

# SOI BULLETIN

*A Quarterly Statistics of Income Report*

## Volume 31, Number 3

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

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# Inside this Issue

## Individual Income Tax Returns, Preliminary Data, 2010

by Adrian Dungan and Michael Parisi

For Tax Year 2010, taxpayers filed 142.9 million U.S. individual income tax returns, an increase of 1.7 percent from the 140.5 million returns filed for 2009. In contrast with Tax Year 2009, adjusted gross income (AGI) and several other notable items showed an increase for Tax Year 2010. AGI increased by 5.2 percent from 2009 to \$8 trillion for 2010. Between 2009 and 2010, taxable income increased 6.9 percent to \$5.5 trillion; total income tax increased by 8.8 percent to \$0.9 trillion; and total tax liability increased by 8.4 percent to \$1 trillion. Along with the rise in income and other taxes, the alternative minimum tax resumed its positive annual trend, increasing 20.3 percent to \$24.3 billion for 2010.

## Individual Income Tax Rates and Shares, 2009

by Kyle Mudry

Taxpayers filed 140.5 million individual income tax returns for Tax Year 2009. Of those, 81.9 million (or 58.3 percent) were classified as taxable returns. This represents the lowest percentage of taxable returns in more than 24 years. A taxable return is a return that has total income tax greater than \$0. The number of taxable returns was 9.7 percent lower than for 2008. Adjusted gross income (AGI) on these taxable returns decreased 10.6 percent to \$6,778 billion for 2009, while total income tax decreased 16.1 percent to \$866 billion. The average tax rate for taxable returns decreased 0.8 percentage points to 12.8 percent.

The top 1 percent of taxpayers, those with AGI of at least \$343,927, accounted for 16.9 percent of AGI for 2009. This represents a decrease in income share of 3.1 percentage points from the previous year, when the cutoff for this group was \$380,354. These taxpayers accounted for 36.7 percent of the total income tax reported, a decrease from 38 percent in 2008. The top 5 percent of taxpayers accounted for 31.7 percent of AGI and 58.7 percent of total income tax. To be included in the top 5 percent, a taxpayer must have reported AGI of at least \$154,643, whereas, in 2008, the cutoff for this group was \$159,619.

## Split-Interest Trusts, Filing Year 2010

by Lisa Schreiber Rosenmerkel

In 2010, some 118,787 Split-Interest Trust Information Returns (Form 5227) were filed for charitable remainder trusts, charitable lead trusts, and pooled income funds. In total, split-interest trust filers reported \$8 billion in gross income and \$121.2 billion in end-of-year assets. Corporate stock continued to account for the majority of assets held by split-interest trusts. Total net income reported on Form 5227 declined by 81.4 percent between 2009 and 2010. Trustees of split-interest trusts reported approximately \$3 billion in charitable distributions and \$4.8 billion in noncharitable distributions. Split-interest trusts received more than \$4.7 billion in asset contributions throughout the year.

## Domestic Private Foundations and Excise Taxes, Tax Year 2008

by Cynthia Belmonte

For Tax Year 2008, domestic private foundations reported \$526.5 billion in total assets, 21 percent less than the amount reported for Tax Year 2007. Total revenue for Tax Year 2008 was \$49.7 billion, a 54.7-percent decrease from the previous year. Contributions, gifts, and grants received remained the largest source of revenue, accounting for \$43.8 billion. Combined, income derived from assets, including net gains from sales of assets, dividends and interest from securities, and interest on savings, totaled \$3.4 billion and accounted for a much smaller share of revenue than usual. Despite the significant decreases in private foundation assets and revenue, private foundations distributed \$42.8 billion in contributions, gifts, and grants to the charitable sector, only a 1.5-percent decrease from the previous year.

Although exempt from traditional income taxes, private foundations were required to report and pay excise taxes under Internal Revenue Code (IRC) sections 4940 through 4945. For Tax Year 2008, private foundations reported \$298.2 million in total excise tax liability. The IRC section 4940 excise tax on net investment income, at \$289.1 million, was the largest component of excise taxes. Additional excise taxes for prohibited activities under IRC sections 4941-4945, as reported by private foundations on Form 4720, totaled \$9.1 million.

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### Unrelated Business Income Tax Returns, 2008

by Jael Jackson

For Tax Year 2008, more than 42,000 tax-exempt organizations filed Form 990-T, *Exempt Organization Business Income Tax Return*, and reported \$10.3 billion in gross unrelated business income, a 12-percent decrease since Tax Year 2007. Exempt organizations' total unrelated business income tax liability decreased by 43 percent between Tax Years 2007 and 2008, to \$340.7 million.

As in previous years, charitable organizations, tax exempt under Internal Revenue Code section 501(c)(3), were the most common type of Form 990-T filers, representing nearly one-third of all organizations that filed the return for Tax Year 2008. These organizations reported 62 percent of all gross unrelated business income for the year, claimed nearly 65 percent of deductions, and accounted for a little less than half of all unrelated business income tax liability.

### Personal Wealth, 2007

by Brian Raub and Joe Newcomb

In 2007, an estimated 2.3 million U.S. adults had gross assets of \$2 million or more. These top wealth holders combined to hold more than \$12 trillion in net worth. More than 1.3 million top wealth holders were men, while just under 1 million were women. In 2007, California had the largest number of individuals with net worth of \$2 million or more, while Wyoming had the highest per capita population of these very wealthy residents. Between 2001 and 2007, there was an increase of 12.1 percent in the number of individuals with net worth of \$2 million or more in inflation-adjusted dollars. This increase outpaced the 7.3-percent increase in the overall adult population of the United States.

### Projections of Federal Tax Return Filings: Calendar Years 2011–2018

by Brett Collins

A grand total of 239.3 million tax returns are expected to be filed with the Internal Revenue Service during Calendar Year (CY) 2012. This number represents an increase of 1 percent over the estimated CY 2011 filings of 236.8 million returns. After CY 2012, grand total return filings are projected to grow at an average annual rate of 1 percent and are expected to reach 253.5 million returns by 2018. Total electronically filed individual income tax returns are estimated to be 77 percent of all individual income tax returns filed in CY 2011 and are projected to constitute 84 percent of all returns in CY 2018.

### In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the spring 2012 issue of the *Statistics of Income Bulletin*, scheduled to be published in May 2012:

- ❑ High-income individual income tax data, Tax Year 2009;
- ❑ Individual noncash charitable contributions, Tax Year 2009;
- ❑ Federal gift tax return data, 2009;
- ❑ Foreign person's U.S.-source income subject to withholding, Tax Year 2009;
- ❑ Individual retirement arrangements, Tax Year 2008; and
- ❑ Corporate income distributions by tax rates, Tax Years 2004-2008.

# Individual Income Tax Returns, Preliminary Data, 2010

by Adrian Dungan and Michael Parisi

**F**or Tax Year 2010, taxpayers filed 142.9 million U.S. individual income tax returns, an increase of 1.7 percent from the 140.5 million returns filed for 2009. In contrast with Tax Year 2009, adjusted gross income (AGI) and several other notable items showed an increase for Tax Year 2010. AGI increased by 5.2 percent from 2009 to \$8.0 trillion for 2010. Taxable income increased 6.9 percent to \$5.5 trillion; total income tax increased by 8.8 percent to \$0.9 trillion; and total tax liability increased by 8.4 percent to \$1 trillion. Along with the rise in income and other taxes, the alternative minimum tax resumed its positive annual trend and increased 20.3 percent to \$24.3 billion for 2010.

Figure A shows some of the key components that contributed to the growth in AGI between 2009 and 2010. The largest component of AGI, salaries and wages, increased 2.1 percent from \$5,797.1 billion in 2009 to \$5,920.2 billion in 2010. Notably, net capital gains increased 33.1 percent from \$240.5 billion in 2009 to \$320.1 billion in 2010. The second largest component of AGI, taxable pensions and annuities, increased 6.9 percent from \$531.1 billion for Tax Year 2009 to \$567.7 billion for 2010. Other items related to retirement, taxable Social Security benefits and taxable individual retirement arrangement (IRA) distributions rose by 9.4 percent and 44.8 percent, respectively. The large increase in IRAs was mainly due to the \$100,000 modified-AGI limit on rollovers and conversions to Roth IRAs being eliminated for 2010 (see Changes in Law section). Increases in net income less losses associated with businesses were reported for Tax Year 2010 by partnerships and S corporations (20.0 percent) and businesses or professions (6.6 percent). Other key components of AGI that increased between 2009 and 2010 were ordinary dividends, which increased 5.6 percent to \$155.5 billion, and taxable unemployment compensation, up 44 percent from 2009. The latter increase was associated with the expiration in 2010 of taxpayers' ability to omit the first \$2,400 of unemployment compensation from income. For 2010, 15.1 million returns (a 32.2-percent increase from 2009) reported a total of \$121.1 billion in taxable unemployment compensa-

tion. One major component of income that decreased was taxable interest, which decreased by 20.5 percent to \$117.9 billion in 2010.

Statutory adjustments to total income increased 5.7 percent to \$115.2 billion for Tax Year 2010. The largest statutory adjustment was the deduction for one-half of self-employment tax, representing almost 20 percent of the total. This adjustment to income increased 1.3 percent to \$22.5 billion despite a larger increase in self-employment income. This was partially due to a change in the law for 2010 that allowed a taxpayer to reduce his or her net self-employment income on Schedule SE by the amount of self-employed health insurance deduction entered on line 29 of Form 1040. The self-employment health insurance deduction increased 6.1 percent to \$21.2 billion. Payments to self-employed retirement (Keogh) plans fell 1.7 percent to \$17.2 billion, while payments to IRAs increased 1.9 percent to \$11.7 billion. Other adjustments that increased from 2009 levels were the deductions for interest on student loans and domestic production activities. The deduction for student loan interest increased 10.7 percent to \$9.3 billion, while the domestic production activities deduction increased by 43 percent to \$8.2 billion. The latter increase was attributable to a 50-percent increase in the percentage of income that could be deducted (see Changes in Law section). The aggregate amount deducted for exemptions increased by 2 percent from \$1,032.9 billion for 2009 to \$1,053.7 billion for 2010.

Total deductions, the sum of standard deductions and total itemized deductions, decreased 0.4 percent from Tax Year 2009 to \$1,911.5 billion in Tax Year 2010. The number of returns claiming the standard deduction increased 1.6 percent, accounting for 65.8 percent of all returns filed and 38.9 percent of the total deductions amount. The 2008 law that allowed a taxpayer to increase his or her standard deduction for certain State and local real estate taxes was not continued for Tax Year 2010. With the removal of real estate taxes from the standard deduction, the average standard deduction (comprised of the basic, additional standard deductions for age and blindness, and increased standard deduction for motor vehicle taxes and net disaster losses) decreased 2.7 percent from \$8,132 for 2009 to \$7,911 for 2010. Itemized deductions were claimed on 32.6 percent of all returns filed for 2010 and represented 61.1 percent of the total

*Adrian Dungan and Michael Parisi are economists with the Individual Returns Analysis Section. This article was prepared under the direction of Michael Strudler, Chief, Individual Returns Research Section.*

# Individual Income Tax Returns, Preliminary Data, 2010

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**Figure A**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2009 and 2010

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

Item	Number of returns			Amount		
	2009	2010	Percentage change	2009	2010	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b>	<b>140,532,115</b>	<b>142,856,282</b>	<b>1.7</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Form 1040 returns	83,829,478	83,754,981	-0.1	N/A	N/A	N/A
Form 1040A returns	39,872,098	41,093,748	3.1	N/A	N/A	N/A
Form 1040EZ returns	16,830,540	18,007,553	7.0	N/A	N/A	N/A
Electronically-filed returns [1]	99,809,571	101,709,829	1.9	N/A	N/A	N/A
<b>Adjusted gross income (less deficit)</b>	<b>140,532,115</b>	<b>142,856,282</b>	<b>1.7</b>	<b>7,648,676,270</b>	<b>8,045,020,527</b>	<b>5.2</b>
Salaries and wages	117,253,027	118,240,428	0.8	5,797,103,468	5,920,186,109	2.1
Taxable interest	57,980,811	55,350,527	-4.5	148,292,561	117,869,310	-20.5
Tax-exempt interest [2]	6,245,826	6,091,192	-2.5	68,382,089	69,221,407	1.2
Ordinary dividends	29,239,484	27,951,339	-4.4	147,144,977	155,453,034	5.6
Qualified dividends	25,397,334	25,005,581	-1.5	112,590,344	115,605,831	2.7
State income tax refunds	23,711,859	22,059,302	-7.0	28,528,315	25,244,094	-11.5
Alimony received	431,210	441,462	2.4	8,356,158	8,587,978	2.8
Business or profession net income	16,466,708	16,978,538	3.1	295,277,183	307,490,422	4.1
Business or profession net loss	5,602,356	5,450,300	-2.7	55,736,863	52,254,773	-6.2
Business or profession net income less loss	22,069,063	22,428,838	1.6	239,540,320	255,235,649	6.6
Net capital gain [3]	6,578,169	7,200,065	9.5	240,530,591	320,126,367	33.1
Capital gain distributions [3]	4,170,541	6,574,859	57.7	2,263,502	5,842,520	158.1
Net capital loss	13,523,710	12,758,052	-5.7	31,919,981	29,732,934	-6.9
Sales of property other than capital assets, net gain	640,855	746,053	16.4	8,083,053	10,646,805	31.7
Sales of property other than capital assets, net loss	1,023,768	1,068,430	4.4	25,263,769	28,616,716	13.3
Sales of property other than capital assets net gain less loss	1,664,623	1,814,483	9.0	-17,180,716	-17,969,911	4.6
Taxable Individual Retirement Arrangement distributions	9,676,851	12,587,711	30.1	132,979,694	192,590,593	44.8
Taxable pensions and annuities	26,342,262	26,971,722	2.4	531,132,961	567,746,880	6.9
Rent and royalty net income	5,972,666	6,103,530	2.2	82,400,420	86,770,707	5.3
Rent and royalty net loss	5,596,584	5,610,628	0.3	62,929,530	60,131,011	-4.4
Rent and royalty net income less loss	9,960,334	11,714,158	17.6	19,470,890	26,639,696	36.8
Partnership and S corporation net income	4,527,501	4,602,111	1.6	427,916,480	450,637,636	5.3
Partnership and S corporation net loss	2,747,604	2,576,367	-6.2	124,855,093	87,015,077	-30.3
Partnership and S corporation net income less loss	7,275,104	7,178,478	-1.3	303,061,388	363,622,559	20.0
Estate and trust net income	559,126	544,160	-2.7	18,798,329	19,943,526	6.1
Estate and trust net loss	43,984	38,990	-11.4	2,029,490	1,451,225	-28.5
Estate and trust net income less loss	603,110	583,150	-3.3	16,768,839	18,492,301	10.3
Farm net income	535,257	601,736	12.4	12,869,592	13,575,330	5.5
Farm net loss	1,395,882	1,303,456	-6.6	25,591,776	23,302,471	-8.9
Unemployment compensation [4]	11,420,821	15,093,157	32.2	84,092,522	121,101,218	44.0
Taxable Social Security benefits	15,436,014	16,360,942	6.0	176,122,458	192,700,608	9.4
<b>Total statutory adjustments</b>	<b>34,628,460</b>	<b>35,231,929</b>	<b>1.7</b>	<b>109,015,422</b>	<b>115,232,950</b>	<b>5.7</b>
Educator expenses	3,893,414	3,660,548	-6.0	983,216	927,901	-5.6
Certain business expenses of reservists, performing artists, and fee-basis government officials	144,058	132,271	-8.2	576,694	490,260	-15.0
Payments to an Individual Retirement Arrangement	2,637,211	2,632,705	-0.2	11,493,415	11,713,234	1.9
Student loan interest deduction	9,800,217	10,288,629	5.0	8,397,082	9,298,678	10.7
Tuition and fees deduction	2,425,639	2,003,930	-17.4	5,439,714	4,383,982	-19.4
Health savings account deduction	925,786	968,282	4.6	2,492,032	2,772,307	11.2
Moving expenses adjustment	859,324	1,005,822	17.0	2,074,641	2,636,778	27.1
Self-employment tax deduction	17,236,650	17,475,401	1.4	22,217,200	22,515,749	1.3
Self-employed health insurance deduction	3,409,010	3,577,367	4.9	19,963,550	21,180,593	6.1
Payments to a self-employed retirement (Keogh) plan	884,799	869,869	-1.7	17,501,797	17,201,923	-1.7
Penalty on early withdrawal of savings	1,192,925	1,206,181	1.1	1,495,136	2,141,056	43.2
Alimony paid	559,753	593,112	6.0	9,249,622	10,054,212	8.7
Domestic production activities deduction	463,430	582,531	25.7	5,714,609	8,171,498	43.0
Other adjustments [5]	160,749	138,137	-14.1	1,248,821	1,656,941	32.7

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Figure A—Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2009 and 2010—Continued

