in the taxable year in which the exemption was claimed. The additional exemption

was not subject to the income-based phaseouts applicable to personal exemptions, and was allowed as a deduction in computing alternative minimum taxable income. Other tax benefits for all taxpayers affected by Hurricanes Katrina, Rita, and Wilma (the Gulf Opportunity Zone) included:

- 1) Suspended limits for certain personal casualty losses and cash charitable contributions. Casualty loss claims in the affected disaster area after August 24, 2005, no longer had to be larger than \$100, and the combined amount did not have to exceed 10 percent of AGI. All cash contributions paid after August 27, 2005, were no longer limited to 50 percent of AGI and were also not subject to the overall limitation on itemized deductions;
- 2) Election to use 2004 earned income to figure 2005 EIC and additional child tax credits;
- 3) An increased charitable standard mileage rate for using vehicles for volunteer work related to Hurricane Katrina;
- 4) Special rules for charitable deductions of food inventory by taxpayers engaged in a trade or business;
- 5) Special rules for withdrawals and loans from IRAs and other qualified retirement plans; and
- 6) Expanded education credits for students attending an eligible education institution in the Gulf Opportunity Zone. The Hope credit was increased to 100 percent of the first \$2,000 and 50 percent of the next \$2,000, and the Lifetime Learning credit was expanded to 40 percent of the first \$10,000.

Qualifying child definition—The definition for a qualifying child changed slightly for several tax benefits in Tax Year 2005. While the definition was primarily the same for most benefits, the most notable change was for the Child Tax Credit. Certain taxpayers, who could not claim children as a dependent exemption, could still claim them on the credit, using Form 8901 (for 2005, approximately 13,200 extra child tax credit exemptions were reported due to this provision).

Income and Tax Concepts

As discussed in *Income Tax Structure*, 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 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 concept. The 1979 Income Concept applied to 2005 includes many income and deduction items that are also components of AGI (Figure G). However, unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept.¹⁶

Modified Taxable Income

This concept is relevant only for "prior-year returns" (about 4.3 million returns) or certain farm sole proprietor returns using income-averaging on Schedule J (about 56 thousand returns). For all other returns, modified taxable income is identical to taxable income.

This is the term used in the statistics to describe "income subject to tax," the actual base on which tax is computed. Each year, a small number of returns

Figure G

Components of the 1979 Income Concept, Tax Year 2005

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 2005.

[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 2005.

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

[6] Not included in AGI for Tax Year 2005.

for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for the Statistics of Income sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and income concepts). For the statistics in this article, the taxable incomes reported on these prior-year returns and those filed with a Schedule J are modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed

¹⁶ For more details on the income computation under the 1979 Income Concept for 2005, see *Individual Income Tax Returns 2005*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

at different rates. Figure H illustrates how income tax is determined for a single taxpayer with AGI of \$402,000 who used the standard deduction. As shown in the example, six different tax rates were applied to the taxable income to arrive at total tax. The first \$7,300 of taxable income were taxed at the 10-percent rate; the next \$22,400 of taxable income were taxed at the 15-percent rate; the next \$42,250 were taxed at the 25-percent rate; the next \$78,200 were taxed at the 28-percent rate; the next \$176,300 were taxed at the 33-percent rate; and the remaining \$70,550 were taxed at the 35-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 35 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes 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 \$1,600 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

Calculating marginal tax rates for a specific individual income tax return generally depends both on

the types and amounts of income reported and the assumptions made about the order in which the income is taxed, in particular, which type of income is assumed to be received "last." Additional complexity is added by the presence of such items as the alternative minimum tax and various tax credits.

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

- 1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- 2) If the return had no taxable income except for net long-term capital gains or qualified dividends and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having a "5-percent, 8-percent, or 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 25-percent tax rate applied as the highest rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a "28-percent" marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 25-percent 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

Figure H

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2005

[Money amounts are in whole dollars]

Item	Amount
Adjusted gross income	402,000
Less: Exemption	[1] 0
Standard deduction	5,000
Equals: Taxable income	397,000
Tax based on tax rates for single taxpayers:	
First \$7,300 taxed at 10 percent	730
Next \$22,400 taxed at 15 percent	3,360
Next \$42,250 taxed at 25 percent	10,563
Next \$78,200 taxed at 28 percent	21,896
Next \$176,300 taxed at 33 percent	58,179
Next \$70,550 taxed at 35 percent	24,693
Total tax from tax rate schedule	119,421

[1] The exemption amount was phased out completely because AGI exceeded \$268,450.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

it were that of the parents, the return was classified as having a “Form 8615” marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).

- 4) For returns of parents choosing to report interest, dividend, and capital gain distribution income of their dependents under age 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 of 10 percent.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses) and/or qualified dividends, and presence of Form 8615 or Form 8814. Returns were classified into one of the following fifteen mutually exclusive marginal tax rate categories: (1) 5-percent rate (capital gains); (2) 8-percent rate (capital gains); (3) 10-percent rate; (4) 10-percent (capital gains); (5) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent’s income); (6) 15-percent rate; (7) 15-percent (capital gains); (8) 20-percent rate; (9) 25-percent rate; (10) 25-percent (capital gains); (11) 28-percent rate; (12) 28-percent (capital gains); (13) 33-percent rate; (14) 35-percent rate; and (15) Form 8615 (with income taxed at any rate).¹⁷

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. The alternative

minimum tax was not included in the statistics by marginal tax rate.

For example, consider returns in the “joint returns and returns of surviving spouses” filing status that were included in the “35-percent” marginal tax rate classification. The total modified taxable income for the estimated 811,228 returns in this classification “at all rates” was \$916.5 billion (column 3), and the total tax generated was \$264.1 billion (column 5). Approximately \$471.1 billion (column 4) of the modified taxable income were subject to tax at the marginal tax rate of 35 percent. This modified taxable income generated \$164.9 billion (column 6) in tax at the 35-percent tax rate with the remainder generated at some or all of the lower eight tax rates.

Table 2 provides statistics on the tax generated, in total and at each tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI. The tax generated at each tax rate was computed based on the modified taxable income for each individual return.

For example, the 2.7 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$657.1 billion and generated total tax of \$152.6 billion. Of this \$657.1 billion of modified taxable income, \$36.1 billion were taxed at the 10-percent (ordinary tax) rate; \$108.4 billion were taxed at the 15-percent (ordinary tax) rate; \$142.4 billion were taxed at the 25-percent (ordinary tax) rate; \$134.0 billion were taxed at the 28-percent (ordinary tax) rate; \$117.9 billion were taxed at the 33-percent rate; and \$16.2 billion were taxed at the 35-percent rate. Approximately \$5.9 billion were taxed at the 5-percent rate; \$92.4 billion were taxed at the 15-percent capital gain and qualified dividend rate; \$0.01 billion were taxed at the 20-percent rate; \$3.2 billion were taxed at the 25-percent capital gain rate; and \$0.2 billion were taxed at the 28-percent capital gain rate, with the remainder from tax related to special capital gain tax rates and Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each tax rate, by filing status, for returns with modified taxable income. Over 0.8 million of the 45.0 million returns with modified taxable income filed jointly (including surviving spouses) had

¹⁷ 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 \$1 of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 35 percent, the effective marginal rate faced by the taxpayer would be somewhat higher.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$471.1 billion, and the tax generated was \$164.9 billion.

