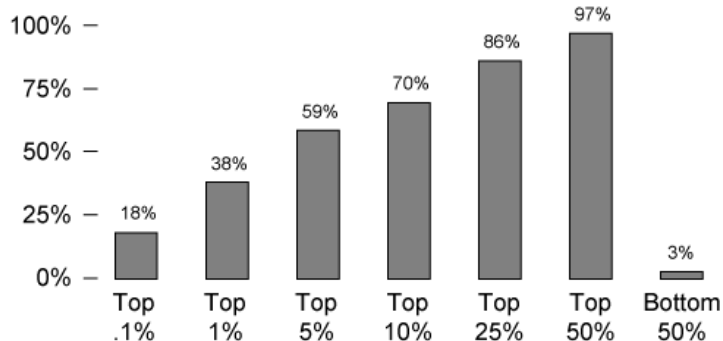




Statistics of Income

2008 Percentage Shares of Income Tax Paid



NOTE: Represents all tax returns with positive adjusted gross income.

Individual Income Tax Rates and Shares, 2008

The United States has a progressive income tax structure, meaning that different portions of taxable income are taxed at different rates with the “last” income received being taxed at the highest or marginal tax rate. From the inception of the individual income tax in 1913, tax rates have varied from as low as 1 percent to as high as 94 percent. Since 1916, the Internal Revenue Service has been publishing income and tax statistics based on information reported on Federal tax returns filed by U.S. individual taxpayers.

For tax year 2008, there were six different tax rate classes ranging from 10 percent to 35 percent. The taxable income thresholds for each tax rate class varied depending upon the taxpayer’s filing status (single, married, etc.). More than 85 percent of returns with income subject to tax were in the 10, 15 or 25 percent marginal tax rate classes. Different forms of income may receive different treatment under the tax laws. Items such as capital gains and certain dividends qualified for special tax treatment. The treatment and taxation of individual income sources is the subject of the “Individual Income Tax Rates and Shares” article.

Highlights of the Data

- Taxpayers filed 90.7 million taxable returns (63.6 percent of all returns filed). This represents the lowest percentage of taxable returns filed in more than 23 years.
- The average tax rate for taxable returns decreased 0.2 percentage points to 13.6 percent.
- The top 1 percent of taxpayers, with an approximate average AGI of \$1.2 million, accounted for 20 percent of AGI.
- The top 10 percent of taxpayers, with an approximate average AGI of \$275,000, accounted for 45.8 percent of AGI.
- The bottom 50 percent of taxpayers, with an approximate average AGI of \$15,000, accounted for 12.75 percent of AGI.
- For returns reporting positive adjusted gross income, the top 1 percent of taxpayers had an average tax rate of 23.3 percent; the top 10 percent of taxpayers had an average tax rate of 18.7 percent; and the bottom 50 percent of taxpayers had an average tax rate of 2.6 percent.
- The total tax generated at all tax rates was \$1.081 trillion.
- One of the few tax items to increase for the period was the alternative minimum tax, which increased 6.4 percent to \$25.6 billion.