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

Item	Number of returns			Amount		
	2009	2010	Percentage change	2009	2010	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total exemptions [6]</b>	<b>285,222,318</b>	<b>288,871,701</b>	<b>1.3</b>	<b>1,032,899,119</b>	<b>1,053,677,881</b>	<b>2.0</b>
<b>Total deductions</b>	<b>138,159,474</b>	<b>140,462,104</b>	<b>1.7</b>	<b>1,918,264,196</b>	<b>1,911,465,276</b>	<b>-0.4</b>
<b>Total standard deduction</b>	<b>92,518,891</b>	<b>93,956,574</b>	<b>1.6</b>	<b>752,398,173</b>	<b>743,284,578</b>	<b>-1.2</b>
Basic standard deduction	92,518,891	93,956,574	1.6	713,501,506	721,558,846	1.1
Additional standard deduction [7]	26,019,896	13,149,538	-49.5	38,896,667	21,725,732	-44.1
<b>Total itemized deductions (after limitation)</b>	<b>45,640,583</b>	<b>46,505,531</b>	<b>1.9</b>	<b>1,165,866,022</b>	<b>1,168,180,698</b>	<b>0.2</b>
Itemized deductions in excess of limitation	5,743,008	136,957	-97.6	12,127,117	654,307	-94.6
Medical and dental expenses deduction	10,016,840	10,352,527	3.4	78,489,285	82,903,037	5.6
Taxes paid deduction	45,381,987	46,191,963	1.8	421,930,827	432,611,536	2.5
State and local income taxes [8]	43,998,291	44,777,788	1.8	244,564,731	253,982,187	3.9
Income taxes	33,963,074	33,661,696	-0.9	229,290,638	238,019,649	3.8
General sales taxes	10,035,217	11,116,092	10.8	15,274,093	15,962,538	4.5
Interest paid deduction	36,919,968	37,348,715	1.2	432,757,674	402,049,295	-7.1
Total home mortgage interest	36,501,715	36,878,908	1.0	417,074,207	387,104,437	-7.2
Charitable contributions deduction	37,305,909	38,166,791	2.3	148,594,527	158,187,787	6.5
<b>Taxable income</b>	<b>104,354,180</b>	<b>107,420,757</b>	<b>2.9</b>	<b>5,107,861,921</b>	<b>5,458,994,693</b>	<b>6.9</b>
Alternative minimum tax	3,877,580	4,020,556	3.7	20,204,674	24,309,578	20.3
<b>Income tax before credits</b>	<b>103,719,284</b>	<b>106,771,394</b>	<b>2.9</b>	<b>978,255,840</b>	<b>1,056,272,937</b>	<b>8.0</b>
<b>Total tax credits [9]</b>	<b>87,931,109</b>	<b>91,088,638</b>	<b>3.6</b>	<b>110,207,348</b>	<b>111,767,702</b>	<b>1.4</b>
Child care credit	6,335,953	6,434,860	1.6	3,346,081	3,452,202	3.2
Credit for the elderly or disabled	62,019	92,219	48.7	8,023	14,051	75.1
Child tax credit	23,692,091	23,727,736	0.2	28,584,022	28,692,548	0.4
Education tax credits	10,739,306	12,018,996	11.9	10,981,087	12,459,021	13.5
Retirement savings contributions credit	6,351,030	6,230,031	-1.9	1,058,651	1,049,749	-0.8
Residential energy credits	6,869,229	7,331,493	6.7	5,943,126	6,301,094	6.0
Foreign tax credit	6,356,367	6,668,226	4.9	12,938,622	13,097,303	1.2
General business credit	248,672	406,707	63.6	1,237,780	1,663,038	34.4
Prior year minimum tax credit	298,910	240,536	-19.5	730,408	638,835	-12.5
<b>Total Making work pay credit</b>	<b>101,758,158</b>	<b>106,426,882</b>	<b>4.6</b>	<b>51,099,849</b>	<b>54,718,281</b>	<b>7.1</b>
Making work pay credit used to offset income tax before credits	68,995,598	72,116,514	4.5	34,674,354	37,317,086	7.6
Making work pay credit used to offset other taxes	8,852,516	9,643,871	8.9	3,446,159	3,822,387	10.9
Making work pay credit refundable portion	32,494,288	33,988,609	4.6	12,979,336	13,578,808	4.6
<b>Total earned income credit (EIC)</b>	<b>27,388,200</b>	<b>27,776,521</b>	<b>1.4</b>	<b>60,426,876</b>	<b>60,931,712</b>	<b>0.8</b>
EIC used to offset income tax before credits	1,494,322	1,429,504	-4.3	492,308	460,585	-6.4
EIC used to offset other taxes	5,188,174	5,519,451	6.4	4,816,120	4,946,755	2.7
EIC refundable portion	25,345,868	25,662,481	1.2	55,118,448	55,524,372	0.7
<b>Total additional child tax credit</b>	<b>21,539,362</b>	<b>21,285,710</b>	<b>-1.2</b>	<b>27,744,075</b>	<b>28,113,542</b>	<b>1.3</b>
Additional child tax credit used to offset other taxes	N/A	909,965	[10]	N/A	918,366	[10]
Excess additional child tax credit refundable portion	N/A	20,733,949	[10]	N/A	27,195,176	[10]
<b>Total American opportunity credit</b>	<b>8,951,615</b>	<b>12,122,252</b>	<b>35.4</b>	<b>7,711,336</b>	<b>10,748,301</b>	<b>39.4</b>
American opportunity credit used to offset income tax before credits	4,448,852	5,432,589	22.1	3,549,154	4,323,011	21.8
American opportunity credit used to offset other taxes	385,926	650,484	68.6	221,967	346,260	56.0
American opportunity credit refundable portion	4,924,465	7,281,054	47.9	3,940,214	6,079,030	54.3
<b>Total first-time homebuyer credit</b>	<b>1,371,959</b>	<b>335,581</b>	<b>-75.5</b>	<b>9,715,356</b>	<b>2,294,470</b>	<b>-76.4</b>
First-time homebuyer credit used to offset income tax before credits	1,085,512	267,215	-75.4	4,837,874	1,285,311	-73.4
First-time homebuyer credit used to offset other taxes	169,320	30,836	-81.8	217,777	40,033	-81.6
First-time homebuyer credit refundable portion	996,425	216,443	-78.3	4,659,706	969,127	-79.2

Footnotes at end of table.

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## Figure A—Continued

### Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2009 and 2010—Continued

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

Item	Number of returns			Amount		
	2009	2010	Percentage change	2009	2010	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total adoption credit</b>	<b>81,430</b>	<b>96,949</b>	<b>19.1</b>	<b>280,603</b>	<b>1,216,411</b>	<b>333.5</b>
Adoption credit used to offset income tax before credits	81,430	46,698	-42.7	280,603	193,144	-31.2
Adoption credit used to offset other taxes	N/A	15,884	[10]	N/A	34,536	[10]
Excess adoption credit refundable portion	N/A	76,521	[10]	N/A	988,731	[10]
<b>Total refundable prior year minimum tax credit</b>	<b>226,506</b>	<b>240,863</b>	<b>6.3</b>	<b>2,211,594</b>	<b>765,882</b>	<b>-65.4</b>
Refundable prior year minimum tax credit used to offset income tax before credits	186,257	201,041	7.9	865,920	508,072	-41.3
Refundable prior year minimum tax credit used to offset other taxes	9,751	7,722	-20.8	23,668	23,249	-1.8
Refundable prior year minimum tax credit refundable portion	44,868	41,251	-8.1	1,322,006	234,561	-82.3
Self-employment tax	17,236,650	17,475,401	1.4	44,425,902	45,022,813	1.3
<b>Total income tax</b>	<b>81,939,015</b>	<b>84,465,993</b>	<b>3.1</b>	<b>868,049,646</b>	<b>944,505,236</b>	<b>8.8</b>
<b>Total tax liability</b>	<b>86,138,122</b>	<b>88,401,489</b>	<b>2.6</b>	<b>910,001,338</b>	<b>986,772,646</b>	<b>8.4</b>

N/A--Not applicable.

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

[2] Not included in adjusted gross income.

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

[4] For Tax Year 2009, taxpayers did not have to pay taxes on unemployment compensation up to \$2,400. Amounts of unemployment compensation over \$2,400 were taxable and are the amounts shown for TY 2009. For Tax Year 2010, generally all unemployment compensation was taxable.

[5] Other adjustments does not include the foreign housing deduction or the medical savings account deduction.

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

[7] For Tax Years 2009 and 2010, the additional standard deduction included the increases for age and blindness, new motor vehicle taxes, or net disaster loss. Tax Year 2009 also included the increase in standard deduction for real estate taxes.

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

[9] Includes Making work pay credit, American opportunity credit, EIC, first-time homebuyer credit, adoption credit, and refundable prior year minimum tax credit used to offset income tax before credits, shown separately in this figure.

[10] Percentage not computed.

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

deductions amount.<sup>1</sup> The average total for itemized deductions was \$25,119, a 1.7-percent decrease from the 2009 average of \$25,545. This decrease occurred despite the change in law that eliminated AGI limitations on itemized deductions for certain high-income taxpayers for Tax Year 2010 (see Changes in Law section). Thus, while 5.7 million higher-income taxpayers were unable to deduct \$12.1 billion in itemized deductions in 2009, there were no such limitations in 2010. Overall, 46.5 million taxpayers (1.9 percent more than in 2009) claimed total itemized deductions of \$1,168.2 billion. This represented only 0.2 percent more than what was reported in 2009. The total taxes paid deduction was the largest

deduction, accounting for 37 percent of all itemized deductions. For 2010, it increased 2.5 percent to \$432.6 billion. The second largest deduction was the interest paid deduction, comprising 34.4 percent of total itemized deductions. For 2010, it decreased 7.1 percent to \$402 billion. Of the \$30.7 billion decrease in the interest paid deduction, 97.6 percent was attributable to the mortgage interest deduction. This large decrease in the mortgage interest deduction could be partially attributed to the lower average prevailing interest rates throughout 2010.<sup>2</sup> Other factors that could have affected the mortgage interest deduction included the decrease in home ownership and decrease in home prices. Other itemized deductions

<sup>1</sup> The remaining 1.7 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.

<sup>2</sup> The average mortgage interest rate for 2010 was 4.69 percent compared with 5.04 percent for 2009. See source: Primary Mortgage Market Survey®.

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included the deduction for medical and dental expenses, which increased 5.6 percent to \$82.9 billion, and the charitable contributions deduction, which increased 6.5 percent to \$158.2 billion in 2010.

Total tax credits (excluding the “refundable” portions, as well as any amount of these credits used to offset any other taxes) increased 1.4 percent in 2010 to \$111.8 billion. The making work pay credit, which equaled 6.2 percent of a taxpayer’s earned income up to \$400 (\$800 if married filing jointly), used to offset income tax before credits was claimed by 72.1 million taxpayers for \$37.3 billion. This represented a 7.6-percent increase from 2009 levels, despite the fact that the government retiree credit portion of this credit expired in 2010 (see Changes in Law section for further details). The portion of the making work pay credit used to offset other taxes and refundable portion increased 5.9 percent to \$17.4 billion. The adoption credit became refundable for the first time in 2010. The total adoption credit increased more than three-fold to \$1.2 billion in 2010, with almost \$1 billion being the refundable portion. The adoption credit used to offset income tax before credit decreased from \$0.3 billion in 2009 to \$0.2 billion in 2010. Also, the maximum credit increased from \$12,150 to \$13,170 (see Changes in Law section for further details).

For Tax Year 2010, a taxpayer could have claimed the first-time homebuyer credit if he or she bought a home after 2008 and before October 1, 2010 (if the taxpayer entered a written binding contract before May 1, 2010) and did not own a home during the prior 3 years. The first-time homebuyer credit was claimed by 0.3 million taxpayers, a decrease of 75.5 percent from 2009. The credit totaled \$2.3 billion for 2010, down 76.4 percent from \$9.7 billion in 2009. The noteworthy drop is attributable to the credit being available for only a portion of the tax year. The data in this release for the first-time homebuyer credit do not include data from amended returns or any adjustment made to this credit by the Internal Revenue Service. Other credit amounts with noticeable change included the credit for elderly and disabled (up 75.1 percent) and the general business credit (up 34.4 percent).

For 2010, the earned income credit (EIC) increased by 0.8 percent to \$60.9 billion. The EIC eligibility limits on the amounts of earned income and investment income increased slightly in 2010 (see

Changes in Law section). The portion of the EIC used to offset income tax before credits decreased 6.4 percent to \$0.5 billion, and the portion of the EIC used to offset other taxes (such as the self-employment tax) rose 2.7 percent to \$4.9 billion. The largest part of the EIC, the refundable portion, was paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 0.7 percent to \$55.5 billion for 2010. Taxpayers received a total of \$104.6 billion of refundable credits for 2010, not far off the \$111.8 billion in total tax credits used against income tax. Other credits besides the previously mentioned making work pay credit, adoption credit, and EIC that could be used to offset other taxes and could also be refundable included the additional child tax credit, American opportunity (education) credit, first-time homebuyer credit, and (refundable) prior-year minimum tax credit. The largest of these credits, after the making work pay credit and EIC was the additional child tax credit, which was claimed by 21.3 million returns for a total of \$28.1 billion. Of this, 20.7 million returns claimed a refundable amount of \$27.2 billion. The American opportunity credit was claimed on 12.1 million returns for a total of \$10.7 billion, of which 7.3 million returns claimed a refundable amount totaling \$6.1 billion, an increase of 54.3 percent from 2009.

The comparisons of data for Tax Years 2009 and 2010 in this article are based on preliminary estimates. Even though final estimates for Tax Year 2009 are available, comparing preliminary estimates for Tax Year 2010 to final estimates may yield misleading results, because preliminary estimates tend to be underestimated for certain items. Comparisons based entirely on preliminary estimates reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. Final statistics for Tax Year 2009 are available in the fall 2011 issue of the *SOI Bulletin* and *Statistics of Income—2009, Individual Income Tax Returns*.

## Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2009, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2010 preliminary data presented in this article.

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*Adoption credit*—For Tax Year 2010, the adoption credit was refundable and the maximum credit amount increased from \$12,150 to \$13,170. The credit began to phase out if a taxpayer had modified adjusted gross income in excess of \$182,520 and completely phased out for modified adjusted gross income of \$222,520 or more.

*Alternative minimum tax (AMT)*—For Tax Year 2010, the minimum exemption increased from \$70,950 to \$72,450 for a married couple filing a joint return and from \$46,700 to \$47,450 for singles and heads of household, and from \$35,475 to \$36,225 for a married person filing separately.

*Credit for small employer health insurance premiums*—Eligible small employers could have claimed this credit for health insurance premiums after 2009. The credit was generally 35 percent of premiums paid and could have been taken against both regular and alternative minimum tax. The credit could be claimed as part of the general business credit on Form 3800, *General Business Credit*.

*Domestic production activities deduction*—For 2010, taxpayers could have deducted up to 9 percent of their qualified production activities income. For 2009, this deduction was limited to 6 percent.

*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. For 2010, the EIC increased for taxpayers with three or more children. The maximum credit for taxpayers with three or more qualifying children increased from \$5,657 to \$5,666. For these taxpayers, earned income and AGI had to be less than \$43,352 (\$48,362 if married filing jointly) to be eligible for the EIC. The maximum credit for taxpayers with no qualifying children remained \$457. For these taxpayers, earned income and AGI had to be less than \$13,460 (\$18,470 if married filing jointly) to be eligible for the EIC. For taxpayers with one qualifying child, the maximum credit increased from \$3,043 to \$3,050 and, for taxpayers with two qualifying children, the maximum credit increased from \$5,028 to \$5,036. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$35,535 (\$40,545 for married filing jointly) for one qualifying child, or less than \$40,363 (\$45,373 for married filing jointly) for two qualifying children. The

maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit remained \$3,100.

*Exemption amount*—For 2010, high-income taxpayers no longer lost part of their deduction for personal exemptions as part of a phaseout, regardless of the amount of their AGI. For 2008 and 2009, certain high-income taxpayers could lose no more than one-third of the dollar amount of each exemption, meaning that the amount of each exemption could not be reduced to less than \$2,433.

*First time homebuyer credit*—For Tax Years 2009 and 2010, a taxpayer may have claimed this credit (up to \$8,000 or \$4,000 if married filing separately) if he or she bought a home after 2008 and before October 1, 2010 (if the taxpayer entered a written binding contract before May 1, 2010) and did not own a main home during the prior 3 years. Taxpayers were only allowed to claim this credit in Tax Year 2009 if their modified AGI was below \$95,000 (\$170,000 if married filing jointly), and they purchased the home before November 7, 2009. If the home was purchased after November 6, 2009, this income limit was increased to \$145,000 (\$245,000 if married filing jointly). For homes purchased in 2009 or 2010, taxpayers had to repay the credit only if the home ceases to be their main home within a 36-month period beginning on the purchase date.

*Individual retirement arrangement deduction*—The phase-out range for IRA deductions for those covered by a retirement plan began at an AGI of \$89,000 if married filing jointly or a qualifying widow(er). The phase-out was \$56,000 for a single person or head of household, up from \$55,000 in 2009 and at \$0 for a married person filing a separate return. Starting in 2010, the \$100,000 modified AGI limit on rollovers and conversions from eligible retirement plans to Roth IRAs was eliminated. Also, married taxpayers filing separately were allowed to roll over or convert amounts to a Roth IRA. Half of the income realized from the rollover or conversion in 2010 could have been included in income in 2011 and the other half in 2012. The taxpayer could also have elected to have all of the income included in 2010.

*Limit on itemized deductions increased*—For 2010, high-income taxpayers no longer lost part of their itemized deductions as part of a phaseout, regardless of their AGI. For Tax Years 2008 and 2009,

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the amount by which the deduction was reduced was only one-third of the amount of the reduction that would have otherwise applied.

*Personal casualty and theft loss limit*—The limit on personal casualty or theft loss was reduced for Tax Year 2010. Each loss is now limited to the excess of the loss over \$100 instead of the \$500 limit that applied for 2009.

*Self-employed health insurance deduction*—For 2010, a taxpayer could have reduced his or her net self-employment income on Schedule SE, *Self-Employment Tax*, by the amount of self-employed health insurance deduction entered on line 29 of Form 1040. Effective March 30, 2010, if a taxpayer was self-employed and paid for health insurance, he or she was able to include in deduction on line 29 any premiums he or she paid to cover their child who was under age 27 at the end of 2010, even if the child was not their dependent.

*Standard deduction amount increased*—For 2010, the standard deduction increased to \$8,400 for heads of households. For 2009, the deduction for heads of households was \$8,350. The 2008 law that allowed a taxpayer to increase his or her standard deduction for certain State and local real estate taxes, or a net disaster loss after 2009, was not continued for Tax Year 2010.

*Unemployment compensation*—For 2010, all unemployment compensation received was generally taxable. The exclusion of the first \$2,400 of unemployment compensation received from taxable income expired.

## Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms

1040, 1040A, and 1040EZ, including electronically filed returns) filed during Calendar Year 2010. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes.<sup>3</sup> Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2010 data are based on a sample of 237,403 returns and an estimated final population of 142,961,416 returns. The corresponding sample and population for the preliminary 2009 data were 230,520 returns and 140,599,263 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. 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 SOI Sampling Methodology and Data Limitations, later in this issue of the *SOI Bulletin*.

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 2009 returns, between January and late September of 2010. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately large amounts of investment income, passive losses, and alternative minimum tax.

<sup>3</sup> Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss from Farming*.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of returns, total</b>	<b>142,856,282</b>	<b>37,422,453</b>	<b>30,895,052</b>	<b>25,624,771</b>	<b>30,628,738</b>	<b>14,008,915</b>	<b>1,537,306</b>	<b>2,739,048</b>
Form 1040 returns	83,754,981	14,644,189	12,029,108	14,499,956	24,631,130	13,674,244	1,537,306	2,739,048
Form 1040A returns	41,093,748	12,597,193	14,699,733	8,520,045	4,971,114	305,663	0	0
Form 1040EZ returns	18,007,553	10,181,070	4,166,210	2,604,770	1,026,493	29,009	0	0
Electronically-filed returns [2]	101,709,829	28,246,647	24,942,038	20,493,702	24,503,901	120,820	1,208,976	2,193,745
<b>Adjusted gross income (less deficit)</b>	<b>8,045,020,527</b>	<b>126,609,449</b>	<b>679,250,402</b>	<b>1,000,721,222</b>	<b>2,179,050,685</b>	<b>1,872,056,039</b>	<b>341,470,887</b>	<b>1,845,861,843</b>
Salaries and wages:								
Number of returns	118,240,428	26,429,993	25,659,099	22,469,660	27,051,731	12,793,003	1,401,593	2,435,348
Amount	5,920,186,109	220,621,492	522,400,593	803,860,138	1,684,980,862	1,454,682,235	251,279,279	982,361,511
Taxable interest:								
Number of returns	55,350,527	8,342,405	7,208,829	8,761,615	16,710,684	10,483,007	1,310,039	2,533,947
Amount	117,869,310	11,743,204	9,954,780	12,223,609	22,985,283	19,866,397	4,660,262	36,435,775
Tax-exempt interest: [3]								
Number of returns	6,091,192	609,776	488,170	672,338	1,676,340	1,413,080	285,121	946,368
Amount	69,221,407	3,385,799	2,789,275	4,313,241	11,497,444	13,002,934	3,457,711	30,775,002
Ordinary dividends:								
Number of returns	27,951,339	4,080,631	3,005,096	3,620,294	8,091,928	6,132,658	957,111	2,063,622
Amount	155,453,034	7,453,594	6,394,822	8,410,292	25,595,249	26,414,835	7,167,458	74,016,782
Qualified dividends:								
Number of returns	25,005,581	3,563,174	2,615,644	3,191,318	7,179,814	5,597,040	894,715	1,963,876
Amount	115,605,831	4,236,812	3,692,376	5,113,906	16,674,018	19,020,067	5,378,204	61,490,449
State income tax refunds:								
Number of returns	22,059,302	544,653	1,228,972	3,266,169	9,034,171	6,455,098	650,090	880,149
Amount	25,244,094	606,370	697,359	2,124,398	7,522,157	7,627,993	1,298,936	5,366,880
Alimony received:								
Number of returns	441,462	72,469	95,158	130,477	113,874	23,815	2,552	3,118
Amount	8,587,978	571,397	976,873	1,746,519	2,888,082	1,533,892	310,827	560,387
Business or profession net income:								
Number of returns	16,978,538	5,722,257	2,935,666	2,251,832	3,346,717	1,928,621	264,521	528,924
Amount	307,490,422	42,896,180	35,591,889	31,872,104	55,427,134	57,682,586	17,043,893	66,976,636
Business or profession net loss:								
Number of returns	5,450,300	970,057	921,577	1,001,741	1,482,855	811,560	97,018	165,492
Amount	52,254,773	18,489,392	6,976,922	7,184,149	8,909,445	5,499,842	1,089,466	4,105,558
Net capital gain: [4]								
Number of returns	7,200,065	823,527	676,489	876,440	2,036,572	1,725,970	308,996	752,070
Amount	320,126,367	12,905,011	2,754,128	4,395,483	16,381,058	24,551,209	8,882,591	250,256,886
Capital gain distributions: [4]								
Number of returns	6,574,859	825,893	542,163	737,082	1,770,448	1,543,044	290,641	865,587
Amount	5,842,520	346,840	276,132	397,030	1,141,598	1,355,118	307,595	2,018,207
Net capital loss:								
Number of returns	12,758,052	2,337,110	1,265,342	1,481,469	3,320,637	2,724,467	488,426	1,140,600
Amount	29,732,934	5,511,516	2,869,883	3,325,951	7,528,381	6,286,134	1,187,491	3,023,579
Sales of property other than capital assets, net gain:								
Number of returns	746,053	129,448	67,209	85,203	201,021	126,093	31,689	105,390
Amount	10,646,805	1,815,289	376,630	479,397	1,595,202	1,451,024	502,516	4,426,746
Sales of property other than capital assets, net loss:								
Number of returns	1,068,430	222,915	98,337	116,753	222,477	192,895	35,294	179,760
Amount	28,616,716	18,562,092	1,084,385	1,632,177	2,296,856	1,820,522	415,100	2,805,585
Taxable Individual Retirement Arrangement distributions:								
Number of returns	12,587,711	1,856,646	2,030,671	2,141,805	3,916,756	2,003,467	243,945	394,421
Amount	192,590,593	9,491,611	14,556,303	20,797,479	57,161,861	51,535,477	9,727,304	29,320,558

Footnotes at end of table.