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 I and J). 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 2005).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phaseout at higher AMTI

levels. The AMTI exemption for single filers (and heads of households) for 2005 was \$40,250; for joint filers and surviving spouses, \$58,000; and for married persons filing separately, \$29,000. 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 \$273,500, \$382,000, and \$191,000, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI was subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains and qualified dividends (recalculated for AMT purposes) that were taxed at lower rates (5 percent, 8 percent, 10 percent, 15 percent, 20 percent, and 25 percent) were taxed at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the “alternative minimum tax foreign tax credit,” which produced a “tentative minimum tax.” Tentative minimum tax was further reduced by the individual’s regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 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 \$5,850 plus their “earned incomes.” The dependent’s AMT could be reduced if the parents had regular tax greater than the child’s own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

Figure I

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2005

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure J)
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 recalculated amount.

Figure J

Alternative Minimum Tax Adjustments and Preferences, Tax Year 2005

- 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, sales, real estate, personal property, and foreign taxes
 - Mortgage interest adjustment from line 6 of the worksheet on page 2 of the Form 6251 instructions
 - Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
 - Refunds of State and local income, sales, real estate, personal property, and foreign taxes previously deducted (negative)
 - Investment interest expense (the result could be negative)
 - Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
 - Tax-exempt interest from private activity bonds issued after August 7, 1986
 - Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 7% if sold after May 5, 2003, otherwise multiplied by 42 percent
 - Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
 - Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
 - Electing large partnerships, enter the amount from Schedule K-1 (Form 1065-B), box 6.
 - Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
 - Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
 - Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
 - Adjustment for refigured loss from activities in which allowable losses from partnerships or S Corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
 - Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
 - Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
 - Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
 - Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
 - Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result is negative)
 - Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
 - Excess of accelerated depreciation on property placed in service using pre-1987 rules over straight-line depreciation as refigured for AMT purposes
 - Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
 - Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
 - Adjustment for charitable contributions of certain property for which section 170(e) of the Internal Revenue Code applies
 - Adjustment for Alcohol Fuel Credit included in taxable income (the amount is included as a negative)
 - 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)
-

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Figure K

Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2005

[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			
	(1)	(2)	(3)	(4)	(5)
Total	0.12	0.11	0.14	0.15	0.15
Under \$2,000 [1]	5.09	6.26	6.61	16.70	16.70
\$2,000 under \$4,000	4.85	5.71	6.45	14.05	14.05
\$4,000 under \$6,000	3.12	4.57	5.20	5.12	5.12
\$6,000 under \$8,000	2.91	3.15	3.27	3.32	3.32
\$8,000 under \$10,000	1.95	2.62	2.64	2.98	2.98
\$10,000 under \$12,000	1.87	2.13	2.16	2.32	2.32
\$12,000 under \$14,000	1.87	2.02	2.05	2.20	2.20
\$14,000 under \$16,000	1.74	1.93	1.96	2.16	2.16
\$16,000 under \$18,000	1.65	1.86	1.89	2.12	2.12
\$18,000 under \$20,000	1.58	1.82	1.87	2.18	2.18
\$20,000 under \$25,000	0.97	1.10	1.15	1.36	1.36
\$25,000 under \$30,000	1.00	1.11	1.15	1.36	1.36
\$30,000 under \$40,000	0.76	0.83	0.86	0.97	0.97
\$40,000 under \$50,000	0.78	0.82	0.87	0.98	0.98
\$50,000 under \$75,000	0.52	0.55	0.59	0.65	0.65
\$75,000 under \$100,000	0.69	0.71	0.75	0.80	0.80
\$100,000 under \$200,000	0.63	0.61	0.63	0.63	0.63
\$200,000 under \$500,000	0.73	0.68	0.70	0.69	0.69
\$500,000 under \$1,000,000	0.98	0.87	0.90	0.91	0.91
\$1,000,000 under \$1,500,000	1.21	1.15	1.21	1.21	1.21
\$1,500,000 under \$2,000,000	0.92	0.94	0.99	0.98	0.98
\$2,000,000 under \$5,000,000	0.51	0.44	0.48	0.48	0.48
\$5,000,000 under \$10,000,000	0.55	0.46	0.49	0.49	0.49
\$10,000,000 or more	0.02	0.01	0.01	0.01	0.01

[1] Includes returns with adjusted gross deficit.

Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically filed returns) filed during Calendar Year 2006. 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.¹⁸ Returns were then selected at rates ranging from 0.10 percent to 100 percent. The 2005 data are based on a sample of 292,966 returns and an estimated final population of 134,494,440 returns. The corresponding sample

and population for the 2004 data were 200,778 and 133,189,982 returns, 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 (CVs) are used to measure that magnitude. Figure K shows estimated CVs for the numbers of returns and money amounts for selected income items. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

¹⁸ Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2005

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

Tax rate classes	Classified by the 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		
			At all rates	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									
All tax rates	104,321,332	7,243,017,707	5,136,900,575	1,829,827,969	972,712,962	425,379,487	934,409,943	12.9	18.2
5 percent	1,186,478	27,292,174	8,366,689	8,366,151	418,410	418,308	403,858	1.5	4.8
8 percent	* 651	* 5,922	* 100	* 100	* 8	* 8	* 8	* 0.1	* 8.0
10 percent	25,486,770	501,607,677	130,863,770	107,060,866	12,611,894	10,706,087	6,716,498	1.3	5.1
10 percent (capital gains)	8,510	233,955	94,974	43,875	9,328	4,388	5,355	2.3	5.6
10 percent (Form 8814) [1]	13,542	-119,914	7,421	7,421	748	748	751	[4]	10.1
15 percent	40,828,626	1,734,480,254	1,028,305,402	589,968,709	132,330,144	88,495,306	106,483,937	6.1	10.4
15 percent (capital gains) [2]	8,492,769	712,422,995	494,814,177	192,438,330	64,396,265	28,865,750	62,147,890	8.7	12.6
20 percent	2,960	319,784	264,683	116,280	42,933	23,256	42,993	13.4	16.2
25 percent	21,625,799	1,891,267,772	1,411,063,695	241,641,320	237,515,000	60,410,330	231,580,832	12.2	16.4
25 percent (capital gains)	371,017	82,326,646	70,819,356	6,600,279	11,787,533	1,650,070	12,301,776	14.9	17.4
28 percent	3,703,217	624,139,487	503,828,147	36,359,970	104,491,346	10,180,792	107,142,800	17.2	21.3
28 percent (capital gains)	26,785	5,609,027	4,603,788	832,520	881,324	233,106	902,279	16.1	19.6
33 percent	1,479,592	453,258,305	387,519,395	79,066,568	92,351,980	26,091,967	96,058,654	21.2	24.8
35 percent	953,005	1,207,912,323	1,094,229,516	565,391,974	315,443,028	197,887,191	310,204,650	25.7	28.3
Form 8615 [3]	141,612	2,261,298	2,119,463	1,933,607	433,021	412,180	417,662	18.5	19.7
Joint returns and returns of surviving spouses									
All tax rates	45,007,708	4,891,752,548	3,551,237,350	1,216,824,612	696,862,149	301,015,458	671,351,329	13.7	18.9
5 percent	337,555	15,593,888	4,641,531	4,641,039	232,115	232,052	217,500	1.4	4.7
8 percent	0	0	0	0	0	0	0	[4]	[4]
10 percent	7,461,675	233,071,784	58,906,005	43,502,147	5,600,412	4,350,215	2,787,483	1.2	4.7
10 percent (capital gains)	* 4,213	* 160,171	* 77,716	* 42,117	* 7,719	* 4,212	* 3,955	* 2.5	* 5.1
10 percent (Form 8814) [1]	8,353	-138,525	5,539	5,539	558	558	486	[4]	8.8
15 percent	16,709,755	1,016,954,164	596,232,724	352,266,290	77,237,085	52,839,944	59,722,954	5.9	10.0
15 percent (capital gains) [2]	5,529,189	533,899,738	367,124,356	130,867,940	47,725,496	19,630,191	45,336,826	8.5	12.3
20 percent	310	100,236	84,540	23,450	13,020	4,690	13,071	13.0	15.5
25 percent	10,625,520	1,223,905,148	900,834,689	128,754,297	150,094,705	32,188,574	145,089,787	11.9	16.1
25 percent (capital gains)	231,589	61,242,311	52,745,132	4,876,938	8,752,405	1,219,235	9,176,448	15.0	17.4
28 percent	2,143,229	428,592,377	342,510,762	19,098,089	69,815,561	5,347,465	72,015,394	16.8	21.0
28 percent (capital gains)	13,897	3,763,113	3,027,542	588,695	567,498	164,835	584,197	15.5	19.3
33 percent	1,131,196	362,308,081	308,558,893	61,091,865	72,699,532	20,160,315	75,757,072	20.9	24.6
35 percent	811,228	1,012,300,062	916,487,919	471,066,207	264,116,042	164,873,172	260,646,156	25.7	28.4
Form 8615 [3]	0	0	0	0	0	0	0	[4]	[4]
Returns of married persons filing separately									
All tax rates	2,108,485	136,551,605	102,807,654	45,840,105	20,964,163	11,645,238	20,321,871	14.9	19.8
5 percent	10,117	265,965	65,514	65,468	3,280	3,273	1,947	0.7	3.0
8 percent	0	0	0	0	0	0	0	[4]	[4]
10 percent	281,728	4,356,595	1,076,733	966,686	105,098	96,669	87,815	2.0	8.2
10 percent (capital gains)	0	0	0	0	0	0	0	[4]	[4]
10 percent (Form 8814) [1]	* 4	* -5,747	* 1	* 1	0	0	0	[4]	[4]
15 percent	1,008,235	30,389,933	18,374,589	11,014,384	2,388,198	1,652,158	2,122,181	7.0	11.5
15 percent (capital gains) [2]	95,490	12,323,379	9,033,106	6,886,407	1,269,320	1,032,961	1,359,733	11.0	15.1
20 percent	0	0	0	0	0	0	0	[4]	[4]
25 percent	507,982	29,122,958	21,573,852	4,444,021	3,621,185	1,111,005	3,572,521	12.3	16.6
25 percent (capital gains)	4,866	1,315,935	1,171,238	142,800	194,546	35,700	206,740	15.7	17.7
28 percent	124,490	11,759,524	9,490,940	1,073,073	1,948,746	300,460	1,973,749	16.8	20.8
28 percent (capital gains)	* 4	* 72,165	* 65,438	* 10,150	* 12,265	* 2,842	* 12,150	* 16.8	* 18.6
33 percent	47,797	7,417,725	6,318,419	1,141,011	1,480,170	376,534	1,560,199	21.0	24.7
35 percent	27,773	39,533,171	35,637,825	20,096,103	9,941,356	7,033,636	9,424,838	23.8	26.4
Form 8615 [3]	0	0	0	0	0	0	0	[4]	[4]