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Taxable pensions and annuities:</b>								
Number of returns	26,971,722	4,122,458	4,851,083	4,921,760	8,128,300	3,974,751	394,002	579,369
Amount	567,746,880	27,570,139	58,365,100	84,392,635	200,197,401	147,004,851	18,885,478	31,331,274
<b>Rent and royalty net income:</b>								
Number of returns	6,103,530	911,484	760,139	826,150	1,713,297	1,231,362	180,351	480,747
Amount	86,770,707	6,865,264	5,055,932	6,040,865	15,575,897	18,714,312	4,339,768	30,178,670
<b>Rent and royalty net loss:</b>								
Number of returns	5,610,628	828,983	665,326	853,920	1,822,015	1,073,965	104,821	261,598
Amount	60,131,011	14,207,972	5,393,531	7,686,433	15,861,983	9,482,442	1,457,651	6,041,000
<b>Partnership and S corporation net income:</b>								
Number of returns	4,602,111	339,146	340,043	444,827	1,159,041	1,161,506	264,890	892,658
Amount	450,637,636	5,352,477	3,275,875	6,388,707	24,689,207	45,490,790	19,176,966	346,263,615
<b>Partnership and S corporation net loss:</b>								
Number of returns	2,576,367	523,314	219,719	284,252	675,447	532,408	97,156	244,071
Amount	87,015,077	48,537,289	2,464,297	3,319,769	7,774,972	6,870,249	1,742,272	16,306,230
<b>Estate and trust net income:</b>								
Number of returns	544,160	65,791	* 46,602	50,878	176,783	114,688	28,200	61,218
Amount	19,943,526	441,103	* 251,828	294,121	2,027,975	2,667,017	1,016,878	13,244,604
<b>Estate and trust net loss:</b>								
Number of returns	38,990	5,323	2,035	2,230	11,826	7,398	2,617	7,562
Amount	1,451,225	877,995	2,695	27,317	60,960	52,790	32,693	396,776
<b>Farm net income:</b>								
Number of returns	601,736	124,777	65,094	108,204	182,874	90,456	9,000	21,330
Amount	13,575,330	1,169,797	838,520	1,433,957	3,688,917	3,514,305	669,617	2,260,217
<b>Farm net loss:</b>								
Number of returns	1,303,456	258,388	176,001	218,857	373,665	204,545	22,998	49,001
Amount	23,302,471	6,462,537	2,343,073	2,780,363	5,284,846	3,373,857	620,615	2,437,180
<b>Unemployment compensation: [5]</b>								
Number of returns	15,093,157	3,095,530	4,511,576	2,872,924	3,380,761	1,066,670	73,641	92,056
Amount	121,101,218	17,647,545	40,095,084	24,334,326	28,144,820	9,289,433	701,171	888,839
<b>Taxable Social Security benefits:</b>								
Number of returns	16,360,942	130,571	3,162,471	3,964,037	6,059,368	2,370,909	244,848	428,738
Amount	192,700,608	481,528	6,906,641	28,083,810	93,954,763	47,656,081	5,550,203	10,067,582
<b>Total statutory adjustments:</b>								
<b>Number of returns</b>	<b>35,231,929</b>	<b>7,334,439</b>	<b>5,595,043</b>	<b>5,988,404</b>	<b>9,317,769</b>	<b>5,285,093</b>	<b>515,231</b>	<b>1,195,950</b>
<b>Amount</b>	<b>115,232,950</b>	<b>10,088,874</b>	<b>9,836,031</b>	<b>12,823,888</b>	<b>24,023,064</b>	<b>23,103,217</b>	<b>5,597,248</b>	<b>29,760,628</b>
<b>Educator expenses:</b>								
Number of returns	3,660,548	85,572	240,639	643,113	1,506,185	1,043,333	75,896	65,811
Amount	927,901	18,147	55,353	153,606	376,286	288,704	19,627	16,179
<b>Certain business expenses of reservists, performing artists, and fee-basis government officials:</b>								
Number of returns	132,271	20,024	26,589	16,765	33,044	29,896	2,813	3,140
Amount	490,260	131,308	103,770	65,003	85,892	74,231	12,216	17,839
<b>Payments to an Individual Retirement Arrangement:</b>								
Number of returns	2,632,705	112,155	319,063	571,502	970,342	547,497	34,876	77,270
Amount	11,713,234	322,762	1,056,047	2,223,054	4,198,575	2,915,125	289,251	708,420
<b>Student loan interest deduction:</b>								
Number of returns	10,288,629	935,346	1,866,426	2,471,145	3,552,248	1,463,465	0	0
Amount	9,298,678	737,936	1,675,846	2,338,344	3,252,337	1,294,215	0	0
<b>Tuition and fees deduction:</b>								
Number of returns	2,003,930	536,699	200,296	220,478	450,573	595,883	0	0
Amount	4,383,982	1,521,633	435,295	440,977	847,030	1,139,047	0	0

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Health savings account deduction:								
Number of returns	968,282	42,027	80,249	142,336	295,933	249,611	34,369	123,755
Amount	2,772,307	87,286	122,602	270,739	772,278	791,248	139,833	588,321
Moving expenses adjustment:								
Number of returns	1,005,822	91,018	191,317	244,362	283,549	151,744	19,106	24,726
Amount	2,636,778	236,134	394,435	499,193	719,044	507,387	115,653	164,933
Self-employment tax deduction:								
Number of returns	17,475,401	5,515,684	2,944,943	2,282,387	3,495,493	2,111,172	331,386	794,337
Amount	22,515,749	3,031,831	2,626,899	2,516,289	4,614,847	4,443,291	1,111,260	4,171,334
Self-employed health insurance deduction:								
Number of returns	3,577,367	561,610	478,014	522,358	827,808	635,284	132,459	419,834
Amount	21,180,593	2,169,329	1,896,092	2,384,463	4,413,982	4,622,252	1,100,619	4,593,856
Payments to a self-employed retirement (Keogh) plan:								
Number of returns	869,869	14,662	26,965	55,196	147,614	264,947	86,852	273,634
Amount	17,201,923	135,524	139,927	305,508	1,493,684	3,813,617	2,018,673	9,294,989
Penalty on early withdrawal of savings:								
Number of returns	1,206,181	273,590	214,230	250,290	270,688	147,780	18,263	31,341
Amount	2,141,056	621,688	577,334	856,008	49,745	21,482	3,145	11,654
Alimony paid:								
Number of returns	593,112	37,956	50,392	78,730	210,836	128,606	26,926	59,667
Amount	10,054,212	613,155	492,587	520,081	2,322,124	2,292,614	583,442	3,230,209
Domestic production activities deduction:								
Number of returns	582,531	40,918	32,313	51,849	159,603	138,722	26,569	132,557
Amount	8,171,498	382,575	47,985	111,532	488,818	652,929	190,258	6,297,402
Other adjustments: [6]								
Number of returns	138,137	10,041	28,324	29,397	47,664	16,166	1,743	4,802
Amount	1,656,941	75,371	210,644	130,361	364,110	244,867	12,758	618,829
<b>Total exemptions:</b>								
<b>Number of exemptions</b>	<b>288,871,701</b>	<b>49,985,940</b>	<b>60,511,517</b>	<b>52,580,978</b>	<b>73,694,061</b>	<b>39,530,192</b>	<b>4,442,693</b>	<b>8,126,319</b>
<b>Amount</b>	<b>1,053,677,881</b>	<b>182,295,119</b>	<b>220,706,682</b>	<b>191,820,646</b>	<b>268,912,428</b>	<b>144,258,143</b>	<b>16,207,380</b>	<b>29,477,484</b>
<b>Total deductions:</b>								
<b>Number of returns</b>	<b>140,462,104</b>	<b>35,036,910</b>	<b>30,890,795</b>	<b>25,621,630</b>	<b>30,627,721</b>	<b>14,008,889</b>	<b>1,537,297</b>	<b>2,738,863</b>
<b>Amount</b>	<b>1,911,465,276</b>	<b>248,789,460</b>	<b>270,187,744</b>	<b>271,288,814</b>	<b>469,204,169</b>	<b>350,450,176</b>	<b>59,470,129</b>	<b>242,074,784</b>
<b>Total standard deduction:</b>								
<b>Number of returns</b>	<b>93,956,574</b>	<b>33,164,061</b>	<b>27,014,946</b>	<b>18,120,770</b>	<b>13,355,609</b>	<b>2,127,474</b>	<b>85,606</b>	<b>88,109</b>
<b>Amount</b>	<b>743,284,578</b>	<b>219,288,525</b>	<b>212,001,055</b>	<b>151,996,804</b>	<b>134,267,590</b>	<b>23,845,726</b>	<b>945,728</b>	<b>939,149</b>
Basic standard deduction:								
Number of returns	93,956,574	33,164,061	27,014,946	18,120,770	13,355,609	2,127,474	85,606	88,109
Amount	721,558,846	212,471,983	206,509,136	148,167,402	129,821,334	22,809,445	890,675	888,871
Additional standard deduction: [7]								
Number of returns	13,149,538	4,305,353	3,304,016	2,300,637	2,601,124	579,405	30,466	28,538
Amount	21,725,732	6,816,543	5,491,919	3,829,401	4,446,256	1,036,281	55,053	50,278
<b>Total itemized deductions (after limitation):</b>								
<b>Number of returns</b>	<b>46,505,531</b>	<b>1,872,849</b>	<b>3,875,849</b>	<b>7,500,859</b>	<b>17,272,112</b>	<b>11,881,416</b>	<b>1,451,691</b>	<b>2,650,754</b>
<b>Amount</b>	<b>1,168,180,698</b>	<b>29,500,934</b>	<b>58,186,689</b>	<b>119,292,010</b>	<b>334,936,579</b>	<b>326,604,450</b>	<b>58,524,401</b>	<b>241,135,635</b>
Itemized deductions in excess of limitation:								
Number of returns	136,957	0	0	0	* 4,349	38,605	32,725	61,278
Amount	654,307	0	0	0	* 274	6,789	19,212	628,032

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Medical and dental expenses deduction:								
Number of returns	10,352,527	1,323,820	1,976,004	2,393,631	3,518,890	1,033,385	54,427	52,371
Amount	82,903,037	12,023,959	14,998,071	17,213,723	25,731,100	10,263,285	1,080,402	1,592,497
Taxes paid deduction:								
Number of returns	46,191,963	1,783,269	3,800,831	7,417,000	17,224,006	11,867,569	1,451,103	2,648,186
Amount	432,611,536	5,570,997	12,431,010	29,300,169	105,262,240	128,876,749	26,233,639	124,936,733
State and local income taxes: [8]								
Number of returns	44,777,788	1,571,101	3,544,805	7,140,376	16,790,613	11,673,619	1,434,163	2,623,112
Amount	253,982,187	1,148,569	3,528,708	11,570,587	51,862,661	72,986,757	16,361,955	96,522,949
Income taxes:								
Number of returns	33,661,696	473,953	1,768,843	4,911,573	13,242,402	9,817,855	1,224,257	2,222,813
Amount	238,019,649	547,961	2,122,707	9,251,465	46,573,857	68,997,232	15,693,188	94,833,239
General sales taxes:								
Number of returns	11,116,092	1,097,148	1,775,962	2,228,803	3,548,211	1,855,763	209,906	400,298
Amount	15,962,538	600,609	1,406,001	2,319,122	5,288,805	3,989,524	668,767	1,689,709
Interest paid deduction:								
Number of returns	37,348,715	1,083,054	2,506,737	5,650,011	14,356,524	10,372,375	1,227,326	2,152,688
Amount	402,049,295	8,567,758	19,074,492	45,061,693	133,796,574	125,430,033	20,189,198	49,929,547
Total home mortgage interest:								
Number of returns	36,362,426	1,036,535	2,409,435	5,511,974	14,025,505	10,157,415	1,193,764	2,027,798
Amount	380,676,165	8,229,943	18,121,315	42,626,632	127,173,272	122,119,547	19,521,612	42,883,844
Charitable contributions deduction:								
Number of returns	38,166,791	1,136,914	2,698,889	5,547,298	14,227,137	10,709,872	1,349,520	2,497,163
Amount	158,187,787	1,674,016	5,553,188	12,674,126	40,042,401	41,313,238	7,859,050	49,071,769
<b>Taxable income:</b>								
<b>Number of returns</b>	<b>107,420,757</b>	<b>9,649,481</b>	<b>24,081,184</b>	<b>24,957,037</b>	<b>30,473,187</b>	<b>13,988,316</b>	<b>1,535,731</b>	<b>2,735,820</b>
<b>Amount</b>	<b>5,458,994,693</b>	<b>26,770,237</b>	<b>225,318,018</b>	<b>543,874,308</b>	<b>1,443,559,314</b>	<b>1,378,141,139</b>	<b>265,932,250</b>	<b>1,575,399,427</b>
Alternative minimum tax:								
Number of returns	4,020,556	10,396	5,161	5,284	151,239	811,897	882,958	2,153,621
Amount	24,309,578	227,369	13,791	21,875	184,784	1,648,811	2,586,466	19,626,482
<b>Income tax before credits:</b>								
<b>Number of returns</b>	<b>106,771,394</b>	<b>9,399,571</b>	<b>23,880,028</b>	<b>24,863,895</b>	<b>30,386,422</b>	<b>13,970,468</b>	<b>1,534,947</b>	<b>2,736,063</b>
<b>Amount</b>	<b>1,056,272,937</b>	<b>2,877,080</b>	<b>25,267,634</b>	<b>68,335,485</b>	<b>210,156,072</b>	<b>246,274,217</b>	<b>58,819,080</b>	<b>444,543,369</b>
<b>Total tax credits: [9]</b>								
<b>Number of returns</b>	<b>91,088,638</b>	<b>5,389,760</b>	<b>20,993,931</b>	<b>22,765,769</b>	<b>27,936,607</b>	<b>11,767,598</b>	<b>697,566</b>	<b>1,537,407</b>
<b>Amount</b>	<b>111,767,702</b>	<b>1,321,395</b>	<b>11,184,156</b>	<b>20,813,829</b>	<b>42,850,537</b>	<b>21,128,828</b>	<b>1,067,227</b>	<b>13,401,731</b>
Child care credit:								
Number of returns	6,434,860	17,465	944,093	1,346,925	2,240,810	1,521,047	155,246	209,272
Amount	3,452,202	2,082	428,504	773,422	1,213,105	845,874	79,556	109,658
Credit for the elderly or disabled:								
Number of returns	92,219	54,177	38,042	0	0	0	0	0
Amount	14,051	10,145	3,906	0	0	0	0	0
Child tax credit:								
Number of returns	23,727,736	105,404	4,376,589	6,448,031	9,490,216	3,306,063	* 1,428	* 4
Amount	28,692,548	11,875	2,032,816	6,602,038	15,461,904	4,582,742	* 1,169	* 3
Education tax credits:								
Number of returns	12,018,996	923,577	2,949,458	2,741,255	3,671,084	1,733,622	0	0
Amount	12,459,021	229,427	2,277,752	2,841,165	4,590,235	2,520,443	0	0
Retirement savings contributions credit:								
Number of returns	6,230,031	255,767	2,805,782	2,472,343	696,139	0	0	0
Amount	1,049,749	40,034	465,779	429,773	114,164	0	0	0
Residential energy credits:								
Number of returns	7,331,493	66,459	543,571	1,293,200	2,984,510	1,907,719	212,536	323,497
Amount	6,301,094	12,728	274,722	888,654	2,464,049	1,875,796	246,886	538,258

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Foreign tax credit:								
Number of returns	6,668,226	125,696	417,774	739,164	2,026,357	1,869,003	379,742	1,110,491
Amount	13,097,303	5,250	34,181	120,305	472,025	1,105,693	509,210	10,850,639
General business credit:								
Number of returns	406,707	3,671	14,731	25,239	97,168	116,764	30,276	118,858
Amount	1,663,038	3,738	6,884	29,287	146,385	286,835	78,800	1,111,110
Prior year minimum tax credit:								
Number of returns	240,536	* 3,413	1,223	6,690	37,353	116,003	24,114	51,741
Amount	638,835	* 864	254	5,249	46,684	153,522	40,259	392,002
<b>Total Making work pay credit:</b>								
<b>Number of returns</b>	<b>106,426,882</b>	<b>21,998,040</b>	<b>24,818,108</b>	<b>22,161,294</b>	<b>26,837,091</b>	<b>10,612,343</b>	<b>* 6</b>	<b>0</b>
<b>Amount</b>	<b>54,718,281</b>	<b>7,883,653</b>	<b>11,345,443</b>	<b>11,287,444</b>	<b>16,719,696</b>	<b>7,482,042</b>	<b>* 1</b>	<b>0</b>
Making work pay credit used to offset income tax before credits:								
Number of returns	72,116,514	4,163,436	13,917,175	17,806,051	25,644,691	10,585,154	* 6	0
Amount	37,317,086	988,607	5,210,909	8,051,161	15,608,869	7,457,538	* 1	0
Making work pay credit used to offset other taxes:								
Number of returns	9,643,871	5,190,604	2,567,415	1,324,378	544,762	16,712	0	0
Amount	3,822,387	1,798,566	1,135,622	623,394	255,281	9,524	0	0
Making work pay credit refundable portion:								
Number of returns	33,988,609	16,379,400	11,254,730	4,821,531	1,504,191	28,757	0	0
Amount	13,578,808	5,096,480	4,998,912	2,612,889	855,547	14,980	0	0
<b>Total earned income credit (EIC):</b>								
<b>Number of returns</b>	<b>27,776,521</b>	<b>13,913,752</b>	<b>9,518,457</b>	<b>4,344,312</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amount</b>	<b>60,931,712</b>	<b>25,803,441</b>	<b>29,727,850</b>	<b>5,400,421</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EIC used to offset income tax before credits:								
Number of returns	1,429,504	101,264	511,888	816,351	0	0	0	0
Amount	460,585	3,810	197,227	259,548	0	0	0	0
EIC used to offset other taxes:								
Number of returns	5,519,451	3,671,412	1,358,496	489,543	0	0	0	0
Amount	4,946,755	2,631,672	1,869,046	446,036	0	0	0	0
EIC refundable portion:								
Number of returns	25,662,481	12,728,878	9,299,049	3,634,554	0	0	0	0
Amount	55,524,372	23,167,960	27,661,576	4,694,837	0	0	0	0
<b>Total additional child tax credit:</b>								
<b>Number of returns</b>	<b>21,285,710</b>	<b>6,716,801</b>	<b>9,228,917</b>	<b>4,269,599</b>	<b>1,058,389</b>	<b>11,995</b>	<b>** 9</b>	<b>**</b>
<b>Amount</b>	<b>28,113,542</b>	<b>6,554,237</b>	<b>13,570,518</b>	<b>6,531,645</b>	<b>1,443,161</b>	<b>13,972</b>	<b>** 9</b>	<b>**</b>
Additional child tax credit used to offset other taxes:								
Number of returns	909,965	139,623	248,390	363,518	155,216	3,213	** 6	**
Amount	918,366	122,667	227,335	401,118	164,964	2,280	** 2	**
Additional child tax credit refundable portion:								
Number of returns	20,733,949	6,618,114	9,098,490	4,059,533	948,444	9,364	** 5	**
Amount	27,195,176	6,431,569	13,343,183	6,130,528	1,278,197	11,692	** 7	**
<b>Total American opportunity credit:</b>								
<b>Number of returns</b>	<b>12,122,252</b>	<b>2,896,471</b>	<b>2,763,568</b>	<b>2,032,941</b>	<b>2,789,841</b>	<b>1,639,431</b>	<b>0</b>	<b>0</b>
<b>Amount</b>	<b>10,748,301</b>	<b>2,456,775</b>	<b>2,314,981</b>	<b>1,762,750</b>	<b>2,590,271</b>	<b>1,623,524</b>	<b>0</b>	<b>0</b>
American opportunity credit used to offset income tax before credits:								
Number of returns	5,432,589	7,519	553,949	927,735	2,311,996	1,631,390	0	0
Amount	4,323,011	1,084	188,034	605,901	1,923,072	1,604,920	0	0

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

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		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
American opportunity credit used to offset other taxes:								
Number of returns	650,484	210,645	143,828	157,505	130,822	7,684	0	0
Amount	346,260	100,832	62,689	83,949	92,055	6,735	0	0
American opportunity credit refundable portion:								
Number of returns	7,281,054	2,861,189	2,503,215	1,262,088	638,737	15,826	0	0
Amount	6,079,030	2,354,859	2,064,258	1,072,901	575,143	11,869	0	0
<b>Total first-time homebuyer credit:</b>								
<b>Number of returns</b>	<b>335,581</b>	<b>22,527</b>	<b>40,099</b>	<b>63,780</b>	<b>132,430</b>	<b>68,200</b>	<b>8,546</b>	<b>0</b>
<b>Amount</b>	<b>2,294,470</b>	<b>126,374</b>	<b>272,040</b>	<b>437,022</b>	<b>935,236</b>	<b>470,491</b>	<b>53,308</b>	<b>0</b>
First-time homebuyer credit used to offset income tax before credits:								
Number of returns	267,215	* 1,019	19,160	47,948	122,547	68,000	8,540	0
Amount	1,285,311	* 380	22,218	121,869	629,602	457,973	53,268	0
First-time homebuyer credit used to offset other taxes:								
Number of returns	30,836	* 1,582	* 6,727	9,290	13,036	* 198	* 3	0
Amount	40,033	* 2,362	* 9,355	6,043	21,000	* 1,264	* 10	0
First-time homebuyer credit refundable portion:								
Number of returns	216,443	22,521	39,036	60,729	85,798	8,355	* 5	0
Amount	969,127	123,632	240,466	309,111	284,634	11,254	* 29	0
<b>Total adoption credit:</b>								
<b>Number of returns</b>	<b>96,949</b>	<b>11,477</b>	<b>* 7,327</b>	<b>27,686</b>	<b>30,339</b>	<b>19,468</b>	<b>* 599</b>	<b>* 53</b>
<b>Amount</b>	<b>1,216,411</b>	<b>181,560</b>	<b>* 158,305</b>	<b>272,725</b>	<b>388,034</b>	<b>213,652</b>	<b>* 1,600</b>	<b>* 535</b>
Adoption credit used to offset income tax before credits:								
Number of returns	46,698	0	0	* 7,377	19,564	19,107	* 599	* 51
Amount	193,144	0	0	* 8,053	64,304	118,669	* 1,600	* 517
Adoption credit used to offset other taxes:								
Number of returns	15,884	* 2,787	0	* 4,374	* 6,241	* 2,482	0	0
Amount	34,536	* 660	0	* 15,426	* 11,351	* 7,099	0	0
Adoption credit refundable portion:								
Number of returns	76,521	11,477	* 7,326	22,298	26,890	** 8,530	0	**
Amount	988,731	180,900	* 158,305	249,246	312,379	** 87,903	0	**
<b>Total refundable prior year minimum tax credit:</b>								
<b>Number of returns</b>	<b>240,863</b>	<b>19,050</b>	<b>3,732</b>	<b>5,195</b>	<b>9,366</b>	<b>44,217</b>	<b>32,550</b>	<b>126,754</b>
<b>Amount</b>	<b>765,882</b>	<b>82,358</b>	<b>4,093</b>	<b>5,395</b>	<b>23,932</b>	<b>147,901</b>	<b>54,868</b>	<b>447,334</b>
Refundable prior year minimum tax credit used to offset income tax before credits:								
Number of returns	201,041	437	* 48	* 17	1,785	40,313	32,213	126,227
Amount	508,072	4,430	* 12	* 64	1,029	74,692	52,473	375,372
Refundable prior year minimum tax credit used to offset other taxes:								
Number of returns	7,722	3,291	* 64	713	2,135	1,002	113	403
Amount	23,249	4,014	* 110	485	2,866	6,031	156	9,586
Refundable prior year minimum tax credit refundable portion:								
Number of returns	41,251	16,982	3,680	4,887	7,498	6,054	272	1,878
Amount	234,561	73,915	3,971	4,845	20,037	67,178	2,239	62,376

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2010

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**Table 1. Individual Income Tax Returns, Tax Year 2010 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Self-employment tax:</b>								
Number of returns	17,475,401	5,515,684	2,944,943	2,282,387	3,495,493	2,111,172	331,386	794,337
Amount	45,022,813	6,060,884	5,252,358	5,031,449	9,227,983	8,885,508	2,222,361	8,342,270
<b>Total income tax:</b>								
<b>Number of returns</b>	<b>84,465,993</b>	<b>5,267,685</b>	<b>14,212,513</b>	<b>18,573,591</b>	<b>28,258,918</b>	<b>13,894,638</b>	<b>1,531,659</b>	<b>2,726,990</b>
<b>Amount</b>	<b>944,505,236</b>	<b>1,555,686</b>	<b>14,083,478</b>	<b>47,521,656</b>	<b>167,305,536</b>	<b>225,145,390</b>	<b>57,751,853</b>	<b>431,141,638</b>
<b>Total tax liability:</b>								
<b>Number of returns</b>	<b>88,401,489</b>	<b>7,668,951</b>	<b>14,903,207</b>	<b>19,080,396</b>	<b>28,574,427</b>	<b>13,912,902</b>	<b>1,532,840</b>	<b>2,728,766</b>
<b>Amount</b>	<b>986,772,646</b>	<b>3,259,653</b>	<b>16,493,259</b>	<b>51,808,353</b>	<b>177,971,387</b>	<b>235,995,318</b>	<b>60,316,101</b>	<b>440,928,576</b>

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

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

[1] Includes returns with adjusted gross deficit.

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

[3] Not included in adjusted gross income.

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

[5] For Tax Year 2010, generally all unemployment compensation was taxable. For Tax Year 2009, taxpayers did not have to pay taxes on unemployment compensation up to \$2,400.

[6] Other adjustments does not include the foreign housing deduction or the medical savings account deduction.

[7] For Tax Year 2010 the increases in standard deduction were taken as:

  Age and blindness: Number of returns - 12,833,550

                          Amount (in thousands of dollars) - 21,283,156

  New motor vehicle taxes: Number of returns - 259,623

                          Amount (in thousands of dollars) - 330,828

  Net disaster loss: Number of returns - 3,163

                          Amount (in thousands of dollars) - 14,272

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

[9] Includes Making work pay credit, EIC, American opportunity credit, first time homebuyer credit, adoption credit, and refundable prior year minimum tax credit used to offset income tax before credits, shown separately later in this table.

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

# Individual Income Tax Rates and Shares, 2009

by Kyle Mudry

**T**axpayers filed 140.5 million individual income tax returns for Tax Year 2009. Of those, 81.9 million (or 58.3 percent) were classified as taxable returns. This represents the lowest percentage of taxable returns in more than 24 years. A taxable return is a return that has total income tax greater than \$0. The number of taxable returns was 9.7 percent lower than for 2008. Adjusted gross income (AGI) on these taxable returns decreased 10.6 percent to \$6,778 billion for 2009, while total income tax decreased 16.1 percent to \$866 billion.<sup>1</sup> The average tax rate for taxable returns decreased 0.8 percentage points to 12.8 percent.

The top 1 percent of tax returns with AGI of at least \$343,927, accounted for 16.9 percent of AGI for 2009.<sup>2</sup> This represents a decrease in income share of 3.1 percentage points from the previous year, when the cutoff for this group was \$380,354. These taxpayers accounted for 36.7 percent of the total income tax reported, a decrease from 38 percent in 2008. The top 5 percent of tax returns accounted for 31.7 percent of AGI and 58.7 percent of total income tax for 2009. To be included in the top 5 percent, a tax return must have had AGI of at least \$154,643, whereas, in 2008, the cutoff for this group was \$159,619.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2009. To put this discussion into perspective, the article 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 Concept,” “modified” taxable income, and marginal tax rates), the computation of “alternative minimum taxable income,” and data sources and limitations.

*Kyle Mudry is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.*

## Income Tax Rates

Discussions of income tax rates generally involve measuring two distinct tax rates: average tax rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. Generally, for the statistics in this article, the average tax rate is “total income tax” (see the Explanation of Selected Terms section of this article) divided by AGI reported on returns showing some income tax liability.

Measures of marginal tax rates focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See the Income and Tax Concepts section of this article for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of average and marginal tax rates in more detail and discuss the statistics based on these rates for 2009.

## Average Tax Rates

Figure A presents statistics for 1986 through 2009 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See the Income and Tax Concepts section and Figure G of this article for a more detailed explanation of the 1979 Income Concept.) These tax years can be partitioned into eight 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.

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

<sup>2</sup> The number of returns with zero or negative adjusted gross income, and the corresponding amounts for adjusted gross deficit, were excluded. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2009, there were 2.5 million returns with zero or negative AGI excluded, including 3,820 returns with no adjusted gross income that reported income tax.

# Individual Income Tax Rates and Shares, 2009

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## Figure A

### Total Number of Returns, and Selected Income and Tax Items for Taxable Returns

[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
2006	* 138,394,754	92,740,927	67.0	7,439	1,024	13.8	80,218	11,041	39,791	5,477
2007	** 142,978,806	96,272,958	67.3	8,072	1,116	13.8	83,851	11,588	40,449	5,590
2008	142,450,569	90,660,104	63.6	7,583	1,032	13.6	83,647	11,379	38,851	5,285
2009	140,494,127	81,890,189	58.3	6,778	866	12.8	82,765	10,574	38,579	4,929
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
2006	* 138,394,754	92,740,927	67.0	7,640	1,024	13.4	82,379	11,041	40,863	5,477
2007	** 142,978,806	96,272,958	67.3	8,282	1,116	13.5	86,028	11,588	41,499	5,590
2008	142,450,569	90,660,104	63.6	7,760	1,032	13.3	85,592	11,379	39,754	5,285
2009	140,494,127	81,890,189	58.3	6,893	866	12.6	84,168	10,575	39,232	4,929

\* Includes 742,859 Form 1040 EZ-T returns.

\*\* The total number of returns does not include the returns filed by individuals only to receive the economic stimulus payment and who had no other reason to file.

[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 2009, the CPI-U = 214.537.

[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 1986-2009. See Figure G for components of the 1979 Income Concept.

## Individual Income Tax Rates and Shares, 2009

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- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure.<sup>3</sup> The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation on some itemized deductions, and a phase-out 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 phase-out 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 maximum statutory tax rate of 39.6 percent). See the Income and Tax Concepts section of this article for a more detailed description of the capital gain rates.
- (7) Tax Years 2001 through 2009 were affected mainly by two new laws, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). EGTRRA included a new, 10-percent tax rate bracket, as well as reductions in tax rates for brackets higher than 15 percent of one-half percentage point for 2001 and 1 percentage point for 2002. It also included increases in the child tax credit and an increase in alternative minimum tax exemptions. Tax Year 2003, under JGTRRA, saw additional rate reductions (accelerations of EGTRRA's phased-in reductions) in ordinary marginal tax rates higher than the 15-percent rate, as well as expansions to particular income thresholds in the rates from 15 percent and below. Also, the rate for most long-term capital gains was reduced from 20 percent to 15 percent. Further, qualified dividends were taxed at this same 15-percent rate.
- These changes are detailed in the previously published article, "Individual Income Tax Rates and Shares, 2003" in Appendix C (under *Tax Rate Reduction*). Under EGTRRA, beginning in 2006, the complete phase-out of personal exemptions and the limitation on some itemized deductions for upper-income taxpayers were modified to limit the maximum phase-out of two-thirds of both the exemption amount and the itemized deduction limitation amount. For 2008, the limit was changed to one-third. Beginning in 2004, the Working Families Tax Relief Act increased the additional child tax credit refundable rate from 10 percent to 15 percent.
- (8) Beginning in 2009, the American Recovery and Reinvestment Act (ARRA) provided a 2-year making work pay refundable tax credit of up to \$400 for working individuals and \$800 for working families. The Act temporarily increased the earned income credit by modifying calculations on qualifying earned income amounts and phase-out ranges. The Act increased eligibility for receiving the refundable portion of the child tax credit for 2009 and 2010 by lowering the earned income floor to receive the credit from \$8,500 to \$3,000. For 2009 and 2010, the Act provided an American opportunity tax credit of up to \$2,500 per student of the cost of tuition and related expenses. Other selected major individual income tax provisions in the Act include: a temporary refundable first-time homebuyers credit of up to \$8,000, a temporary suspension on Federal income tax on the first \$2,400 of unemployment compensation, an additional deduction for State sales and excise taxes on the purchase of certain motor vehicles, a \$250 credit for certain government retirees, and an aggregate cap of \$1,500 on residential energy credits for 2009 and 2010.
- About 81.9 million, or 58.3 percent, of the 140.5 million individual returns filed for 2009 were classified as taxable returns. This was a 9.7-percent decrease in the number of taxable returns from 2008. This also represents the lowest percentage of individ-

<sup>3</sup> For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where these benefits were completely phased out, the tax rate returned to 28 percent.

# Individual Income Tax Rates and Shares, 2009

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ual returns that were taxable in more than 24 years. Total AGI reported on taxable returns decreased 10.6 percent to \$6,778 billion. Using the 1979 Income Concept, total income on taxable returns decreased 11.2 percent to \$6,893 billion for 2009. Total income tax decreased by more than \$165 billion (16.1 percent) to \$866 billion for 2009. Average AGI for taxable returns decreased to \$82,765 for 2009, a 1.1-percent decrease from 2008. For 2009 average income tax also decreased by 7.1 percent to \$10,574.

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 have resulted in the definition of AGI changing from year to year. The 1979 Income Concept controls for much of this variation in tax law, and its use provides a more consistent estimate of the average tax rate across years. Under the 1979 Concept, the average

tax rate for 2009 decreased to 12.6 percent from 13.3 percent for the previous year.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 12.8 percent for 2009. The average tax rate for the AGI-size classes ranged from 2.7 percent for the “\$10,000 under \$20,000” AGI-size class to 24.6 percent for the “\$1,000,000 or more” AGI-size class.

The average tax rate of 12.8 percent for 2009 for all taxable income classes combined was 0.8 percentage points lower than in 2008. The average tax rate for taxable returns in AGI classes under \$200,000 fell for 2009 and increased in the “\$500,000 under \$1,000,000” and “\$1,000,000 or more” classes. The rate for taxable returns between \$200,000 and \$500,000 remained virtually the same at 19.6 percent.

Figure B1 shows all tax returns, adjusted gross income, total income tax minus refundable credits

**Figure B**

## Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2008 and 2009

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

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 [1]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Tax Year 2009:</b>											
Number of taxable returns	81,890	4	2,206	7,752	9,243	17,971	27,436	13,375	3,178	490	235
Adjusted gross income (less deficit)	6,777,685	-5,023	15,225	122,889	231,294	710,745	1,966,323	1,783,386	900,644	330,211	721,990
Total income tax	865,949	85	420	3,364	11,497	45,556	158,455	212,291	176,322	80,458	177,500
Average tax rate (percent) [2]	12.8	[3]	2.8	2.7	5.0	6.4	8.1	11.9	19.6	24.4	24.6
<b>Tax Year 2008:</b>											
Number of taxable returns	90,660	3	3,114	9,530	10,757	20,064	29,097	13,741	3,460	574	319
Adjusted gross income (less deficit)	7,583,462	-3,102	21,345	146,249	268,626	793,657	2,078,215	1,831,327	988,579	390,236	1,068,330
Total income tax	1,031,581	69	598	5,078	15,440	56,953	184,554	232,270	193,699	93,899	249,020
Average tax rate (percent) [2]	13.6	[3]	2.8	3.5	5.7	7.2	8.9	12.7	19.6	24.1	23.3
<b>Change in:</b>											
Number of taxable returns	-8,770	( Z )	-908	-1,778	-1,515	-2,093	-1,660	-367	-281	-84	-84
Percent	-9.7	[3]	-29.2	-18.7	-14.1	-10.4	-5.7	-2.7	-8.1	-14.7	-26.3
Adjusted gross income (less deficit)	-805,777	-1,920	-6,120	-23,361	-37,333	-82,912	-111,891	-47,941	-87,935	-60,024	-346,340
Percent	-10.6	-61.9	-28.7	-16.0	-13.9	-10.4	-5.4	-2.6	-8.9	-15.4	-32.4
Total income tax	-165,632	16	-178	-1,714	-3,943	-11,397	-26,099	-19,980	-17,377	-13,441	-71,520
Percent	-16.1	23.2	-29.7	-33.7	-25.5	-20.0	-14.1	-8.6	-9.0	-14.3	-28.7
<b>Average tax rate:</b>											
Percentage point change	-0.8	[4]	[5]	-0.7	-0.8	-0.8	-0.8	-0.8	[5]	0.3	1.3

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

[2] Average tax rate is "total income tax" as a percentage of adjusted gross income less deficit. The average tax rate was calculated from unrounded data.

[3] Percentage not computed.

[4] Change not computed.

[5] Less than 0.05 percent.

( Z )—Less than 500.