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 1. Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2005
—Continued

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

Tax rate classes	Classified by the 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		
			At all rates	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 heads of households									
All tax rates	13,214,442	519,901,431	280,638,442	123,429,229	43,513,314	21,562,027	34,017,461	6.5	12.1
5 percent	27,244	1,006,091	380,654	380,654	19,036	19,033	15,946	1.6	4.2
8 percent	0	0	0	0	0	0	0	[4]	[4]
10 percent	5,603,279	121,227,357	27,953,271	27,153,463	2,784,016	2,715,346	275,522	0.2	1.0
10 percent (capital gains)	* 986	* 24,349	* 2,420	* 169	* 209	* 17	0	[4]	[4]
10 percent (Form 8814) [1]	* 2,989	* 18,520	* 1,496	* 1,496	* 150	* 150	0	[4]	[4]
15 percent	5,809,929	223,527,504	121,059,959	60,345,067	15,123,445	9,051,760	8,908,451	4.0	7.4
15 percent (capital gains) [2]	337,494	21,119,665	13,751,169	4,520,490	1,767,498	678,074	1,567,694	7.4	11.4
20 percent	* 304	* 52,824	* 45,887	* 34,318	* 8,020	* 6,864	* 8,013	* 15.2	* 17.5
25 percent	1,286,824	101,825,294	73,330,222	16,395,359	12,367,097	4,098,840	11,748,378	11.5	16.0
25 percent (capital gains)	9,489	1,887,609	1,608,546	153,628	274,893	38,407	286,877	15.2	17.8
28 percent	75,640	13,176,271	10,440,847	831,399	2,232,697	232,792	2,398,347	18.2	23.0
28 percent (capital gains)	* 305	* 109,745	* 98,190	* 18,723	* 17,315	* 5,242	* 18,289	* 16.7	* 18.6
33 percent	39,396	11,384,195	9,848,718	2,128,081	2,419,061	702,267	2,546,649	22.4	25.9
35 percent	20,566	24,542,007	22,117,064	11,466,385	6,499,877	4,013,235	6,243,295	25.4	28.2
Form 8615 [3]	0	0	0	0	0	0	0	[4]	[4]
Returns of single persons									
All tax rates	43,990,697	1,694,812,122	1,202,217,129	443,734,023	211,373,335	91,156,766	208,719,282	12.3	17.4
5 percent	811,563	10,426,230	3,278,989	3,278,989	163,979	163,949	168,464	1.6	5.1
8 percent	* 651	* 5,922	* 100	* 100	* 8	* 8	* 8	* 0.1	* 8.0
10 percent	12,140,088	142,951,942	42,927,761	35,438,570	4,122,368	3,543,857	3,565,678	2.5	8.3
10 percent (capital gains)	* 3,311	* 49,436	* 14,838	* 1,590	* 1,401	* 159	* 1,401	* 2.8	* 9.4
10 percent (Form 8814) [1]	* 2,197	* 5,837	* 384	* 384	* 40	* 40	* 265	* 4.5	* 69.0
15 percent	17,300,707	463,608,653	292,638,130	166,342,968	37,581,416	24,951,445	35,730,352	7.7	12.2
15 percent (capital gains) [2]	2,530,597	145,080,212	104,905,546	50,163,493	13,633,951	7,524,524	13,883,637	9.6	13.2
20 percent	2,346	166,724	134,256	58,513	21,892	11,703	21,909	13.1	16.3
25 percent	9,205,473	536,414,371	415,324,933	92,047,643	71,432,013	23,011,911	71,170,147	13.3	17.1
25 percent (capital gains)	125,074	17,880,791	15,294,440	1,426,913	2,565,689	356,728	2,631,711	14.7	17.2
28 percent	1,359,858	170,611,315	141,385,599	15,357,409	30,494,342	4,300,075	30,755,310	18.0	21.8
28 percent (capital gains)	12,578	1,664,005	1,412,618	214,953	284,247	60,187	287,643	17.3	20.4
33 percent	261,204	72,148,302	62,793,365	14,705,611	15,753,217	4,852,852	16,194,733	22.4	25.8
35 percent	93,438	131,537,083	119,986,708	62,763,279	34,885,751	21,967,148	33,890,360	25.8	28.2
Form 8615 [3]	141,612	2,261,298	2,119,463	1,933,607	433,021	412,180	417,662	18.5	19.7

* Estimate should be used with caution due to 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, dividends, or capital gains totaling between \$800 and \$8,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

[3] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. The returns in this rate classification are not distributed by tax rate.

[4] Percentage not computed.