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

# Individual Income Tax Rates and Shares, 2009

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**Figure B1**

## All Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax Minus Refundable Credits [1], by Size of Adjusted Gross Income, Tax Years 2008 and 2009

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

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 [1]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Tax Year 2009:</b>											
Number of returns	140,494	2,512	22,668	23,845	18,696	25,168	30,159	13,522	3,195	493	237
Adjusted gross income (less deficit)	7,626,431	-198,958	119,626	354,483	463,162	982,969	2,139,407	1,801,447	905,347	332,037	726,911
Total income tax minus refundable credits [2]	752,805	-1,179	-15,904	-39,945	-17,277	28,192	153,579	211,315	176,143	80,419	177,463
Average tax rate (percent) [3]	9.9	[4]	-13.3	-11.3	-3.7	2.9	7.2	11.7	19.5	24.2	24.4
<b>Tax Year 2008:</b>											
Number of returns	142,451	2,490	23,778	22,778	18,610	25,641	30,926	13,851	3,477	578	321
Adjusted gross income (less deficit)	8,262,860	-163,765	121,413	339,856	461,556	1,002,997	2,193,691	1,845,103	993,427	392,535	1,076,046
Total income tax minus refundable credits [2]	950,534	-1,068	-11,199	-27,735	-5,202	46,322	181,585	231,655	193,356	93,843	248,979
Average tax rate (percent) [3]	11.5	[4]	-9.2	-8.2	-1.1	4.6	8.3	12.6	19.5	23.9	23.1
<b>Change in:</b>											
Number of returns	-1,956	22	-1,110	1,067	86	-473	-767	-329	-282	-85	-84
Percent	-1.4	0.9	-4.7	4.7	0.5	-1.8	-2.5	-2.4	-8.1	-14.7	-26.3
Adjusted gross income (less deficit)	-636,429	-35,193	-1,788	14,628	1,606	-20,029	-54,285	-43,656	-88,079	-60,498	-349,135
Percent	-7.7	-21.5	-1.5	4.3	0.3	-2.0	-2.5	-2.4	-8.9	-15.4	-32.4
Total income tax minus refundable credits	-197,729	-111	-4,704	-12,210	-12,075	-18,130	-28,006	-20,341	-17,212	-13,424	-71,516
Percent	-20.8	-10.3	-42.0	-44.0	-232.1	-39.1	-15.4	-8.8	-8.9	-14.3	-28.7
<b>Average tax rate:</b>											
Percentage point change	-1.6	[5]	-4.1	-3.1	-2.6	-1.8	-1.1	-0.8	[6]	0.3	1.3

[1] Refundable credits includes the part used to offset other taxes.

[2] 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.

[3] For Tax Year 2008, the refundable credits included the earned income credit, additional child tax credit, recovery rebate credit, first-time homebuyer credit, and the prior-year minimum tax credit. For Tax Year 2009, the refundable credits included the earned income credit, additional child tax credit, making work pay credit, refundable education credit, first-time homebuyer credit, and the prior-year minimum tax credit.

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

[5] Percentage not computed.

[6] Change not computed.

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

(including credits used to offset other taxes), and the average tax rate including the effects from these refundable credits. For 2009, including the effects of refundable tax credits, the average tax rate for all 140.5 million returns (and, thus, including returns with no income tax or negative income tax) was 9.9 percent. This was down 1.6 percentage points from 2008, when this rate for all returns was 11.5 percent. During the same period, AGI for all returns declined by 7.7 percent. As shown in Figure B, the average tax rate on taxable returns (not including the effects of refundable credits) was 12.8 percent, which was 0.8 percentage points lower than 2008. Much of the

difference between these decreases was attributable to the increase in the amount of refundable credits for 2009 in comparison to 2008, especially with the introduction of the making work pay credit and the American opportunity credit for 2009 (see Changes in the Law section for details).

### 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.<sup>4</sup> These statistics are based on individual income tax returns that show a positive taxable

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

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**Figure C**

## Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate [1], Tax Year 2009

[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)
<b>Total</b>	<b>104,164,970</b>	<b>100.0</b>	<b>5,091,769,819</b>	<b>100.0</b>	<b>953,407,786</b>	<b>100.0</b>
0 percent (capital gains)	697,273	0.7	5,483,080	0.1	--	--
5 percent (prior year rate)	15,619	[2]	93,543	[2]	4,677	[2]
10 percent	26,836,661	25.8	152,959,513	3.0	14,591,211	1.5
10 percent (Form 8814) [3]	19,108	[2]	15,557	[2]	1,565	[2]
15 percent	41,537,389	39.9	1,183,128,472	23.2	152,079,486	16.0
15 percent (capital gains) [4]	7,314,707	7.0	367,028,103	7.2	45,772,310	4.8
25 percent	21,534,962	20.7	1,568,261,541	30.8	265,213,509	27.8
25 percent (capital gains)	110,882	0.1	16,422,728	0.3	2,765,754	0.3
28 percent	3,714,412	3.6	545,834,436	10.7	115,128,765	12.1
28 percent (capital gains)	7,943	[2]	1,820,158	[2]	380,500	[2]
33 percent	1,420,839	1.4	387,601,030	7.6	95,205,412	10.0
35 percent	790,063	0.8	860,236,500	16.9	261,690,538	27.4
Form 8615 [5]	165,111	0.2	2,885,159	0.1	574,060	0.1

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

[2] Less than 0.05 percent.

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

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

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

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

income amount based on “tax generated” (see the Explanation of Selected Terms section of this article) and items of income that were subject to the regular income tax, generally those included in AGI.<sup>5</sup> The Income and Tax Concepts section of this article explains the determination of the marginal tax rate bracket into which a return is assumed to fall. Table 2 contains additional data based on ordinary tax rates and presents statistics on the income and tax generated at each ordinary tax rate by size of AGI.

For 2009, the number of individual returns with modified taxable income decreased 3.5 percent to 104.2 million.<sup>6</sup> The amount of modified taxable income reported on these returns decreased 9.9 percent to \$5,091.8 billion. The tax generated on these returns decreased by 11.8 percent to \$953.4 billion. Figure C presents the amounts and percentages of modified taxable income and income tax generated

(before alternative minimum tax and reduction by tax credits, including the earned income credit) by the marginal tax rate categories (defined in the Income and Tax Concepts section of this article).

Returns with modified taxable income in the “15-percent” (ordinary income) marginal tax rate bracket contained the largest share of returns for 2009, at 39.9 percent. These returns reported 23.2 percent of modified taxable income for 2009 and generated 16 percent of income tax (before credits and excluding the AMT). Conversely, taxpayers in the “35-percent” (ordinary income) marginal rate, the least represented (ordinary income) bracket, accounted for only 0.8 percent of returns but reported 16.9 percent of the modified taxable income and 27.4 percent of the tax generated (the second largest of any tax bracket). The “10-percent” (ordinary income) marginal rate bracket reported the second

<sup>5</sup> Tax generated does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security and Medicare tax on income from self-employment), the Social Security tax on certain tip income, household employment taxes, tax from the recapture of prior-year investment, low-income housing, or other credits, penalty tax applicable to early withdrawals from an individual retirement arrangement (IRA) or other qualified retirement plans, and tax on trusts, accumulation, and distributions. The statistics for “total tax liability,” shown in Bryan, Justin, “Individual Income Tax Returns: 2009,” *Statistics of Income Bulletin*, Fall 2011, Volume 31, Number 2, include these taxes.

<sup>6</sup> Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, in some situations the receipt of some forms of tax-exempt income, such as tax-exempt interest, could have influenced the taxability of other income, in particular Social Security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.

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largest share of returns at 25.8 percent. However, such returns accounted for only 3 percent of modified income and 1.5 percent of income tax generated. With a 20.7-percent share of returns, making it the third largest bracket, the “25-percent” (ordinary income) marginal rate bracket reported the largest percentage (30.8) of total modified taxable income and percent of income tax generated (27.8). Returns in the “28-percent” (ordinary income) marginal rate bracket represented 3.6 percent of the total share of returns and accounted for 10.7 percent of the modified taxable income and 12.1 percent generated income tax. Returns in the “33-percent” (ordinary income) marginal rate bracket represented the second smallest share of ordinary tax rate returns at 1.4 percent, and accounted for 7.6 percent of the modified taxable income and 10.0 percent of the tax generated. Returns in the capital gain and dividends 0-percent, 15-percent, 25-percent, and 28-percent tax brackets represented 7.8 percent of returns and reported a total of 7.6 percent of modified taxable income and 5.1 percent of the tax.

As shown in Table 2, the tax generated (regular tax before credits) for 2009 at the 15-percent rate was more than any other rate. The 37.7 percent of income taxed at this rate was reported by 73.2 percent of returns with modified taxable income, producing 21.2 percent of tax generated. The 25-percent (ordinary income rate) generated the next largest amount of income tax. Tax in that bracket was reported on 26.5 percent of returns, with 15.9 percent of all modified taxable income taxed at this rate, generating 30.2 percent of the tax generated. The 35-percent rate had the third largest amount of tax generated. Tax in that bracket was reported on only 0.8 percent of returns. However, 9.5 percent of all modified taxable income was taxed at this rate, generating 17.8 percent of tax generated.

## Components of Total Income Tax

### Regular Tax

Regular tax is generally tax determined from a taxpayer’s taxable income based on statutory tax

rates. It does not include the alternative minimum tax (AMT) nor does it exclude allowable tax credits. Figure D illustrates the derivation of the aggregate tax generated for 2008 and 2009 returns. Table 1 includes two tax amounts: “tax generated” and “income tax after credits.” Tables 5 through 8 and Figures A and B include an additional measure of tax, “total income tax,” which also includes distributed tax on trust accumulations, while Figure B1 includes total income tax minus refundable credits.

As shown in Figure D and column 5 of Table 1, the tax generated by applying statutory ordinary income and capital gain tax rates to modified taxable income was \$953.4 billion, an 11.8-percent decrease from 2008.<sup>7</sup> For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers (see Alternative Minimum Tax section of this article for explanation), 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).<sup>8</sup> The AMT decreased 12 percent to \$22.6 billion for 2009. Income tax before credits was \$976.0 billion for 2009, down from \$1,106.9 billion, representing an 11.8-percent decrease from 2008. Taxpayers used \$110.1 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 exceeds the taxpayer’s liability and any portion of the EIC used to reduce taxes other than income taxes are excluded from the computation of income tax after credits.<sup>9</sup> Both income tax after credits (Figure D) and total income tax (the sum of income tax after credits and tax on trust accumulation distributions) totaled \$865.9 billion. These taxes both represented a 16.1-percent decrease from 2008. Including refundable credits totaling \$113.1 billion for 2009, income tax minus refundable credits was \$752.8 billion, a 20.8-percent decrease from 2008.

For returns with modified taxable income, Table 4a shows estimates of income tax before credits by

<sup>7</sup> The 2008 data are from Mudry, Kyle, “Individual Income Tax Rates and Shares, 2008,” *Statistics of Income Bulletin*, Winter 2011, Volume 30, Number 3, p. 22-75.

<sup>8</sup> The income amounts on which these special computations for lump-sum distributions were based were not reflected in current-year AGI or current-year taxable income.

<sup>9</sup> For 2009, the total earned income credit was \$59.2 billion. This amount includes the amount used to reduce the income tax (\$0.49 billion), the amount used to reduce other taxes reported on individual income tax returns (\$4.8 billion), and the amount refunded to taxpayers (\$54 billion). Table 4 in Bryan, Justin, “Individual Income Tax Returns: 2009,” *Statistics of Income Bulletin*, Fall 2011, Volume 31, Number 2 shows these amounts.

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## Figure D

### Derivation of Tax Years 2008 and 2009 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Item	2008	2009	Percentage change (2008–2009)
	(1)	(2)	(3)
<b>Tax generated from tax rate schedules or tax table</b>	<b>1,081.3</b>	<b>953.4</b>	<b>-11.8</b>
PLUS:			
Tax on lump-sum distributions from qualified retirement plans	[1]	[1]	[2]
Alternative minimum tax	25.6	22.6	-12.0
EQUALS:			
<b>Income tax before credits</b>	<b>1,106.9</b>	<b>976.0</b>	<b>-11.8</b>
LESS: Tax credits, total [3]	75.4	110.1	46.1
Child-care credit	3.5	3.3	-5.9
Child tax credit [3]	30.5	28.4	-6.9
Nonrefundable education credit	7.6	10.8	42.0
Foreign tax credit	16.6	13.1	-21.2
General business credit	1.6	1.6	-2.9
Earned income credit (limited to the amount needed to reduce total income tax to zero)	1.0	0.5	-49.6
Credit for prior-year minimum tax	0.9	0.3	-69.2
Retirement savings contribution credit	1.0	1.0	6.4
Other credits [4]	12.5	51.0	306.9
EQUALS:			
<b>Income tax after credits</b>	<b>1,031.6</b>	<b>865.9</b>	<b>-16.1</b>
PLUS: Trusts accumulation distribution	[1]	[1]	[2]
EQUALS:			
<b>Total income tax</b>	<b>1,031.6</b>	<b>865.9</b>	<b>-16.1</b>

[1] Less than \$0.05 billion.

[2] Percentage not computed.

[3] Does not include the additional child tax credit that for 2009 was \$27.5 billion which was refunded to taxpayers and not included in total income tax.

[4] Includes credits listed separately in table 2 of "Individual Income Tax Returns: 2009," *Statistics of Income Bulletin*, Fall 2011, Volume 31, Number 2.

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

type of tax computation. It compares the amount of tax before credits assuming that all taxable income is subject to regular tax rates with the amount of tax before credits actually computed after reflecting both regular tax rates and any special tax computations that the taxpayer is either permitted or required to make. In particular, qualified dividends and long-term capital gains are generally subject to lower tax rates, and certain dependent tax filers are required to compute their tax as if their income were the marginal income of their parents or guardian.<sup>10</sup> The capital gains computations generally reduce taxes; the special provision for certain dependent filers can only increase taxes.

For 2009, 83.9 million returns had their tax before credits computed using only regular income tax rates, compared with 85.4 million for 2008 that used only regular tax computations, a decrease of 1.8 percent. The top portion of Table 4a shows the data for these returns. Since these returns did not use any special tax computations, the difference due to special computation (shown in columns 4 and 8) is zero.

As shown in the bottom section of Table 4a, for 2009, 20.1 million returns had their tax liability decreased by Schedule D (capital gains) and dividend tax computations. This was a decrease of 40 percent from the 20.9 million returns in 2008. Taxpayers filing these tax returns paid \$48.9 billion (column 8)

<sup>10</sup> Dependents with income over \$1,900 other than earned income could file their own returns but were required to calculate their tax on other than earned income in excess of \$1,900, as if it were their parent's or guardian's marginal income. Form 8615 was used to compute the higher tax. For dependents with only modest amounts of investment income, the parent or guardian could elect to include the dependent's income on the parent's tax return and fill out Form 8814 for the dependent's income, relieving the dependent of having to file his or her own tax return.

less in tax before credits than they would have paid if they had not received the benefits of the lower tax rates for qualified dividends and capital gains. This was down from the \$68.3 billion in savings for 2008 from using these special tax rates. For these taxpayers, the average tax savings decreased from \$3,264 for 2008 to \$2,431 for 2009.

As shown in the middle section of Table 4a, for 2009, the number of tax returns filed by dependents under age 18 with Form 8615 for reporting investment income greater than \$1,900 declined by 0.2 million, representing a decrease of 57 percent from 2008. Form 8615 was used to compute the dependents tax as the dependents' income was the marginal income of the parent or guardian. This mandatory calculation can result in no change or an increase in tax before credits; it cannot lower the dependent's tax before credits. Thus, for Form 8615 filers, the difference in tax before credits due to special computations (column 8) reflects the combination of the lower tax from use of the special tax rates for dividends and capital gains and the possibly higher tax from the required Form 8615 tax computation. The combination of the two offsetting provisions reduced taxes by \$59.1 million for 2009. The net tax reduction was due to a tax reduction of \$213.6 million from use of dividend and capital gains, and a tax increase of \$154.6 million from the Form 8615 tax computation.

## Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax (AMT) 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 the Computation of Alternative Minimum Taxable Income section of this article 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 or were required to include, Form 6251, even though their tax liability was not increased due to the AMT. The tabulations in Figure E include such forms. For 2009,

AMT liability decreased 12 percent to \$22.6 billion from \$25.6 billion in 2008. The number of returns that were subject to paying the AMT decreased by 0.1 million for the period.<sup>11</sup> Alternative minimum taxable income (AMTI) for all returns filing a Form 6251 decreased 15.6 percent to \$1.8 trillion from 2008.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2009. Much of the variation in the number of taxpayers affected by the AMT and in the amount of AMT liability during the mid- to late 1980s and early 1990s was attributable to tax law changes such as TRA86, the Revenue Reconciliation Act of 1990 (RRA90), and the Omnibus Budget Reconciliation Act (OBRA93), each of which altered the AMT. Since then, the impact of the AMT has increased partially because the AMT exemptions have not been automatically indexed annually for the effects of inflation, whereas various parameters of the ordinary income tax (such as tax brackets, exemptions, etc.) have been indexed annually for inflation. In both EGTRRA in 2001 and JGTRRA in 2003, AMT exemptions were increased, while ordinary tax rates declined. For 2009, AMT levels decreased to \$22.6 billion. Since 2001, the number of returns paying AMT has more than tripled from 1.1 million to 3.8 million.

## Income and Tax Shares

Historical statistics from 1986 through 2009 on income and tax by cumulative percentiles (based on numbers of returns with positive AGI) are presented in Tables 5 through 8. Distributions of AGI, as defined for each year, and tax or income item, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and 6. These tables can be used to make comparisons across cumulative percentile classes within each year, for tax years beginning in 1986.

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 0.1 percent (Table 5 only), 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. Tables 6 and 8 are based on returns cumulated upward from the lowest income returns. Data are

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

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**Figure E**

## Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 2008 and 2009

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total AMT adjustments and preferences [1]		Alternative minimum taxable income [1]		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2009						
<b>All returns</b>	<b>7,831,587</b>	<b>190,503,405</b>	<b>9,194,021</b>	<b>1,785,583,531</b>	<b>3,827,562</b>	<b>22,579,779</b>
Under \$1 [2]	161,005	3,834,616	215,990	-38,937,490	5,556	104,438
\$1 under \$10,000	171,195	531,740	456,430	1,336,522	283	3,991
\$10,000 under \$20,000	217,953	711,542	417,676	4,880,586	10,405	5,167
\$20,000 under \$30,000	236,829	1,029,999	407,312	7,890,142	8,039	11,276
\$30,000 under \$40,000	237,923	1,265,847	360,971	10,710,287	4,249	15,407
\$40,000 under \$50,000	241,673	1,293,867	338,763	13,219,477	3,981	7,702
\$50,000 under \$75,000	720,574	5,527,911	904,489	48,536,715	70,450	66,741
\$75,000 under \$100,000	721,588	7,896,504	813,859	61,880,808	99,872	148,679
\$100,000 under \$200,000	2,052,811	36,830,027	2,150,188	281,595,125	895,075	1,906,814
\$200,000 under \$500,000	2,544,187	68,192,193	2,594,969	695,219,809	2,385,452	13,349,664
\$500,000 under \$1,000,000	380,627	22,746,161	386,226	235,164,173	292,146	3,658,092
\$1,000,000 or more	145,224	40,642,997	147,150	464,087,379	52,053	3,301,807
Tax Year 2008						
<b>All returns</b>	<b>8,107,835</b>	<b>224,641,970</b>	<b>9,368,399</b>	<b>2,115,382,770</b>	<b>3,935,248</b>	<b>25,649,084</b>
Under \$1 [2]	152,087	4,400,620	190,461	-37,762,395	4,522	84,315
\$1 under \$10,000	135,449	411,187	409,114	1,236,415	1,996	1,667
\$10,000 under \$20,000	204,348	697,478	396,431	4,537,718	8,562	6,595
\$20,000 under \$30,000	244,123	1,156,030	383,820	7,332,580	7,219	12,141
\$30,000 under \$40,000	248,545	1,249,629	357,634	10,265,392	1,668	6,468
\$40,000 under \$50,000	251,762	1,501,893	349,773	13,469,193	5,194	19,507
\$50,000 under \$75,000	732,349	6,685,113	899,497	48,078,894	73,921	84,395
\$75,000 under \$100,000	739,983	9,068,168	823,847	62,818,884	113,642	236,706
\$100,000 under \$200,000	2,083,231	38,956,482	2,178,359	285,292,652	860,296	2,008,640
\$200,000 under \$500,000	2,684,791	74,901,818	2,736,825	740,279,297	2,448,210	13,649,960
\$500,000 under \$1,000,000	429,813	27,025,070	438,358	269,265,523	324,641	4,215,840
\$1,000,000 or more	201,354	58,588,480	204,279	710,568,617	85,375	5,322,850

[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.