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

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005

[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		
					5 percent		
					Number of returns	Income taxed at rate	Tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	104,321,332	5,137,137,809	5,136,900,575	972,712,962	12,608,155	66,355,442	3,318,085
Under \$2,000 [1]	332,329	150,737	153,356	10,715	211,765	97,452	4,879
\$2,000 under \$4,000	363,198	448,522	452,544	37,480	226,958	223,526	11,182
\$4,000 under \$6,000	958,104	888,836	888,849	84,193	181,528	236,306	11,818
\$6,000 under \$8,000	1,106,781	2,340,695	2,342,803	229,186	148,146	221,041	11,051
\$8,000 under \$10,000	2,370,122	4,526,677	4,527,971	442,307	199,072	264,606	13,241
\$10,000 under \$12,000	2,589,099	8,130,807	8,131,473	797,709	257,721	365,566	18,280
\$12,000 under \$14,000	2,598,061	11,871,800	11,873,094	1,178,715	267,041	415,451	20,784
\$14,000 under \$16,000	2,991,349	16,641,877	16,645,702	1,671,832	271,226	496,827	24,850
\$16,000 under \$18,000	3,306,335	21,460,916	21,466,533	2,267,712	292,038	608,894	30,448
\$18,000 under \$20,000	3,583,235	26,124,481	26,128,826	2,900,117	346,238	596,165	29,816
\$20,000 under \$25,000	8,780,721	85,496,749	85,545,976	9,888,565	839,218	1,691,810	84,617
\$25,000 under \$30,000	8,311,926	113,233,995	113,250,263	13,592,847	854,517	2,318,932	115,974
\$30,000 under \$40,000	13,558,142	263,349,704	263,385,954	32,844,794	1,677,185	4,907,611	245,409
\$40,000 under \$50,000	10,472,437	285,012,273	285,046,843	38,443,590	1,340,457	5,187,542	259,398
\$50,000 under \$75,000	18,236,789	730,289,744	730,331,501	105,556,349	2,955,917	13,627,077	681,440
\$75,000 under \$100,000	10,420,964	621,931,856	621,926,019	94,697,328	1,611,476	11,791,943	589,641
\$100,000 under \$200,000	10,782,164	1,054,728,764	1,054,664,756	192,474,765	679,156	14,630,737	731,554
\$200,000 under \$500,000	2,733,040	657,160,294	657,082,123	152,646,998	181,559	5,898,817	294,944
\$500,000 under \$1,000,000	523,352	313,445,881	313,355,620	83,871,841	38,075	1,473,113	73,657
\$1,000,000 under \$1,500,000	127,680	138,339,811	138,293,024	38,338,032	11,105	468,823	23,441
\$1,500,000 under \$2,000,000	56,508	87,812,010	87,771,580	24,189,349	5,082	223,770	11,189
\$2,000,000 under \$5,000,000	83,885	226,492,549	226,432,948	61,785,443	8,108	382,578	19,129
\$5,000,000 under \$10,000,000	21,381	132,899,011	132,869,081	35,001,479	2,545	123,602	6,180
\$10,000,000 or more	13,733	334,359,818	334,333,736	79,761,612	2,023	103,251	5,163

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005—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								
	8 percent			10 percent			10 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Total	* 3,328	* 11,841	* 947	102,754,108	978,752,225	97,875,223	20,059	92,675	9,268
Under \$2,000 [1]	0	0	0	150,006	49,397	4,940	0	0	0
\$2,000 under \$4,000	0	0	0	213,975	183,127	18,313	0	0	0
\$4,000 under \$6,000	0	0	0	865,598	570,472	57,047	0	0	0
\$6,000 under \$8,000	0	0	0	1,080,499	2,055,973	205,597	0	0	0
\$8,000 under \$10,000	* 651	* 100	* 8	2,286,301	4,214,150	421,415	* 651	* 49	* 5
\$10,000 under \$12,000	0	0	0	2,506,961	7,673,030	767,303	0	0	0
\$12,000 under \$14,000	0	0	0	2,545,750	11,249,404	1,124,940	* 1,005	* 95	* 10
\$14,000 under \$16,000	0	0	0	2,934,558	15,494,044	1,549,404	* 1,005	* 1,331	* 133
\$16,000 under \$18,000	0	0	0	3,258,952	17,869,645	1,786,965	* 651	* 189	* 19
\$18,000 under \$20,000	0	0	0	3,506,309	19,239,835	1,923,984	0	0	0
\$20,000 under \$25,000	* 986	* 50	* 4	8,679,959	55,598,408	5,559,841	* 2,260	* 302	* 30
\$25,000 under \$30,000	0	0	0	8,243,108	63,376,554	6,337,655	* 624	* 1,904	* 190
\$30,000 under \$40,000	0	0	0	13,470,300	124,878,641	12,487,864	* 3,941	* 14,778	* 1,478
\$40,000 under \$50,000	* 997	* 175	* 14	10,409,678	110,550,169	11,055,017	* 2,272	* 14,725	* 1,472
\$50,000 under \$75,000	* 655	* 11,479	* 918	18,143,302	217,770,560	21,777,056	** 7,155	** 42,529	** 4,254
\$75,000 under \$100,000	** 40	** 37	** 3	10,357,352	136,641,718	13,664,172	**	**	**
\$100,000 under \$200,000	0	0	0	10,655,574	144,643,144	14,464,314	** 449	** 15,897	** 1,590
\$200,000 under \$500,000	0	0	0	2,664,233	36,130,124	3,613,012	**	**	**
\$500,000 under \$1,000,000	0	0	0	501,064	6,788,032	678,803	** 43	** 754	** 76
\$1,000,000 under \$1,500,000	0	0	0	119,825	1,612,328	161,233	**	**	**
\$1,500,000 under \$2,000,000	0	0	0	52,806	713,549	71,355	0	0	0
\$2,000,000 under \$5,000,000	0	0	0	77,148	1,038,682	103,868	0	0	0
\$5,000,000 under \$10,000,000	**	**	**	19,069	255,099	25,510	* 3	* 123	* 12
\$10,000,000 or more	0	0	0	11,781	156,140	15,614	0	0	0

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued								
	10 percent (from Form 8814) [2]			15 percent			15 percent (capital gains and qualified dividends)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Total	129,502	67,007	6,735	77,067,321	1,720,036,721	258,005,508	12,249,826	605,997,994	90,900,009
Under \$2,000 [1]	2,871	2,608	262	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	* 31	* 3	* 0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	* 1,953	* 1,195	* 120	8,220	7,635	1,145	0	0	0
\$10,000 under \$12,000	* 1,532	* 281	* 29	* 7,616	* 10,220	* 1,533	0	0	0
\$12,000 under \$14,000	* 3,499	* 479	* 50	229,932	188,271	28,241	0	0	0
\$14,000 under \$16,000	* 1,966	* 662	* 66	609,335	604,516	90,677	0	0	0
\$16,000 under \$18,000	* 986	* 136	* 15	1,845,255	2,965,143	444,771	0	0	0
\$18,000 under \$20,000	* 107	* 19	* 2	1,890,537	6,281,407	942,211	0	0	0
\$20,000 under \$25,000	* 2,974	* 263	* 28	4,689,913	28,180,958	4,227,144	0	0	0
\$25,000 under \$30,000	* 4,538	* 1,897	* 191	5,288,451	47,466,775	7,120,016	0	0	0
\$30,000 under \$40,000	10,008	3,291	334	10,755,590	132,775,166	19,916,275	73,364	55,069	8,262
\$40,000 under \$50,000	6,910	2,088	212	9,719,534	150,596,165	22,589,425	643,883	1,340,249	201,066
\$50,000 under \$75,000	23,898	8,173	824	17,751,031	409,648,226	61,447,234	1,489,111	6,530,049	979,540
\$75,000 under \$100,000	10,959	3,804	383	10,270,871	370,045,224	55,506,784	2,177,301	10,315,364	1,547,366
\$100,000 under \$200,000	30,695	19,171	1,923	10,579,398	430,919,480	64,637,922	5,094,736	54,416,417	8,162,563
\$200,000 under \$500,000	16,732	13,310	1,332	2,645,244	108,449,214	16,267,382	2,036,408	92,413,743	13,862,128
\$500,000 under \$1,000,000	5,454	5,421	542	497,157	20,464,288	3,069,643	454,604	66,718,338	10,007,762
\$1,000,000 under \$1,500,000	1,529	1,286	129	119,120	4,871,640	730,746	115,847	34,845,051	5,226,761
\$1,500,000 under \$2,000,000	943	970	97	52,503	2,155,770	323,366	52,056	25,591,193	3,838,680
\$2,000,000 under \$5,000,000	1,313	1,335	134	76,830	3,153,000	472,950	78,676	76,365,041	11,454,758
\$5,000,000 under \$10,000,000	331	335	33	19,016	776,728	116,509	20,466	54,250,845	8,137,627
\$10,000,000 or more	273	283	28	11,767	476,895	71,534	13,374	183,156,633	27,473,495

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005—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								
	20 percent			25 percent			25 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
Total	13,585	262,511	52,503	28,087,498	720,621,785	180,155,446	676,189	14,947,825	3,737,032
Under \$2,000 [1]	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	651	9,774	2,444	0	0	0
\$25,000 under \$30,000	0	0	0	0	0	0	0	0	0
\$30,000 under \$40,000	* 1,005	* 1,565	* 313	629,589	668,258	167,065	* 997	* 291	* 73
\$40,000 under \$50,000	* 2,259	* 8,254	* 1,651	3,191,138	17,276,858	4,319,215	12,720	3,673	919
\$50,000 under \$75,000	* 2,814	* 12,898	* 2,580	5,439,071	82,380,227	20,595,057	48,550	81,697	20,431
\$75,000 under \$100,000	* 1,552	* 5,421	* 1,085	5,761,272	89,357,253	22,339,313	73,760	210,257	52,569
\$100,000 under \$200,000	4,761	51,614	10,323	9,792,108	345,893,671	86,473,418	236,600	1,246,265	311,595
\$200,000 under \$500,000	889	9,878	1,976	2,525,305	142,414,850	35,603,713	186,591	3,164,971	791,263
\$500,000 under \$1,000,000	194	67,550	13,510	478,362	27,253,130	6,813,283	61,405	2,243,792	560,956
\$1,000,000 under \$1,500,000	12	866	173	114,908	6,535,296	1,633,824	18,930	1,093,927	273,484
\$1,500,000 under \$2,000,000	39	17,104	3,421	50,707	2,885,586	721,397	9,965	856,861	214,216
\$2,000,000 under \$5,000,000	36	12,071	2,414	74,574	4,253,648	1,063,412	17,340	2,082,547	520,639
\$5,000,000 under \$10,000,000	16	39,198	7,840	18,420	1,048,881	262,220	5,225	1,295,001	323,751
\$10,000,000 or more	* 7	* 36,092	* 7,218	11,394	644,353	161,088	4,108	2,668,544	667,137

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued								
	28 percent			28 percent (capital gains)			33 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
Total	6,143,950	243,295,195	68,122,655	34,972	1,775,748	497,209	2,432,597	217,358,025	71,728,148
Under \$2,000 [1]	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0	0	0	0	0
\$40,000 under \$50,000	0	0	0	* 997	* 1,522	* 427	0	0	0
\$50,000 under \$75,000	18,796	62,349	17,458	* 4,638	* 3,920	* 1,098	0	0	0
\$75,000 under \$100,000	506,484	3,486,158	976,124	* 6,663	* 22,571	* 6,319	0	0	0
\$100,000 under \$200,000	2,556,013	60,481,759	16,934,893	11,785	34,667	9,706	116,491	2,100,756	693,249
\$200,000 under \$500,000	2,343,027	134,026,913	37,527,536	6,142	162,504	45,501	1,623,713	117,897,740	38,906,254
\$500,000 under \$1,000,000	457,691	28,712,088	8,039,385	2,365	272,750	76,370	437,771	61,148,716	20,179,076
\$1,000,000 under \$1,500,000	111,110	7,045,108	1,972,630	621	94,168	26,367	107,940	15,342,141	5,062,907
\$1,500,000 under \$2,000,000	48,891	3,060,452	856,927	443	84,756	23,732	47,117	6,697,969	2,210,330
\$2,000,000 under \$5,000,000	72,558	4,568,507	1,279,182	746	379,153	106,163	70,602	10,046,034	3,315,191
\$5,000,000 under \$10,000,000	18,092	1,143,653	320,223	271	226,811	63,507	17,794	2,538,636	837,750
\$10,000,000 or more	11,288	708,208	198,298	300	492,926	138,019	11,170	1,586,033	523,391

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 2. Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2005—Continued

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

Size of adjusted gross income	Tax generated at specified rate—continued					
	35 percent			Form 8615 [3]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(44)	(45)	(46)	(47)	(48)	(49)
Total	953,005	565,391,974	197,887,191	141,612	1,933,607	412,180
Under \$2,000 [1]	0	0	0	19,866	3,899	621
\$2,000 under \$4,000	0	0	0	44,706	45,891	7,961
\$4,000 under \$6,000	0	0	0	24,124	82,068	15,261
\$6,000 under \$8,000	0	0	0	11,892	65,789	12,491
\$8,000 under \$10,000	0	0	0	* 5,862	* 40,236	* 6,276
\$10,000 under \$12,000	0	0	0	9,141	82,377	10,460
\$12,000 under \$14,000	0	0	0	* 2,293	* 19,394	* 4,539
\$14,000 under \$16,000	0	0	0	* 4,245	* 48,322	* 6,559
\$16,000 under \$18,000	0	0	0	* 1,596	* 22,527	* 5,335
\$18,000 under \$20,000	0	0	0	* 651	* 11,399	* 3,990
\$20,000 under \$25,000	0	0	0	* 3,213	* 64,411	* 14,124
\$25,000 under \$30,000	0	0	0	* 3,240	* 84,201	* 18,425
\$30,000 under \$40,000	0	0	0	* 2,549	* 81,284	* 17,153
\$40,000 under \$50,000	0	0	0	* 1,872	* 65,423	* 14,304
\$50,000 under \$75,000	0	0	0	* 2,528	* 152,374	* 27,697
\$75,000 under \$100,000	0	0	0	* 624	* 46,249	* 13,254
\$100,000 under \$200,000	1,893	20,838	7,293	* 1,549	* 190,377	* 33,637
\$200,000 under \$500,000	312,173	16,161,375	5,656,481	1,228	338,647	75,294
\$500,000 under \$1,000,000	397,127	98,011,733	34,304,107	* 305	* 195,972	* 54,624
\$1,000,000 under \$1,500,000	101,778	66,280,724	23,198,253	* 82	* 101,609	* 28,066
\$1,500,000 under \$2,000,000	44,850	45,460,455	15,911,159	* 16	* 23,144	* 3,477
\$2,000,000 under \$5,000,000	67,158	124,086,951	43,430,433	* 19	* 63,400	* 17,161
\$5,000,000 under \$10,000,000	17,141	71,116,532	24,890,786	* 8	* 53,602	* 9,525
\$10,000,000 or more	10,886	144,253,366	50,488,678	* 3	* 51,010	* 11,946

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

** Data combined to prevent disclosure of specific taxpayer information.

[1] Includes returns with adjusted gross deficit.