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 138 million returns filed for 2009 with positive AGI.<sup>12</sup> The average tax rate for these returns was 11.1 percent, a 1.2-percentage point decrease from 2008. (A sizeable portion of returns with positive AGI are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 12.8-percent average tax rate for taxable returns only, shown in Figure A.) As expected for a graduated income tax system, the top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent all

recorded a larger share of the income tax burden than their respective shares of AGI. For 2009, the returns in the top 0.1 percent reported 7.8 percent of total AGI and 17.1 percent of total income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$1,432,890. For 2008, the returns in this percentile group (i.e., those with at least \$1,803,585 in AGI) reported 10 percent of total AGI and 18.5 percent of total income tax.

For 2009, the returns in the top 1 percent reported 16.9 percent of total AGI and 36.7 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was

<sup>12</sup> The percentile groupings of tax filers exclude returns with zero or negative AGI.

**Figure F**

## Alternative Minimum Tax, Tax Years 1986–2009

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

Tax year	Highest statutory alternative minimum tax rate	Alternative minimum tax	
		Number of returns	Amount
	(1)	(2)	(3)
1986	20	608,907	6,713,149
1987	21	139,779	1,674,898
1988	21	113,562	1,027,884
1989	21	117,483	831,012
1990	21	132,103	830,313
1991	24	243,672	1,213,426
1992	24	287,183	1,357,063
1993	28	334,615	2,052,790
1994	28	368,964	2,212,094
1995	28	414,106	2,290,576
1996	28	477,898	2,812,746
1997	28 [1]	618,072	4,005,101
1998	28 [1]	853,433	5,014,549
1999	28 [1]	1,018,063	6,477,697
2000	28 [1]	1,304,197	9,600,840
2001	28 [1]	1,120,047	6,756,705
2002	28 [1]	1,910,789	6,853,901
2003	28 [1]	2,357,975	9,469,803
2004	28 [1]	3,096,299	13,029,239
2005	28 [1]	4,004,756	17,421,071
2006	28 [1]	3,966,540	21,564,586
2007	28 [1]	4,108,964	24,109,512
2008	28 [1]	3,935,248	25,649,084
2009	28 [1]	3,827,562	22,579,779

[1] Top rate on most long-term capital gains was 20%, for 2003-09 the top rate was 15 percent.

\$343,927. For 2008, the returns in this percentile group (i.e., those with at least \$380,354 in AGI) reported 20 percent of total AGI and 38 percent of total income tax.

For 2009, the returns in the top 5-percent group (returns reporting AGI of \$154,643 or more) reported 31.7 percent of total AGI and 58.7 percent of income tax, compared to 34.7 percent and 58.7 percent, respectively, for 2008 (when the AGI floor was \$159,619). For 2009, returns in the top 10-percent group (returns with AGI of at least \$112,124) reported 43.2 percent of AGI and paid 70.5 percent of income tax. For 2008, the returns in this percentile group (with AGI of \$113,799 or more) reported 45.8 percent of total AGI and 69.9 percent of income tax. The top 50-percent group (reporting AGI of \$32,396

or more) accounted for 86.5 percent of AGI and paid almost all (97.8 percent) of the income tax for 2009.

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.<sup>13</sup> For 1991 and later years, the statistics by percentiles in Tables 5 and 6, 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 same was done for Tables 7 and 8 for 1994 and later years. 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 for Tables 5 and 6. Similarly for Tables 7 and 8, pre-1994 and post 1993 data are believed to be comparable.

### Explanation of Selected Terms

**This section provides brief explanations of the major tax concepts discussed in this article. For more extensive definitions, see Individual Income Tax Returns 2009, Statistics of Income Division, Internal Revenue Service, Publication 1304.**

*Adjusted gross income*—Adjusted gross income is “total income,” as defined by the Internal Revenue Code, less “statutory adjustments” (primarily business, investment, or certain other deductions, such as payments to a Keogh self-employed retirement plan, certain deductible contributions to an individual retirement arrangement (IRA), self-employed health insurance deductions, and one-half of Social Security taxes for the self-employed). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and net amounts from such sources as business income, rents and royalties, and sales of capital assets.

*Difference due to special tax computation*—For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 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).

<sup>13</sup> 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.

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*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 0 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rates).

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

- (1) Was age 18 at the end of 2009 and did not have earned income that was more than half of the child’s support, or
- (2) Was a full-time student over age 18 and under age 24 at the end of 2009 and did not have earned income that was more than half of the child’s support.

*Income tax before credits*—This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D tax worksheet, foreign-earned income tax work-

sheet, 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 0-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When a tax was payable on a qualified dividend, the tax was based on regular tax rates instead of the maximum tax rate for qualified dividends, 15 percent (0 percent for amounts that would otherwise have been taxed in the 10-percent tax bracket). This is in contrast to the computation of income tax before credits (see above) in which special tax computations such as those involved on Form 8615, Schedule D and qualified dividends are taken into account. See Table 4.

*Income tax after credits*—To arrive at income tax after credits, taxpayers deducted total credits from income tax before credits. For the statistics, tax was further reduced by the portion of the earned income credit, first-time homebuyer credit, making work pay credit, refundable education credit, refundable prior year minimum tax credit and the recovery rebate credit which did not result in a negative tax. Any tax remaining after subtraction of all credits and the credits mentioned above, was tabulated as income tax after credits. This is limited to zero.

*Income tax minus refundable credits*—This amount consisted income tax after credits from the Form 1040, less the Form 4970 tax, less the refundable credits including those used to offset other taxes. For Tax Year 2009, refundable credits included the earned income credit, additional child tax credit, making work pay credit, refundable education credit, first time homebuyer credit, and the (refundable) prior year minimum tax credit. This concept allows income tax to be negative if the refundable credit amounts exceed the income tax owed amount.

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

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

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

*Schedule D and qualified dividend tax computation*—Schedule D was used to compute the 0-percent, 15-percent, 25-percent, and 28-percent taxes on net long-term capital gains (in excess of net short-term capital losses) if such computations were beneficial to the taxpayer. Any investment interest allocated from long-term capital gains to net investment income for the investment interest expense deduction (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (0 percent for amounts that would otherwise have been taxed in the 15-percent bracket).

*Taxable income*—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for non-itemizers or total itemized deductions. 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 less the amount used to offset other taxes and the refundable portion of various other credits (including the making work pay and government retiree credits, refundable education credit, first-time homebuyer credit, and refundable prior-year minimum tax credit (with tax limited to zero)).

## Income Tax Structure

Taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 2009 were generally based on the amount of “gross income,” filing status, age, dependency, and blindness.<sup>14</sup> Generally, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 2009 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, education credit, low-income housing credit, or a few other business credits; recapture tax on the disposition of a home purchased with a Federally subsidized mortgage; 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.

<sup>14</sup> Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Bryan, Justin, “Individual Income Tax Returns: 2009,” *Statistics of Income Bulletin*, Fall 2011, Volume 31, Number 2.

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Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax.<sup>15</sup> Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses.<sup>16</sup> “Taxable income,” the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers’ incomes exceeding certain income thresholds.

Income tax before credits is calculated from taxable income using: tax tables or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children’s investment income; Schedule J for farmers and fishermen to income-average; foreign-earned income worksheet; Schedule D and Qualified Dividends worksheet for net long-term capital gains and qualified dividends; or some combination of the above. For 2009, the tax rates for each filing status were 0 percent, 10 percent, 15 percent, 25 percent, 26 percent, 28 percent, 33 percent, and 35 percent. The tax rates of 0 percent and 15 percent were used for qualified dividends and net long-term capital gains (in excess of net short-term capital losses). The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax.<sup>17</sup>

To calculate their Federal income tax liability for 2009, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules. The tax

table was based on income tax “brackets” up to \$50 wide.<sup>18</sup> The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax tables and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax tables could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax tables with taxable income that was subject to the 28-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$7.<sup>19</sup> However, for most taxpayers, the actual difference in tax was smaller.

## Changes in Law for 2009

The definitions used in this article are generally the same as those in *Statistics of Income—2009, Individual Income Tax Returns* (IRS Publication 1304). The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2009 data presented in this article.

*Additional child tax credits*—Modifications were made to the additional child tax credit for 2009. For Tax Year 2008, the credit limit based on earned income was 15 percent of a taxpayer’s earned income that exceeded \$8,500. For 2009, the limit was 15 percent of a taxpayer’s earned income that exceeded \$3,000.

*Alternative minimum tax (AMT)*—For Tax Year 2009, the alternative minimum tax exemption rose to \$70,950 for a married couple filing a joint return, up from \$69,950 in 2008, and to \$46,700 for singles and heads of household, up from \$46,200, and to \$35,475 from \$34,975 for a married person filing separately.

*Earned income credit*—The maximum amount of the earned income credit increased, as did the

<sup>15</sup> As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross income from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, and concept of “total income,” which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.

<sup>16</sup> As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, the health insurance deduction for certain self-employed taxpayers, and one-half of self-employment tax.

<sup>17</sup> Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

<sup>18</sup> For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. For taxable income above \$3,000 the brackets were \$50 wide.

<sup>19</sup> For example, assume a taxpayer filing as “married filing separately” reported taxable income of \$99,950. Using the tax table, the tax would be \$22,125, but, using the tax rate schedules, the tax would be \$22,018, a difference of \$7.

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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 \$3,100 from \$2,950. The maximum credit for taxpayers with no qualifying children increased to \$457 from \$438. For these taxpayers, earned income and AGI had to be less than \$13,440 (\$18,440 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$126 to \$3,043 and for taxpayers with two qualifying children, the maximum credit increased to \$5,028 from \$4,824. New for 2009, the maximum credit was \$5,657 for taxpayers with three or more qualifying children. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$35,463 (\$40,463 for married filing jointly) for one qualifying child, less than \$40,295 (\$45,295 for married filing jointly) for two qualifying children, or less than \$43,279 (\$48,279 for married filing jointly) for three or more qualifying children.

*Education credits*—The American opportunity credit was a new education credit (a modification of the Hope credit) available for 2009. The maximum credit per student was \$2,500 (100 percent of the first \$2,000 and 25 percent of the next \$2,000 of qualified education expenses). The credit was available for the first 4 years of postsecondary education, and 40 percent of the credit (up to \$1,000) was refundable. The American opportunity credit was phased out for AGI between \$80,000 and \$90,000 (\$160,000 and \$180,000 if married filing jointly). A taxpayer could not take the credit if he or she was claimed as a dependent on another return, married filing separately, or took a deduction for tuition and fees for the same student.

*First-time homebuyer credit*—For Tax Year 2009, a taxpayer may have claimed this credit (up to \$8,000, or \$4,000 if married filing separately) if he or she bought a home after 2008 and before October 1, 2010 (if the taxpayer entered a written binding contract before May 1, 2010), and did not own a main home during the prior 3 years. Taxpayers were only allowed to claim this credit in Tax Year 2009 if their modified AGI was below \$95,000 (\$170,000 if married filing jointly), and they purchased the home before November 7, 2009. If the home was purchased after November 6, 2009, this income limit was increased to \$145,000 (\$245,000 if married filing

jointly). For homes purchased in 2009 or 2010, taxpayers had to repay the credit only if the home ceases to be their main home within a 36-month period beginning on the purchase date.

*Government retiree credit*—Taxpayers were eligible for this new credit if they received a pension or annuity payment in 2009 for service performed for the Federal, State, or local government, and the service was not covered by Social Security. The credit was \$250 (\$500 if married filing jointly and both the taxpayer and spouse received qualifying pensions or annuities). A taxpayer could not take the credit if he or she already received a \$250 economic recovery payment (or in the case of joint returns, where both received \$250 payments) in 2009. The credit reduced the making work pay credit. This credit was taken on approximately 922,000 individual tax returns and totaled \$0.3 billion. These were included in the statistics with the making work pay credit.

*Health savings account deduction*—The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$3,000 (\$5,950 if family coverage), an increase from \$2,900 (\$5,800 if family coverage) for 2008. These limits were \$1,000 higher if the taxpayer was age 55 or older (\$2,000 if both spouses were 55 or older). For 2008, these limits were \$900 and \$1,800 respectively.

*Indexing*—The following items increased due to indexing for inflation: personal exemption amounts, the basic and additional standard deduction amounts, the tax bracket boundaries, and the beginning income amounts for limiting certain itemized deductions and for the phase-out of personal exemptions. Also, 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 2009, a taxpayer (both taxpayers for taxpayers filing jointly) may have been able to take an IRA deduction up to \$5,000 (\$6,000 if age 50 or older). Taxpayers not covered by a retirement plan may have been able to deduct all contributions. For taxpayers covered by a retirement plan, the IRA deduction phased out between \$55,000 and \$65,000 of modified AGI for single filers (\$85,000 and \$105,000 for married filing jointly or qualifying widow(er)). This was up from \$53,000 and \$63,000 for single filers (\$83,000 and \$103,000 for married filing jointly or qualifying widow(er)) in 2008. If one spouse was

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an active participant in an employer plan but the other was not, the deduction for the IRA contribution of the spouse not covered by an employer plan phased out between modified AGI of \$166,000 and \$176,000, up from \$159,000 and \$169,000 for 2008.

**Making work pay credit**—Taxpayers were able to take a credit equal to 6.2 percent of their earned income up to \$400 (\$800 if married filing jointly) if they had earned income from work and were not a dependent on another tax return. Taxpayers could not take the credit if their modified AGI was greater than or equal to \$95,000 (\$190,000 if married filing jointly). The credit phased out between \$75,000 and \$95,000 (\$150,000 and \$190,000 if married filing jointly). The credit was reduced if the taxpayer received a \$250 economic recovery payment in 2009 or took the government retiree credit. However, the government retiree credit portion of this was included in the statistics for the making work pay credit.

**Motor vehicles tax deduction**—New for 2009, a taxpayer could have deducted any State or local sales or excise taxes on the purchase of a new motor vehicle. In states without a sales tax, the taxpayer may have been able to deduct other taxes or fees. The motor vehicle must have been purchased after February 16, 2009, and the amount the taxpayer could include for State or local sales and excise taxes was limited to the taxes imposed on the first \$49,500 of the purchase price. Taxpayers were allowed to take this deduction if their AGI was less than \$135,000 (\$260,000 if married filing jointly). The deduction of the taxes was taken on Schedule A, if the taxpayer itemized. If the taxpayer did not itemize, the taxes increased the taxpayer's standard deduction using Schedule L, *Standard Deduction for Certain Filers*.

**Residential energy credit**—For 2009, the non-business energy property credit was reinstated for qualified property placed in service after 2008. A taxpayer was able to take a credit of 30 percent of the costs paid or incurred in 2009 for qualified energy efficient improvements and residential energy property. The credit was limited to a total of \$1,500. The credit was not available for non-business property in 2008. There was also a credit for residential energy efficient property in 2009. For 2009, the annual maximum credit limits were eliminated for qualified

solar, small wind energy, and geothermal heat pump property costs. A taxpayer could have taken a credit of 30 percent of their costs of qualified solar electric property, solar water heating property, small wind energy property, and geothermal heat pump property.

## Income and Tax Concepts

As discussed in the Income Tax Structure section, gross income is all income received that is not specifically excluded. Total income is the net amount of gross income after certain expenses (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 2009 includes many income and deduction items that are also components of AGI (Figure G). However, unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept.<sup>20</sup>

### Modified Taxable Income

This concept is relevant only for "prior-year returns" (about 4.6 million returns) or certain farm sole proprietor returns using income-averaging on Schedule

<sup>20</sup> For more details on the income computation under the 1979 Income Concept for 2009, see *Statistics of Income—2009, Individual Income Tax Returns 2009*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

**Figure G**

## Components of the 1979 Income Concept, Tax Year 2009

### 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 2009.

[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 2009.

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

[6] Not included in AGI for Tax Year 2009.

J (about 68 thousand returns) or those returns with foreign-earned income having to use a worksheet to determine their taxes (about 181.3 thousand returns). For all other returns, modified taxable income is identical to taxable income.

This is the term used in the statistics to describe "income subject to tax," the actual base on which tax is computed. Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for the Statistics of Income sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and in-

come concepts). For the statistics in this article, the taxable incomes reported on these prior-year returns and those filed with a Schedule J or foreign-earned income are modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

### Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure H illustrates how income tax is determined for a single taxpayer with AGI of \$410,000 who used the standard deduction. As shown in the example, six different tax rates were applied to the taxable income to arrive at total tax. The first \$8,350 of taxable income were taxed at the 10-percent rate; the next \$25,600 of taxable income were taxed at the 15-percent rate; the next \$48,300 were taxed at the 25-percent rate; the next \$89,300 were taxed at the 28-percent rate; the next \$201,400 were taxed at the 33-percent rate; and the remaining \$28,917 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, exclu-

**Figure H**

### Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2009

[Money amounts are in dollars]

Item	Amount
Adjusted gross income	410,000
Less: Exemption	[1] 2,433
Standard deduction	5,700
Equals: Taxable income	401,867
Tax based on tax rates for single taxpayers:	
First \$8,350 taxed at 10 percent	835
Next \$25,600 taxed at 15 percent	3,840
Next \$48,300 taxed at 25 percent	12,075
Next \$89,300 taxed at 28 percent	25,004
Next \$201,400 taxed at 33 percent	66,462
Next \$28,917 taxed at 35 percent	10,121
Total tax from tax rate schedule	118,337

[1] The exemption amount was limited to \$2,433 because AGI exceeded \$289,300.

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sions, credits, and taxes that are not subject to the same treatment under tax laws, the marginal tax rate is not always apparent. For instance, investment income of a dependent under age 18 in excess of a specific amount is treated differently than salaries and wages of the same dependent (see Changes in Law section on tax on child's investment income). The investment income in excess of \$1,900 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

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

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

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains or qualified dividends and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having a "0-percent" marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 25-percent rate on the net gain applied, the return was defined as having a marginal tax rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 25-percent tax rate applied as the highest rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a "28-percent" marginal tax rate. However, if the return had taxable income (from other than net

long-term capital gains) above the maximum amount to which the 25-percent rate applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.

- (3) For returns of dependents with a Form 8615 attached when use of this form resulted in taxation of some of the dependent's income as if it were that of the parents, the return was classified as having a "Form 8615" marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest, dividend, and capital gain distribution income of their dependents under age 18 (or under 24 if students) on their own (i.e., the parents') return using Form 8814, when the dependent's income generated the only tax liability on the parent's return, the return was classified with a "Form 8814" marginal tax rate of 10 percent.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses) and/or qualified dividends, and presence of Form 8615 or Form 8814. Returns were classified into one of the following 13 mutually exclusive marginal tax rate categories: (1) 0-percent rate (capital gains); (2) 5 percent (prior year capital gains); (3) 10-percent rate; (4) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent's income); (5) 15-percent rate; (6) 15 percent (capital gains); (7) 25-percent rate; (8) 25-percent (capital gains); (9) 28-percent rate; (10) 28 percent (capital gains); (11) 33-percent rate; (12) 35-percent rate; and (13) Form 8615 (with income taxed at any rate).

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modified taxable income. For each marginal rate classification, modified taxable income and "income tax generated" were computed "at all rates" and "at marginal rate." The "at all rates" computations (columns 3 and 5) show the total amount of modified taxable income or tax generated, tabulated by the marginal

tax rate specified; each tax rate classification is mutually exclusive. The “at marginal rate” computations (columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. 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 664,972 returns in this classification “at all rates” was \$717.6 billion (column 3), and the total tax generated was \$217.4 billion (column 5). Approximately \$398.9 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 \$139.6 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 (regular tax before credits), in total and at each tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI. The tax generated at each tax rate was computed based on the modified taxable income for each individual return.