[2] 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 \$800 and \$8,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[3] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. 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 Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 3. Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2005

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

Tax rate class	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	104,321,332	5,136,900,575	972,707,439	45,007,708	3,551,237,350	696,859,772	2,108,485	102,807,654	20,964,130
5 percent	12,608,155	66,355,442	3,317,772	7,172,164	44,704,860	2,235,243	121,442	655,174	32,759
8 percent	* 3,327	* 11,841	* 947	* 695	* 11,515	* 921	0	0	0
10 percent	102,754,108	978,752,225	97,875,223	44,530,504	593,793,293	59,379,329	2,090,811	14,226,613	1,422,661
10 percent (capital gains)	20,059	92,675	9,268	7,796	63,852	6,385	0	0	0
10 percent (Form 8814) [1]	129,502	67,007	6,735	112,512	62,195	6,247	1,564	172	18
15 percent	77,067,321	1,720,036,721	258,005,508	36,990,671	1,145,962,704	171,894,406	1,806,807	27,955,070	4,193,260
15 percent (capital gains) [2]	12,249,826	605,997,994	90,899,699	8,029,505	449,353,937	67,403,091	206,360	20,547,630	3,082,144
20 percent	13,585	262,511	52,502	5,096	95,142	19,028	* 342	* 491	* 98
25 percent	28,087,498	720,621,785	180,155,446	14,909,563	480,176,113	120,044,028	711,681	11,825,538	2,956,384
25 percent (capital gains)	676,189	14,947,825	3,736,956	455,113	11,620,845	2,905,211	11,279	462,106	115,527
28 percent	6,143,950	243,295,195	68,122,655	4,088,143	175,306,151	49,085,722	200,060	3,855,597	1,079,567
28 percent (capital gains)	34,972	1,775,748	497,209	20,083	1,395,789	390,821	102	47,375	13,265
33 percent	2,432,597	217,358,025	71,728,148	1,942,423	177,624,746	58,616,166	75,569	3,135,786	1,034,809
35 percent	953,005	565,391,974	197,887,191	811,228	471,066,207	164,873,172	27,773	20,096,103	7,033,636
Form 8615 [3]	141,612	1,933,607	412,180	0	0	0	0	0	0

Tax rate class	Returns of heads of households			Returns of single persons		
	Number of returns	Income tax generated 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	13,214,442	280,638,442	43,512,678	43,990,697	1,202,217,129	211,370,859
5 percent	476,078	1,869,881	93,494	4,838,471	19,125,527	956,276
8 percent	* 985	* 50	* 4	* 1,647	* 274	* 21
10 percent	13,172,306	106,792,695	10,679,270	42,960,488	263,939,624	26,393,962
10 percent (capital gains)	* 3,781	* 12,443	* 1,244	8,481	16,379	1,638
10 percent (Form 8814) [1]	13,210	4,246	428	2,216	395	41
15 percent	7,565,745	106,964,432	16,044,665	30,704,099	439,154,515	65,873,177
15 percent (capital gains) [2]	327,570	13,008,393	1,951,259	3,686,390	123,088,034	18,463,205
20 percent	* 453	* 41,961	* 8,392	7,693	124,917	24,983
25 percent	1,429,752	29,170,445	7,292,611	11,036,502	199,449,690	49,862,422
25 percent (capital gains)	14,646	298,690	74,673	195,152	2,566,183	641,546
28 percent	135,602	5,559,687	1,556,712	1,720,146	58,573,761	16,400,653
28 percent (capital gains)	831	30,457	8,528	13,957	302,128	84,596
33 percent	59,962	5,418,676	1,788,163	354,642	31,178,817	10,289,010
35 percent	20,566	11,466,385	4,013,235	93,438	62,763,279	21,967,148
Form 8615 [3]	0	0	0	141,612	1,933,607	412,180

* 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 an election to report the child's investment income (if it was from interest or dividends totaling between \$800 and \$8,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[2] The 15-percent capital gain rate also includes qualified dividends.

[3] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. 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 Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 4. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2004 and 2005

[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 2004				Tax year 2005			
	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	80,944,402	383,230,289	383,068,983	0	81,028,120	396,300,504	396,026,640	0
Under \$5,000 [3]	354,057	17,824	17,824	0	284,018	21,359	21,359	0
\$5,000 under \$10,000	4,183,091	713,487	713,487	0	3,850,619	624,301	624,301	0
\$10,000 under \$15,000	6,102,723	2,642,981	2,642,981	0	6,039,149	2,528,026	2,528,026	0
\$15,000 under \$20,000	7,897,196	5,944,174	5,944,143	0	7,579,909	5,599,169	5,599,135	0
\$20,000 under \$25,000	8,058,258	9,474,192	9,473,729	0	7,938,918	9,086,914	9,085,825	0
\$25,000 under \$30,000	7,320,695	12,354,285	12,353,942	0	7,454,831	12,367,596	12,367,382	0
\$30,000 under \$40,000	11,936,618	30,101,945	30,104,975	0	11,841,642	29,119,400	29,117,809	0
\$40,000 under \$50,000	8,732,922	33,367,725	33,366,399	0	8,663,652	32,148,799	32,144,409	0
\$50,000 under \$75,000	13,825,744	81,607,794	81,599,369	0	14,015,996	81,055,445	81,044,529	0
\$75,000 under \$100,000	6,874,978	63,947,577	63,938,595	0	7,076,366	64,200,816	64,182,788	0
\$100,000 under \$200,000	4,991,827	88,038,103	88,003,336	0	5,506,370	94,578,674	94,511,559	0
\$200,000 under \$500,000	592,065	33,135,773	33,076,409	0	687,214	38,339,802	38,285,795	0
\$500,000 under \$1,000,000	56,095	10,099,552	10,080,698	0	67,230	11,811,280	11,771,546	0
\$1,000,000 under \$1,500,000	9,295	3,208,009	3,201,892	0	11,573	4,064,837	4,046,290	0
\$1,500,000 under \$2,000,000	3,593	1,821,791	1,815,909	0	4,316	2,242,679	2,227,404	0
\$2,000,000 under \$5,000,000	4,327	3,850,317	3,830,670	0	5,090	4,441,339	4,418,794	0
\$5,000,000 under \$10,000,000	663	1,394,976	1,394,841	0	879	1,833,448	1,822,538	0
\$10,000,000 or more	253	1,509,785	1,509,785	0	347	2,236,622	2,227,150	0
Returns with Form 8615 tax computation								
Total	111,617	285,867	289,640	3,773	141,612	443,840	419,425	-24,414
Under \$5,000 [3]	65,681	14,785	20,127	5,342	75,994	14,233	18,545	4,312
\$5,000 under \$10,000	16,315	10,950	16,670	5,721	30,456	18,043	29,306	11,263
\$10,000 under \$15,000	* 9,020	* 12,260	* 15,358	* 3,097	13,373	15,450	18,249	2,798
\$15,000 under \$20,000	* 6,817	* 13,172	* 19,001	* 5,830	* 4,553	* 8,614	* 14,033	* 5,419
\$20,000 under \$25,000	* 4,837	* 11,761	* 21,368	* 9,607	* 3,213	* 8,887	* 14,336	* 5,449
\$25,000 under \$30,000	* 1,923	* 6,438	* 11,427	* 4,990	* 3,240	* 11,754	* 18,576	* 6,821
\$30,000 under \$40,000	* 1,906	* 9,096	* 13,406	* 4,310	* 2,549	* 12,425	* 17,239	* 4,814
\$40,000 under \$50,000	0	0	0	0	* 1,872	* 10,764	* 14,354	* 3,590
\$50,000 under \$75,000	* 4,094	* 41,513	* 48,900	* 7,387	* 2,528	* 29,939	* 27,754	* -2,185
\$75,000 under \$100,000	0	0	0	0	* 624	* 9,548	* 13,259	* 3,710
\$100,000 under \$200,000	* 41	* 1,254	* 1,838	* 583	* 1,549	* 44,966	* 33,637	* -11,329
\$200,000 under \$500,000	* 862	* 69,347	* 67,095	* -2,252	1,228	96,553	75,326	-21,227
\$500,000 under \$1,000,000	* 41	* 10,092	* 4,784	* -5,308	* 305	* 62,680	* 54,636	* -8,044
\$1,000,000 under \$1,500,000	* 17	* 7,924	* 3,923	* -4,001	* 82	* 33,970	* 28,066	* -5,904
\$1,500,000 under \$2,000,000	* 8	* 5,641	* 3,294	* -2,347	* 16	* 7,785	* 3,477	* -4,307
\$2,000,000 under \$5,000,000	* 38	* 31,588	* 14,588	* -17,001	* 19	* 21,829	* 17,161	* -4,667
\$5,000,000 under \$10,000,000	16	40,047	27,862	-12,185	* 8	* 18,603	* 9,525	* -9,078
\$10,000,000 or more	0	0	0	0	* 3	* 17,795	* 11,946	* -5,850

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

Table 4. Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2004 and 2005—Continued

[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 2004				Tax year 2005			
	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 Schedule D and qualified dividends tax computation								
Total	20,374,141	537,893,884	472,303,099	-65,590,785	21,677,179	648,370,905	556,720,072	-91,650,833
Under \$5,000 [3]	93,317	11,038	8,463	-2,575	138,271	19,243	14,837	-4,407
\$5,000 under \$10,000	240,585	60,983	50,611	-10,372	289,597	82,031	65,888	-16,143
\$10,000 under \$15,000	463,203	203,863	174,835	-29,028	514,733	222,687	189,952	-32,735
\$15,000 under \$20,000	628,433	476,315	412,646	-63,669	612,188	477,144	418,206	-58,938
\$20,000 under \$25,000	709,244	807,511	719,430	-88,081	738,478	848,330	755,385	-92,945
\$25,000 under \$30,000	798,930	1,334,828	1,211,353	-123,475	786,326	1,330,149	1,181,694	-148,455
\$30,000 under \$40,000	1,622,307	3,980,670	3,687,066	-293,604	1,627,410	3,992,041	3,656,318	-335,723
\$40,000 under \$50,000	1,701,120	6,671,410	6,205,803	-465,607	1,745,402	6,727,356	6,217,918	-509,438
\$50,000 under \$75,000	4,056,360	25,616,195	24,165,388	-1,450,807	4,126,681	26,026,832	24,312,251	-1,714,581
\$75,000 under \$100,000	3,150,793	31,468,075	29,856,581	-1,611,494	3,280,362	32,201,106	30,273,964	-1,927,143
\$100,000 under \$200,000	4,640,389	94,786,835	89,389,627	-5,397,207	5,148,904	103,374,429	96,938,906	-6,435,523
\$200,000 under \$500,000	1,705,544	109,518,743	99,591,954	-9,926,789	1,976,715	125,508,287	112,396,952	-13,111,335
\$500,000 under \$1,000,000	359,479	67,704,672	59,591,438	-8,113,234	433,693	81,225,172	70,387,989	-10,837,183
\$1,000,000 under \$1,500,000	88,621	31,865,533	27,257,294	-4,608,239	108,253	38,821,657	33,221,144	-5,600,513
\$1,500,000 under \$2,000,000	38,681	20,328,653	17,242,660	-3,085,992	48,490	25,438,981	21,234,478	-4,204,503
\$2,000,000 under \$5,000,000	55,788	51,809,705	42,774,555	-9,035,151	72,054	67,247,286	54,962,574	-12,284,712
\$5,000,000 under \$10,000,000	13,331	28,969,078	23,182,633	-5,786,445	18,189	39,775,810	31,286,880	-8,488,930
\$10,000,000 or more	8,017	62,279,778	46,780,761	-15,499,016	11,433	95,052,365	69,204,737	-25,847,628

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

[1] Includes special taxes (tax on lump sum distributions from Form 4972 and tax on election to report child's interest and dividends, Form 8814) 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 Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005

[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 [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
2001	128,817,051	1,288,171	6,440,853	12,881,705	32,204,263	64,408,526
2002	128,323,986	1,283,240	6,416,199	12,832,399	32,080,997	64,161,993
2003	128,609,786	1,286,098	6,430,489	12,860,979	32,152,447	64,304,893
2004	130,371,156	1,303,712	6,518,558	13,037,116	32,592,789	65,185,578
2005	132,611,637	1,326,116	6,630,582	13,261,164	33,152,909	66,305,819
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
2001	N/A	292,913	127,904	92,754	56,085	28,528
2002	N/A	285,424	126,525	92,663	56,401	28,654
2003	N/A	295,495	130,080	94,891	57,343	29,019
2004	N/A	328,049	137,056	99,112	60,041	30,122
2005	N/A	364,657	145,283	103,912	62,068	30,881
Adjusted gross income floor on percentiles (constant dollars) [2]:						
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
2001	N/A	165,394	72,221	52,374	31,669	16,108
2002	N/A	158,657	70,331	51,508	31,351	15,928
2003	N/A	160,595	70,696	51,571	31,165	15,771
2004	N/A	173,663	72,555	52,468	31,785	15,946
2005	N/A	186,716	74,390	53,206	31,781	15,812

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	6,241,036	1,094,296	1,996,492	2,690,589	4,071,034	5,379,286
2002	6,113,778	985,781	1,867,787	2,553,475	3,935,504	5,244,029
2003	6,287,586	1,054,567	1,960,676	2,663,470	4,078,227	5,407,851
2004	6,875,123	1,306,417	2,299,595	3,049,275	4,546,401	5,952,781
2005	7,507,958	1,591,711	2,683,934	3,487,010	5,069,455	6,544,824
Total income tax (millions of dollars) [3]:						
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
2001	887,882	300,898	472,823	576,163	736,053	852,642
2002	796,862	268,608	428,680	523,812	668,558	768,963
2003	747,939	256,340	406,597	492,452	627,380	722,027
2004	831,890	306,902	475,224	567,273	705,915	804,471
2005	934,703	368,132	557,759	657,085	803,772	906,028
Average tax rate (percentage) [4]:						
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
2001	14.23	27.50	23.68	21.41	18.08	15.85
2002	13.03	27.25	22.95	20.51	16.99	14.66
2003	11.90	24.31	20.74	18.49	15.38	13.35
2004	12.10	23.49	20.67	18.60	15.53	13.51
2005	12.45	23.13	20.78	18.84	15.86	13.84

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	100.00	17.53	31.99	43.11	65.23	86.19
2002	100.00	16.12	30.55	41.77	64.37	85.77
2003	100.00	16.77	31.18	42.36	64.86	86.01
2004	100.00	19.00	33.45	44.35	66.13	86.58
2005	100.00	21.20	35.75	46.44	67.52	87.17
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
2001	100.00	33.89	53.25	64.89	82.90	96.03
2002	100.00	33.71	53.80	65.73	83.90	96.50
2003	100.00	34.27	54.36	65.84	83.88	96.54
2004	100.00	36.89	57.13	68.19	84.86	96.70
2005	100.00	39.38	59.67	70.30	85.99	96.93

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, was excluded from Table 5. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2005, there were 4,882 returns with no adjusted gross income that reported income tax.

[2] For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2005, the CPI-U=195.3.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. 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.