For example, the 3.2 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$719.7 billion and generated total tax of \$167.2 billion. Of this \$719.7 billion of modified taxable income, \$49.4 billion were taxed at 10 percent (ordinary tax rate); \$150.1 billion were taxed at 15 percent (ordinary tax rate); \$202.5 billion were taxed at the 25-percent (ordinary tax) rate; \$165.6 billion were taxed at the 28-percent (ordinary tax) rate; \$105.4 billion were taxed at the 33-percent rate; and \$6.3 billion were taxed at the 35-percent rate. Approximately \$3.1 billion were taxed at the 0-percent (capital gains) rate; \$35.7 billion were taxed at the 15-percent capital gain and qualified dividend rate; \$1 billion were taxed at the 25-percent capital gain rate; \$0.2 billion were taxed at the 28-percent capital gain rate, with the remainder from tax related to Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each tax rate, by filing status, for returns

with modified taxable income. Under 0.7 million of the 44.2 million jointly filed returns (including surviving spouses) with modified taxable income had some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$398.9 billion, and the tax generated was \$139.6 billion.

## Computation of Alternative Minimum Taxable Income

Alternative Minimum Taxable Income (AMTI) was computed by adding certain “tax preferences” (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and “adjustments” (i.e., regular tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures I and J). 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 2009).

AMTI was reduced by an exemption amount which depended on the filing status of the indi-

### Figure I

#### Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2009

	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.

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## Figure J

### Alternative Minimum Tax Adjustments and Preferences, Tax Year 2009

- 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 on the worksheet from the Form 6251 instructions
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Itemized deduction limitation on the worksheet from the Schedule A instructions
- If standard deduction is claimed, amount from Form 4684, line 18a, as a negative amount
- Refunds of State and local income, sales, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Deduction for net operating loss from Form 1040
- 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%
- 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)
- 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)
- Deduction for alternative tax net operating loss

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vidual and which was subject to phase-out at higher AMTI levels. The AMT exemption for single filers (and heads of households) for 2009 was \$46,700; for joint filers and surviving spouses, \$70,950; and for married persons filing separately, \$35,475. 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 \$299,300, \$433,800, and \$216,900 of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI was subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains and qualified dividends (recalculated for AMT purposes) that were taxed at lower rates (0 percent, 15 percent, and 25 percent) were taxed at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the “alternative minimum tax foreign tax credit,” which produced a “tentative minimum tax.” Tentative minimum tax was further reduced by the individual’s regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 18 and certain children under 24 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents’ incomes on their own tax

returns. (Dependents filing their own returns were limited to an AMT exemption of \$6,700 plus their “earned incomes.” The dependent’s AMT could be reduced if the parents had regular tax greater than the child’s own tentative minimum tax, or if any other dependent under age 18 and certain children under 24 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

## Data Sources and Limitations

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 2009. Returns in the sample were stratified based on: (1) the larger of positive income or negative income (absolute value); (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes.<sup>21</sup> Returns were then selected at rates ranging from 0.10 percent to 100 percent. The 2009 data are based on a sample of 295,133 returns and an estimated final population of 140,599,266 returns.<sup>22</sup> The corresponding sample and population for the 2008 data were 328,630 returns and 142,580,866 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 SOI Sampling Methodology and Data Limitations, later in this issue of the *SOI Bulletin*.

<sup>21</sup> Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

<sup>22</sup> This population includes an estimated 105,139 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

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## Figure K

### Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2009

[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)
<b>Total</b>	<b>0.14</b>	<b>0.13</b>	<b>0.15</b>	<b>0.18</b>	<b>0.18</b>
Under \$2,000 [1]	7.34	8.71	11.17	6.97	6.97
\$2,000 under \$4,000	7.18	8.81	11.74	12.33	12.33
\$4,000 under \$6,000	5.65	10.38	13.52	13.57	13.57
\$6,000 under \$8,000	3.18	3.86	4.17	4.16	4.16
\$8,000 under \$10,000	2.86	3.70	4.03	4.28	4.28
\$10,000 under \$12,000	2.00	2.50	2.57	4.43	4.43
\$12,000 under \$14,000	1.93	2.12	2.18	4.10	4.10
\$14,000 under \$16,000	1.93	2.08	2.13	3.14	3.14
\$16,000 under \$18,000	1.80	1.99	2.05	2.69	2.69
\$18,000 under \$20,000	1.78	1.96	2.00	2.43	2.43
\$20,000 under \$25,000	1.05	1.20	1.24	1.56	1.56
\$25,000 under \$30,000	1.07	1.20	1.24	1.59	1.59
\$30,000 under \$40,000	0.78	0.86	0.89	1.09	1.09
\$40,000 under \$50,000	0.88	0.93	0.97	1.14	1.14
\$50,000 under \$75,000	0.53	0.57	0.61	0.73	0.73
\$75,000 under \$100,000	0.80	0.81	0.85	0.94	0.94
\$100,000 under \$200,000	0.53	0.54	0.56	0.59	0.59
\$200,000 under \$500,000	0.64	0.63	0.64	0.64	0.64
\$500,000 under \$1,000,000	1.13	1.05	1.06	1.06	1.06
\$1,000,000 under \$1,500,000	1.45	1.45	1.48	1.48	1.48
\$1,500,000 under \$2,000,000	1.04	1.06	1.09	1.10	1.10
\$2,000,000 under \$5,000,000	0.68	0.60	0.63	0.63	0.63
\$5,000,000 under \$10,000,000	0.79	0.70	0.74	0.74	0.74
\$10,000,000 or more	0.00	0.00	0.00	0.00	0.00

[1] Includes returns with adjusted gross deficit.

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**Table 1. Returns with Modified Taxable Income [1]: Tax Classified by Marginal Tax Rate [2] and by Filing Status, Tax Year 2009**

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

Filing status and tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns [1]	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)	
<b>All returns</b>									
<b>All tax rates</b>	<b>104,164,970</b>	<b>7,461,943,533</b>	<b>5,091,769,819</b>	<b>1,818,984,990</b>	<b>953,407,786</b>	<b>412,072,679</b>	<b>865,272,068</b>	<b>11.6</b>	<b>17.0</b>
0 percent (capital gains)	697,273	20,895,400	5,483,080	5,483,080	0	0	73,309	0.4	1.3
5 percent (prior year rate)	15,619	321,030	93,543	93,543	4,677	4,677	3,287	1.0	3.5
10 percent	26,836,661	604,551,129	152,959,513	145,800,461	14,591,211	14,580,046	4,242,568	0.7	2.8
10 percent (Form 8814) [3]	19,108	-429,655	15,557	15,557	1,565	1,565	7,549	[6]	48.5
15 percent	41,537,389	1,989,373,628	1,183,128,472	675,309,840	152,079,486	101,296,476	101,280,263	5.1	8.6
15 percent (capital gains) [4]	7,314,707	566,713,901	367,028,103	84,770,642	45,772,310	12,715,596	39,380,548	6.9	10.7
25 percent	21,534,962	2,116,426,836	1,568,261,541	286,223,686	265,213,509	71,555,922	242,646,266	11.5	15.5
25 percent (capital gains)	110,882	20,183,267	16,422,728	1,751,036	2,765,754	437,759	2,855,476	14.1	17.4
28 percent	3,714,412	685,010,301	545,834,436	46,365,294	115,128,765	12,982,282	117,549,740	17.2	21.5
28 percent (capital gains)	7,943	2,347,188	1,820,158	583,558	380,500	163,396	408,633	17.4	22.5
33 percent	1,420,839	467,551,823	387,601,030	84,881,737	95,205,412	28,010,973	100,958,703	21.6	26.0
35 percent	790,063	985,645,480	860,236,500	485,043,315	261,690,538	169,765,160	255,338,106	25.9	29.7
Form 8615 [5]	165,111	3,353,202	2,885,159	2,663,242	574,060	558,827	527,620	15.7	18.3
<b>Joint returns and returns of surviving spouses</b>									
<b>All tax rates</b>	<b>44,204,143</b>	<b>4,940,545,961</b>	<b>3,446,143,449</b>	<b>1,171,760,403</b>	<b>669,388,830</b>	<b>282,562,723</b>	<b>614,295,750</b>	<b>12.4</b>	<b>17.8</b>
0 percent (capital gains)	216,743	11,806,630	3,167,988	3,167,988	0	0	63,106	0.5	2.0
5 percent (prior year rate)	* 3,731	* 138,614	* 28,546	* 28,546	* 1,427	* 1,427	* 235	* 0.2	* 0.8
10 percent	7,844,690	277,674,798	68,470,202	63,671,915	6,370,678	6,367,192	1,743,530	0.6	2.5
10 percent (Form 8814) [3]	9,938	-466,624	8,509	8,509	855	855	6,979	[6]	82.0
15 percent	16,869,399	1,161,976,683	684,084,550	402,352,379	88,526,621	60,352,857	56,580,605	4.9	8.3
15 percent (capital gains) [4]	4,711,191	430,915,187	277,292,671	57,659,060	34,718,249	8,648,859	29,260,529	6.8	10.6
25 percent	10,530,785	1,366,177,803	996,786,568	153,019,813	166,955,078	38,254,953	150,756,887	11.0	15.1
25 percent (capital gains)	69,800	15,034,393	12,167,955	1,338,189	2,047,396	334,547	2,122,559	14.1	17.4
28 percent	2,167,488	472,387,785	371,170,043	24,570,721	76,839,827	6,879,802	78,943,904	16.7	21.3
28 percent (capital gains)	4,409	1,453,515	1,076,074	322,557	213,081	90,316	230,669	15.9	21.4
33 percent	1,110,995	381,170,662	314,305,981	66,766,987	76,327,953	22,033,106	81,454,736	21.4	25.9
35 percent	664,972	822,276,514	717,584,363	398,853,739	217,387,666	139,598,809	213,132,010	25.9	29.7
Form 8615 [5]	0	0	0	0	0	0	0	0.0	0.0
<b>Returns of married persons filing separately</b>									
<b>All tax rates</b>	<b>2,068,015</b>	<b>130,292,902</b>	<b>94,213,470</b>	<b>43,246,401</b>	<b>19,620,378</b>	<b>11,282,085</b>	<b>18,292,633</b>	<b>14.0</b>	<b>19.4</b>
0 percent (capital gains)	5,350	183,396	49,185	49,185	0	0	371	0.2	0.8
5 percent (prior year rate)	* 595	* 9,619	* 452	* 452	* 23	* 23	* [7]	[6]	[6]
10 percent	353,184	5,809,755	1,565,547	1,504,202	150,450	150,420	51,990	0.9	3.3
10 percent (Form 8814) [3]	1,054	-20,767	453	453	46	46	570	[3]	125.8
15 percent	954,135	32,074,719	19,024,246	11,057,221	2,455,310	1,658,583	1,843,640	5.7	9.7
15 percent (capital gains) [4]	97,657	8,097,977	5,700,777	3,292,585	740,768	493,888	758,507	9.4	13.3
25 percent	482,935	30,932,874	22,781,610	4,950,542	3,813,936	1,237,636	3,602,872	11.6	15.8
25 percent (capital gains)	2,757	410,191	350,591	27,140	58,883	6,785	61,710	15.0	17.6
28 percent	100,283	10,761,827	8,402,512	928,578	1,734,170	260,002	1,780,309	16.5	21.2
28 percent (capital gains)	* 6	* 54,787	* 44,822	* 21,932	* 9,572	* 6,141	* 11,722	* 21.4	* 26.2
33 percent	42,158	7,470,869	6,341,497	1,318,870	1,513,537	435,227	1,573,616	21.1	24.8
35 percent	27,901	34,507,657	29,951,777	20,095,241	9,143,684	7,033,334	8,607,325	24.9	28.7
Form 8615 [5]	0	0	0	0	0	0	0	0.0	0.0

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 1. Returns with Modified Taxable Income [1]: Tax Classified by Marginal Tax Rate [2] and by Filing Status, Tax Year 2009—Continued**

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

Filing status and tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns [1]	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)	
<b>Returns of heads of households</b>									
<b>All tax rates</b>	<b>13,187,433</b>	<b>575,679,887</b>	<b>304,949,881</b>	<b>136,269,927</b>	<b>47,365,088</b>	<b>23,776,774</b>	<b>34,404,322</b>	<b>6.0</b>	<b>11.3</b>
0 percent (capital gains)	13,070	434,231	124,318	124,318	0	0	1,890	0.4	1.5
5 percent (prior year rate)	0	0	0	0	0	0	0	0.0	0.0
10 percent	5,840,681	144,037,271	32,545,857	32,372,669	3,238,865	3,237,267	173,007	0.1	0.5
10 percent (Form 8814) [3]	8,113	61,753	6,592	6,592		664	0	[6]	[6]
15 percent	5,584,079	242,987,124	132,392,439	65,656,635	16,522,230	9,848,495	8,084,857	3.3	6.1
15 percent (capital gains) [4]	276,391	16,720,489	10,161,798	2,051,941	1,262,547	307,791	941,834	5.6	9.3
25 percent	1,308,865	118,613,236	85,420,124	20,898,784	14,547,382	5,224,696	13,458,205	11.3	15.8
25 percent (capital gains)	6,134	719,328	582,834	54,619	100,229	13,655	97,500	13.6	16.7
28 percent	95,432	17,885,610	14,136,291	1,384,431	3,078,275	387,641	3,343,577	18.7	23.7
28 percent (capital gains)	* 3	* 16,805	* 2,129	* 1,959	* 572	* 549	* 4,383	* 26.1	* 205.9
33 percent	36,447	11,535,947	9,532,334	2,263,798	2,423,568	747,053	2,627,769	22.8	27.6
35 percent	18,218	22,668,095	20,045,166	11,454,181	6,190,758	4,008,963	5,671,300	25.0	28.3
Form 8615 [5]	0	0	0	0	0	0	0	0.0	0.0
<b>Returns of single persons</b>									
<b>All tax rates</b>	<b>44,705,378</b>	<b>1,815,424,782</b>	<b>1,246,463,019</b>	<b>467,708,258</b>	<b>217,033,490</b>	<b>94,451,100</b>	<b>198,279,364</b>	<b>10.9</b>	<b>15.9</b>
0 percent (capital gains)	462,110	8,471,144	2,141,588	2,141,588	0	0	7,942	0.1	0.4
5 percent (prior year rate)	11,293	172,798	64,544	64,544	3,227	3,227	3,052	1.8	4.7
10 percent	12,798,106	177,029,304	50,377,908	48,251,675	4,831,217	4,825,168	2,274,041	1.3	4.5
10 percent (Form 8814) [3]	* 3	* -4,017	* 4	* 4	* [7]	* [7]	* [7]	[6]	[6]
15 percent	18,129,776	552,335,102	347,627,237	196,243,604	44,575,325	29,436,541	34,771,161	6.3	10.0
15 percent (capital gains) [4]	2,229,467	110,980,248	73,872,856	21,767,055	9,050,748	3,265,058	8,419,679	7.6	11.4
25 percent	9,212,378	600,702,923	463,273,239	107,354,547	79,897,114	26,838,637	74,828,302	12.5	16.2
25 percent (capital gains)	32,190	4,019,355	3,321,347	331,087	559,246	82,772	573,708	14.3	17.3
28 percent	1,351,208	183,975,080	152,125,590	19,481,564	33,476,492	5,454,838	33,481,949	18.2	22.0
28 percent (capital gains)	3,525	822,081	697,134	237,110	157,275	66,391	161,859	19.7	23.2
33 percent	231,238	67,374,346	57,421,218	14,532,083	14,940,355	4,795,587	15,302,581	22.7	26.6
35 percent	78,972	106,193,215	92,655,194	54,640,154	28,968,431	19,124,054	27,927,470	26.3	30.1
Form 8615 [5]	165,111	3,353,202	2,885,159	2,663,242	574,060	558,827	527,620	15.7	18.3

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

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

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

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

[3] Form 8814 was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' tax return.

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

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

[6] Percentage not computed.

[7] Less than \$500.

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

# Individual Income Tax Rates and Shares, 2009

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**Table 2. Returns with Modified Taxable Income [1]: Tax Generated [2], by Rate and by Size of Adjusted Gross Income, Tax Year 2009**

[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	
					0 percent (capital gains)	
					Number of returns	Income taxed at rate
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>104,164,970</b>	<b>5,088,382,848</b>	<b>5,091,769,819</b>	<b>953,407,786</b>	<b>10,419,886</b>	<b>41,056,482</b>
Under \$2,000	181,356	75,075	77,733	4,524	93,528	31,565
\$2,000 under \$4,000	190,888	230,239	230,715	19,831	75,531	54,125
\$4,000 under \$6,000	308,951	268,516	278,086	28,075	50,110	38,673
\$6,000 under \$8,000	963,247	1,336,270	1,341,903	135,492	65,546	22,714
\$8,000 under \$10,000	1,189,777	2,441,332	2,444,341	250,784	53,133	11,273
\$10,000 under \$12,000	2,382,086	5,186,297	5,185,635	515,072	137,298	67,220
\$12,000 under \$14,000	2,585,795	9,241,543	9,257,844	912,967	213,145	178,712
\$14,000 under \$16,000	2,577,008	13,218,905	13,234,727	1,302,551	224,212	342,026
\$16,000 under \$18,000	2,940,938	17,928,879	17,949,972	1,794,176	195,921	297,043
\$18,000 under \$20,000	3,033,397	22,253,926	22,277,907	2,321,501	194,958	323,746
\$20,000 under \$25,000	8,136,648	72,337,063	72,410,672	8,114,059	600,073	921,845
\$25,000 under \$30,000	7,850,131	96,902,694	97,042,104	11,367,853	705,997	1,113,790
\$30,000 under \$40,000	13,831,865	249,325,246	249,529,074	30,417,297	1,418,167	2,952,773
\$40,000 under \$50,000	10,614,939	275,258,806	275,440,359	35,370,888	1,270,258	3,133,709
\$50,000 under \$75,000	18,548,852	720,889,704	721,562,064	102,122,545	2,428,008	8,590,969
\$75,000 under \$100,000	11,423,685	669,533,805	670,059,124	99,114,419	1,888,211	8,445,075
\$100,000 under \$200,000	13,492,427	1,306,332,425	1,307,382,876	230,634,470	686,283	9,765,427
\$200,000 under \$500,000	3,186,977	718,620,471	719,705,758	167,171,797	86,816	3,140,053
\$500,000 under \$1,000,000	490,338	280,537,174	280,826,943	79,439,735	18,878	900,353
\$1,000,000 under \$1,500,000	107,529	111,652,589	111,663,222	33,239,025	5,474	274,486
\$1,500,000 under \$2,000,000	44,060	65,749,557	65,708,338	19,831,986	2,341	124,233
\$2,000,000 under \$5,000,000	61,602	158,702,289	158,544,959	48,168,647	3,877	205,550
\$5,000,000 under \$10,000,000	14,249	84,805,917	84,578,708	25,254,588	1,206	67,656
\$10,000,000 or more	8,225	205,554,127	205,036,755	55,875,503	917	53,466