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

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005

[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
2001	128,817,051	64,408,526	96,612,788	115,935,346	122,376,198	127,528,880
2002	128,323,986	64,161,993	96,242,990	115,491,587	121,907,787	127,040,746
2003	128,609,786	64,304,893	96,457,340	115,748,807	122,179,297	127,323,688
2004	130,371,156	65,185,578	97,778,367	117,334,040	123,852,598	129,067,444
2005	132,611,637	66,305,819	99,458,728	119,350,473	125,981,055	131,285,521
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	3,775,678	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
2001	6,241,036	861,750	2,170,001	3,550,447	4,244,543	5,146,740
2002	6,113,778	869,750	2,178,274	3,560,303	4,245,991	5,127,997
2003	6,287,586	879,735	2,209,359	3,624,117	4,326,911	5,233,019
2004	6,875,123	922,342	2,328,722	3,825,848	4,575,529	5,588,706
2005	7,507,958	963,135	2,438,504	4,020,948	4,824,024	5,916,248
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
2001	887,882	35,239	151,826	311,719	415,059	586,984
2002	796,862	27,899	128,304	273,050	368,182	528,254
2003	747,932	25,912	120,564	255,486	341,341	491,597
2004	831,890	27,418	125,973	264,617	356,666	524,988
2005	934,703	28,673	130,930	277,618	376,942	566,571

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	14.23	4.09	7.00	8.78	9.78	11.41
2002	13.03	3.21	5.89	7.67	8.67	10.30
2003	11.90	2.95	5.46	7.05	7.89	9.39
2004	12.10	2.97	5.41	6.92	7.80	9.43
2005	12.45	2.98	5.37	6.90	7.81	9.58
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
2001	100.00	13.81	34.77	56.89	68.01	82.47
2002	100.00	14.23	35.63	58.23	69.45	83.88
2003	100.00	13.99	35.14	57.64	68.82	83.23
2004	100.00	13.42	33.87	55.65	66.55	81.00
2005	100.00	12.83	32.48	53.56	64.25	78.80
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
2001	100.00	3.97	17.10	35.11	46.75	66.11
2002	100.00	3.50	16.10	34.27	46.20	66.29
2003	100.00	3.46	16.12	34.16	45.64	65.73
2004	100.00	3.30	15.14	31.81	42.87	63.11
2005	100.00	3.07	14.01	29.70	40.33	60.62

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 Table 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2005, there were 4,882 returns with no adjusted gross income that reported income tax.

[2] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. 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.

[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 Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005

[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 [1]:						
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
2001	128,863,007	1,288,630	6,443,150	12,886,301	32,215,752	64,431,504
2002	128,415,184	1,284,152	6,420,759	12,841,518	32,103,796	64,207,592
2003	128,757,145	1,287,571	6,437,857	12,875,715	32,189,286	64,378,573
2004	130,508,966	1,305,090	6,525,448	13,050,897	32,627,242	65,254,483
2005	132,730,734	1,327,307	6,636,537	13,273,073	33,182,684	66,365,367
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
2001	N/A	323,861	131,728	93,633	55,203	28,404
2002	N/A	315,937	132,253	93,833	55,695	28,541
2003	N/A	327,160	134,818	96,021	56,573	28,896
2004	N/A	363,905	142,975	100,957	59,112	29,899
2005	N/A	402,354	152,048	105,958	61,055	30,588
Income floor on percentiles (constant dollars) [2]:						
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
2001	N/A	182,869	74,381	52,870	31,171	16,038
2002	N/A	175,618	73,515	52,158	30,959	15,865
2003	N/A	177,804	73,271	52,185	30,746	15,704
2004	N/A	192,644	75,688	53,445	31,293	15,828
2005	N/A	206,018	77,854	54,254	31,262	15,662

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	6,361,523	1,159,037	2,121,055	2,828,677	4,202,776	5,491,703
2002	6,262,714	1,057,775	2,005,658	2,712,226	4,092,069	5,383,263
2003	6,429,711	1,122,582	2,091,401	2,813,645	4,226,517	5,539,087
2004	7,044,141	1,383,978	2,453,830	3,228,229	4,726,625	6,111,786
2005	7,701,103	1,678,406	2,863,229	3,694,152	5,278,659	6,729,456
Total income tax (millions of dollars) [3]:						
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
2001	887,770	291,907	466,057	570,430	732,094	851,539
2002	796,763	259,192	420,834	517,937	664,670	767,890
2003	747,800	248,107	400,202	487,657	624,070	720,861
2004	831,815	297,199	467,728	562,092	702,203	803,521
2005	934,524	359,060	549,667	651,220	800,022	904,857
Average tax rate (percentage) [4]:						
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
2001	13.96	25.19	21.97	20.17	17.42	15.51
2002	12.72	24.50	20.98	19.10	16.24	14.26
2003	11.63	22.10	19.14	17.33	14.77	13.01
2004	11.81	21.47	19.06	17.41	14.86	13.15
2005	12.13	21.39	19.20	17.63	15.16	13.45

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	100.00	18.22	33.34	44.47	66.07	86.33
2002	100.00	16.89	32.03	43.31	65.34	85.96
2003	100.00	17.46	32.53	43.76	65.73	86.15
2004	100.00	19.65	34.84	45.83	67.10	86.76
2005	100.00	21.79	37.18	47.97	68.54	87.38
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
2001	100.00	32.88	52.50	64.25	82.46	95.92
2002	100.00	32.53	52.82	65.01	83.42	96.38
2003	100.00	33.18	53.52	65.21	83.45	96.40
2004	100.00	35.73	56.23	67.57	84.42	96.60
2005	100.00	38.42	58.82	69.68	85.61	96.83

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 Table 7. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2005, there were 4,882 returns with no adjusted gross income that reported income tax.

[2] For Table 1, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2005, the CPI-U = 195.3.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. 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.

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

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005

[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	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
2001	128,863,007	64,431,504	96,647,255	115,976,706	122,419,857	127,574,377
2002	128,415,184	64,207,592	96,311,388	115,573,666	121,994,425	127,131,032
2003	128,757,145	64,378,573	96,567,859	115,881,431	122,319,288	127,469,574
2004	130,508,966	65,254,483	97,881,725	117,458,069	123,983,518	129,203,876
2005	132,730,734	66,365,367	99,548,051	119,457,661	126,094,197	131,403,427
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
2001	6,361,523	869,820	2,158,748	3,532,846	4,240,468	5,202,486
2002	6,262,714	879,451	2,170,646	3,550,488	4,257,056	5,204,939
2003	6,429,711	890,624	2,203,193	3,616,066	4,338,310	5,307,129
2004	7,044,141	932,354	2,317,516	3,815,911	4,590,311	5,660,163
2005	7,701,103	971,647	2,422,444	4,006,951	4,837,875	6,022,698
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
2001	887,770	36,230	155,676	317,341	421,713	595,863
2002	796,763	28,872	132,093	278,827	375,930	537,571
2003	747,800	26,939	123,731	260,143	347,598	499,694
2004	831,815	28,294	129,610	269,723	364,087	534,616
2005	934,524	29,668	134,499	283,305	384,857	575,464

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2005

Statistics of Income Bulletin | Winter 2008

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 1986–2005—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
2001	13.96	4.17	7.21	8.98	9.95	11.45
2002	12.72	3.28	6.09	7.85	8.83	10.33
2003	11.63	3.02	5.62	7.19	8.01	9.42
2004	11.81	3.03	5.59	7.07	7.93	9.45
2005	12.13	3.05	5.55	7.07	7.96	9.55
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
2001	100.00	13.67	33.93	55.53	66.66	81.78
2002	100.00	14.04	34.66	56.69	67.97	83.11
2003	100.00	13.85	34.27	56.24	67.47	82.54
2004	100.00	13.24	32.90	54.17	65.16	80.35
2005	100.00	12.62	31.46	52.03	62.82	78.21
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
2001	100.00	4.08	17.54	35.75	47.50	67.12
2002	100.00	3.62	16.58	34.99	47.18	67.47
2003	100.00	3.60	16.55	34.79	46.48	66.82
2004	100.00	3.40	15.58	32.43	43.77	64.27
2005	100.00	3.17	14.39	30.32	41.18	61.58

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 Table 8. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2005, there were 4,882 returns with no adjusted gross income that reported income tax.

[2] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. 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.

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