Size of adjusted gross income	Tax generated at specified rate—continued					
	5 percent (prior year rate)			10 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b>	<b>70,321</b>	<b>468,615</b>	<b>23,421</b>	<b>103,285,579</b>	<b>1,110,280,331</b>	<b>111,028,033</b>
Under \$2,000	* 3,001	* 1,316	* 66	104,908	42,176	4,218
\$2,000 under \$4,000	* 997	* 168	* 8	145,791	138,226	13,823
\$4,000 under \$6,000	0	0	0	282,419	181,246	18,125
\$6,000 under \$8,000	* 999	* 6,783	* 339	955,624	1,266,345	126,635
\$8,000 under \$10,000	* 1,999	* 11,630	* 582	1,172,145	2,287,204	228,720
\$10,000 under \$12,000	* 3,011	* 3,374	* 169	2,336,722	5,071,405	507,141
\$12,000 under \$14,000	* 4,933	* 3,904	* 195	2,532,215	9,010,597	901,060
\$14,000 under \$16,000	* 1,300	* 3,642	* 182	2,521,883	12,618,120	1,261,812
\$16,000 under \$18,000	* 595	* 452	* 23	2,913,690	17,211,862	1,721,186
\$18,000 under \$20,000	* 999	* 9,914	* 496	3,010,629	19,441,139	1,944,114
\$20,000 under \$25,000	* 6,575	* 20,556	* 1,027	8,051,254	52,192,664	5,219,266
\$25,000 under \$30,000	* 4,988	* 14,710	* 735	7,804,909	60,465,663	6,046,566
\$30,000 under \$40,000	* 8,045	* 60,435	* 3,023	13,759,699	131,345,473	13,134,547
\$40,000 under \$50,000	10,223	92,900	4,646	10,565,435	120,476,397	12,047,640
\$50,000 under \$75,000	12,102	100,003	4,988	18,477,092	242,850,511	24,285,051
\$75,000 under \$100,000	7,079	70,719	3,537	11,379,098	167,760,607	16,776,061
\$100,000 under \$200,000	2,508	18,648	933	13,420,232	207,578,837	20,757,884
\$200,000 under \$500,000	724	37,479	1,874	3,149,368	49,424,622	4,942,462
\$500,000 under \$1,000,000	* 137	* 6,835	* 342	478,198	7,462,087	746,209
\$1,000,000 under \$1,500,000	* 38	* 2,069	* 103	103,388	1,599,813	159,981
\$1,500,000 under \$2,000,000	* 6	* 394	* 20	42,127	650,527	65,053
\$2,000,000 under \$5,000,000	40	1,525	76	58,282	894,056	89,406
\$5,000,000 under \$10,000,000	* 10	* 616	* 31	13,147	200,357	20,036
\$10,000,000 or more	* 9	* 541	* 27	7,324	110,396	11,040

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 2. Returns with Modified Taxable Income [1]: Tax Generated [2], by Rate and by Size of Adjusted Gross Income, Tax Year 2009—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) [3]			15 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b>	<b>108,342</b>	<b>80,673</b>	<b>8,107</b>	<b>76,240,965</b>	<b>1,919,450,700</b>	<b>287,917,605</b>
Under \$2,000	** 2,914	** 2,444	** 245	0	0	0
\$2,000 under \$4,000	**	**	**	0	0	0
\$4,000 under \$6,000	* 999	* 465	* 47	* 1,004	* 896	* 134
\$6,000 under \$8,000	* 999	* 355	* 36	* 1,023	* 1,010	* 152
\$8,000 under \$10,000	* 3,018	* 2,733	* 276	0	0	0
\$10,000 under \$12,000	* 1,037	* 392	* 40	* 3,007	* 3,057	* 459
\$12,000 under \$14,000	* 1,000	* 711	* 72	9,965	13,783	2,067
\$14,000 under \$16,000	* 2,240	* 1,106	* 112	186,690	218,691	32,804
\$16,000 under \$18,000	* 1,004	* 1,069	* 108	378,811	373,605	56,041
\$18,000 under \$20,000	* 998	* 947	* 95	1,777,704	2,473,220	370,983
\$20,000 under \$25,000	* 2,997	* 4,173	* 418	4,363,765	19,167,745	2,875,162
\$25,000 under \$30,000	* 2,050	* 1,327	* 133	4,406,276	35,355,002	5,303,250
\$30,000 under \$40,000	14,050	9,194	926	9,537,205	115,007,068	17,251,060
\$40,000 under \$50,000	7,161	6,126	616	9,236,868	145,896,890	21,884,534
\$50,000 under \$75,000	15,174	8,678	876	17,849,420	393,436,294	59,015,444
\$75,000 under \$100,000	16,706	13,472	1,352	11,283,040	407,154,171	61,073,126
\$100,000 under \$200,000	19,228	13,430	1,348	13,368,325	617,021,129	92,553,169
\$200,000 under \$500,000	11,350	8,584	860	3,137,586	150,146,938	22,522,041
\$500,000 under \$1,000,000	3,133	3,017	302	476,603	22,665,051	3,399,758
\$1,000,000 under \$1,500,000	1,007	1,059	106	103,117	4,867,373	730,106
\$1,500,000 under \$2,000,000	371	332	33	42,027	1,979,567	296,935
\$2,000,000 under \$5,000,000	631	754	75	58,115	2,721,854	408,278
\$5,000,000 under \$10,000,000	165	171	17	13,107	610,443	91,566
\$10,000,000 or more	110	135	14	7,308	336,913	50,537

Size of adjusted gross income	Tax generated at specified rate—continued					
	15 percent (capital gains) [4]			25 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>10,434,237</b>	<b>242,309,836</b>	<b>36,346,749</b>	<b>27,552,302</b>	<b>807,873,171</b>	<b>201,968,293</b>
Under \$2,000	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	* 1,946	* 969	* 242
\$30,000 under \$40,000	0	0	0	9,960	46,052	11,513
\$40,000 under \$50,000	264,636	247,207	37,094	1,878,988	5,513,796	1,378,449
\$50,000 under \$75,000	1,359,936	3,211,732	481,809	5,896,318	73,279,314	18,319,829
\$75,000 under \$100,000	1,212,060	3,867,643	580,174	4,037,425	81,571,001	20,392,750
\$100,000 under \$200,000	4,939,130	24,280,260	3,642,163	11,950,611	399,561,170	99,890,293
\$200,000 under \$500,000	2,070,848	35,724,110	5,358,664	3,087,298	202,477,848	50,619,462
\$500,000 under \$1,000,000	385,112	25,800,747	3,870,120	469,294	30,985,426	7,746,357
\$1,000,000 under \$1,500,000	90,112	14,252,905	2,137,938	101,416	6,652,723	1,663,181
\$1,500,000 under \$2,000,000	37,767	9,649,376	1,447,407	41,516	2,724,971	681,243
\$2,000,000 under \$5,000,000	54,149	27,836,311	4,175,448	57,345	3,748,709	937,177
\$5,000,000 under \$10,000,000	12,827	19,533,997	2,930,100	12,938	842,653	210,663
\$10,000,000 or more	7,661	77,905,548	11,685,832	7,248	468,538	117,135

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 2. Returns with Modified Taxable Income [1]: Tax Generated [2], by Rate and by Size of Adjusted Gross Income, Tax Year 2009—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					
	25 percent (capital gains)			28 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total</b>	<b>175,334</b>	<b>3,110,508</b>	<b>777,647</b>	<b>5,928,152</b>	<b>262,890,351</b>	<b>73,609,298</b>
Under \$2,000	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0	0
\$40,000 under \$50,000	* 1,996	* 9	* 2	0	0	0
\$50,000 under \$75,000	15,964	37,941	9,485	* 2,252	* 5,966	* 1,670
\$75,000 under \$100,000	11,100	21,036	5,261	169,705	699,499	195,860
\$100,000 under \$200,000	74,011	460,447	115,121	2,174,982	47,412,023	13,275,366
\$200,000 under \$500,000	51,761	984,983	246,252	2,903,268	165,620,933	46,373,861
\$500,000 under \$1,000,000	11,906	535,450	133,864	460,723	33,421,801	9,358,104
\$1,000,000 under \$1,500,000	3,221	213,809	53,453	99,604	7,221,410	2,021,995
\$1,500,000 under \$2,000,000	1,470	151,538	37,885	40,908	2,959,537	828,670
\$2,000,000 under \$5,000,000	2,525	341,478	85,370	56,658	4,101,377	1,148,386
\$5,000,000 under \$10,000,000	788	191,394	47,849	12,845	929,942	260,384
\$10,000,000 or more	593	172,423	43,106	7,208	517,863	145,002

Size of adjusted gross income	Tax generated at specified rate—continued					
	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
	(31)	(32)	(33)	(34)	(35)	(36)
<b>Total</b>	<b>10,758</b>	<b>1,015,444</b>	<b>284,325</b>	<b>2,210,902</b>	<b>215,527,152</b>	<b>71,123,960</b>
Under \$2,000	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0	0
\$40,000 under \$50,000	0	0	0	0	0	0
\$50,000 under \$75,000	0	0	0	0	0	0
\$75,000 under \$100,000	* 1,024	* 60	* 17	* 1,890	* 20,023	* 6,608
\$100,000 under \$200,000	4,366	3,804	1,065	48,269	1,038,704	342,772
\$200,000 under \$500,000	3,582	165,698	46,395	1,493,240	105,357,586	34,768,003
\$500,000 under \$1,000,000	896	56,064	15,698	453,248	73,851,669	24,371,051
\$1,000,000 under \$1,500,000	235	43,687	12,232	98,054	16,165,279	5,334,542
\$1,500,000 under \$2,000,000	133	72,370	20,264	40,246	6,615,924	2,183,255
\$2,000,000 under \$5,000,000	315	234,166	65,566	56,043	9,208,224	3,038,714
\$5,000,000 under \$10,000,000	117	199,072	55,740	12,744	2,095,695	691,579
\$10,000,000 or more	90	240,523	67,346	7,168	1,174,048	387,436

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 2. Returns with Modified Taxable Income [1]: Tax Generated [2], by Rate and by Size of Adjusted Gross Income, Tax Year 2009—Continued**

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

Size of adjusted gross income	Tax generated at specified rate—continued					
	35 percent			Form 8615 [5]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(37)	(38)	(39)	(40)	(41)	(42)
<b>Total</b>	<b>790,063</b>	<b>485,043,315</b>	<b>169,765,160</b>	<b>165,111</b>	<b>2,663,242</b>	<b>558,827</b>
Under \$2,000	0	0	0	2,882	234	39
\$2,000 under \$4,000	0	0	0	43,224	38,193	7,855
\$4,000 under \$6,000	0	0	0	26,962	56,806	11,296
\$6,000 under \$8,000	0	0	0	16,383	44,697	8,967
\$8,000 under \$10,000	0	0	0	23,831	131,501	22,232
\$10,000 under \$12,000	0	0	0	7,023	40,186	7,483
\$12,000 under \$14,000	0	0	0	6,937	50,137	9,674
\$14,000 under \$16,000	0	0	0	5,221	51,141	8,005
\$16,000 under \$18,000	0	0	0	4,949	65,941	16,763
\$18,000 under \$20,000	0	0	0	2,003	28,941	5,690
\$20,000 under \$25,000	0	0	0	* 5,615	* 103,688	* 18,225
\$25,000 under \$30,000	0	0	0	* 5,251	* 90,643	* 16,787
\$30,000 under \$40,000	0	0	0	* 3,713	* 108,080	* 15,775
\$40,000 under \$50,000	0	0	0	* 1,995	* 73,324	* 17,492
\$50,000 under \$75,000	0	0	0	* 1,089	* 40,656	* 2,903
\$75,000 under \$100,000	0	0	0	* 5,026	* 435,817	* 79,831
\$100,000 under \$200,000	715	2,660	931	* 1,895	* 226,338	* 52,758
\$200,000 under \$500,000	155,402	6,343,845	2,220,346	893	273,078	71,629
\$500,000 under \$1,000,000	424,970	85,085,744	29,780,010	* 80	* 52,699	* 17,893
\$1,000,000 under \$1,500,000	95,356	60,346,521	21,121,282	* 21	* 22,090	* 4,100
\$1,500,000 under \$2,000,000	39,208	40,722,929	14,253,025	* 36	* 56,638	* 18,195
\$2,000,000 under \$5,000,000	54,800	109,095,966	38,183,588	50	154,989	36,561
\$5,000,000 under \$10,000,000	12,529	59,776,343	20,921,720	18	130,369	24,903
\$10,000,000 or more	7,082	123,669,307	43,284,257	14	387,054	83,772

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

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

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

[2] For definition of tax generated, see the Explanation of Selected Terms section of this article.

[3] Form 8814 was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parent's tax return.

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

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

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

# Individual Income Tax Rates and Shares, 2009

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**Table 3. Returns with Modified Taxable Income [1]: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2009**

[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
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All tax rates</b>	<b>104,164,970</b>	<b>5,091,769,819</b>	<b>953,411,142</b>	<b>44,204,143</b>	<b>3,446,143,449</b>	<b>669,387,073</b>	<b>2,068,015</b>
0 percent (capital gains)	10,419,886	41,056,482	0	6,149,119	27,850,216	0	125,170
5 percent (prior year rate)	70,321	468,615	23,431	26,106	204,467	10,223	632
10 percent	103,285,579	1,110,280,331	111,028,033	43,912,895	665,781,428	66,578,143	2,053,676
10 percent (Form 8814) [2]	108,342	80,673	8,107	80,797	60,164	6,045	2,116
15 percent	76,240,965	1,919,450,700	287,917,605	36,038,215	1,269,358,078	190,403,712	1,697,580
15 percent (capital gains) [3]	10,434,237	242,309,836	36,346,475	6,886,842	179,721,768	26,958,265	161,287
25 percent	27,552,302	807,873,171	201,968,293	14,531,468	536,554,889	134,138,722	655,725
25 percent (capital gains)	175,334	3,110,508	777,627	120,778	2,457,683	614,421	4,154
28 percent	5,928,152	262,890,351	73,609,298	3,944,319	188,751,601	52,850,448	170,342
28 percent (capital gains)	10,758	1,015,444	284,324	6,753	660,448	184,925	29
33 percent	2,210,902	215,527,152	71,123,960	1,775,968	175,888,968	58,043,359	70,059
35 percent	790,063	485,043,315	169,765,160	664,972	398,853,739	139,598,809	27,901
Form 8615 [4]	165,111	2,663,242	558,827	0	0	0	0

Tax rate class	Returns of married persons filing separately—continued		Returns of heads of households			Returns of single persons		
	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
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>All tax rates</b>	<b>94,213,470</b>	<b>19,620,272</b>	<b>13,187,433</b>	<b>304,949,881</b>	<b>47,364,547</b>	<b>44,705,378</b>	<b>1,246,463,019</b>	<b>217,039,251</b>
0 percent (capital gains)	626,016	0	387,112	919,234	0	3,758,485	11,661,015	0
5 percent (prior year rate)	1,388	69	10,737	43,796	2,190	32,847	218,963	10,948
10 percent	15,688,291	1,568,829	13,162,412	119,863,859	11,986,386	44,156,596	308,946,753	30,894,675
10 percent (Form 8814) [2]	2,397	240	23,068	16,492	1,660	2,361	1,620	163
15 percent	29,004,482	4,350,672	7,320,912	118,999,272	17,849,891	31,184,257	502,088,868	75,313,330
15 percent (capital gains) [3]	9,359,884	1,403,983	277,037	5,403,741	810,561	3,109,071	47,824,442	7,173,666
25 percent	11,919,952	2,979,988	1,462,970	36,073,250	9,018,313	10,902,140	223,325,079	55,831,270
25 percent (capital gains)	55,992	13,998	6,869	78,851	19,713	43,533	517,983	129,496
28 percent	3,814,580	1,068,082	150,097	6,501,792	1,820,502	1,663,394	63,822,378	17,870,266
28 percent (capital gains)	37,127	10,396	* 5	* 2,342	* 656	3,972	315,526	88,347
33 percent	3,608,120	1,190,680	54,665	5,593,069	1,845,713	310,210	30,436,995	10,044,208
35 percent	20,095,241	7,033,334	18,218	11,454,181	4,008,963	78,972	54,640,154	19,124,054
Form 8615 [4]	0	0	0	0	0	165,111	2,663,242	558,827

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

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

[2] Form 8814 was filed for a dependent child, meeting certain age requirements, for whom the parents made an election to report the child's investment income on the parents' tax return.

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

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

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

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Modified taxable income	Income tax before credits, regular tax computation		Tax generated		Tax differences due to alternative computations
				Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with regular tax computation only [2]</b>								
<b>Total</b>	<b>83,875,376</b>	<b>4,561,681,833</b>	<b>2,842,200,452</b>	<b>83,875,376</b>	<b>469,655,924</b>	<b>83,875,376</b>	<b>470,159,305</b>	<b>0</b>
Under \$5,000	189,311	449,400	151,326	189,311	14,622	189,311	15,181	0
\$5,000 under \$10,000	2,179,014	17,470,028	3,412,145	2,179,014	341,012	2,179,014	342,057	0
\$10,000 under \$15,000	5,739,474	71,914,813	19,066,849	5,739,474	1,914,521	5,739,474	1,916,831	0
\$15,000 under \$20,000	6,772,175	119,069,785	43,859,822	6,772,175	4,533,383	6,772,175	4,538,174	0
\$20,000 under \$25,000	7,521,387	169,286,414	67,228,677	7,521,387	7,644,538	7,521,387	7,649,929	0
\$25,000 under \$30,000	7,133,894	196,276,189	88,542,647	7,133,894	10,516,452	7,133,894	10,531,777	0
\$30,000 under \$40,000	12,398,912	431,121,852	223,889,836	12,398,912	27,676,004	12,398,912	27,700,352	0
\$40,000 under \$50,000	9,140,885	408,863,085	237,337,491	9,140,885	30,936,165	9,140,885	30,949,837	0
\$50,000 under \$75,000	14,924,391	915,004,142	574,999,328	14,924,391	82,399,199	14,924,391	82,490,859	0
\$75,000 under \$100,000	8,479,217	730,641,798	491,570,427	8,479,217	73,759,452	8,479,217	73,852,709	0
\$100,000 under \$200,000	8,157,021	1,058,625,387	757,694,388	8,157,021	134,421,037	8,157,021	134,622,919	0
\$200,000 under \$500,000	1,102,956	300,676,969	229,224,614	1,102,956	56,102,463	1,102,956	56,401,418	0
\$500,000 under \$1,000,000	104,071	68,563,417	53,191,891	104,071	17,513,476	104,071	17,599,465	0
\$1,000,000 under \$1,500,000	17,183	20,593,548	15,419,403	17,183	5,839,096	17,183	5,838,991	0
\$1,500,000 under \$2,000,000	6,225	10,712,205	7,913,797	6,225	3,133,233	6,225	3,117,187	0
\$2,000,000 under \$5,000,000	7,325	21,542,074	15,484,627	7,325	6,448,114	7,325	6,390,263	0
\$5,000,000 under \$10,000,000	1,393	9,277,092	6,205,738	1,393	2,838,065	1,393	2,757,808	0
\$10,000,000 or more	542	11,593,635	7,007,445	542	3,625,093	542	3,443,549	0
<b>Returns with Form 8615 tax computation [3]</b>								
<b>Total</b>	<b>165,111</b>	<b>3,353,202</b>	<b>2,885,159</b>	<b>165,111</b>	<b>633,142</b>	<b>165,111</b>	<b>574,060</b>	<b>-59,082</b>
Under \$5,000	62,070	201,587	140,815	62,070	14,092	62,070	19,720	5,628
\$5,000 under \$10,000	51,212	378,741	255,786	51,212	25,678	51,212	37,975	12,297
\$10,000 under \$15,000	14,960	180,119	128,436	14,960	13,713	14,960	21,286	7,573
\$15,000 under \$20,000	11,174	184,416	154,191	11,174	18,491	11,174	29,691	11,200
\$20,000 under \$25,000	* 5,615	* 120,177	* 109,909	* 5,615	* 14,146	* 5,615	* 18,533	* 4,387
\$25,000 under \$30,000	* 5,251	* 141,179	* 119,917	* 5,251	* 15,797	* 5,251	* 20,155	* 4,358
\$30,000 under \$40,000	* 3,713	* 122,105	* 110,001	* 3,713	* 14,945	* 3,713	* 15,775	* 830
\$40,000 under \$50,000	* 1,995	* 94,726	* 81,239	* 1,995	* 12,704	* 1,995	* 18,283	* 5,579
\$50,000 under \$75,000	* 1,089	* 59,306	* 40,656	* 1,089	* 6,162	* 1,089	* 2,903	* -3,259
\$75,000 under \$100,000	* 5,026	* 449,336	* 439,575	* 5,026	* 91,665	* 5,026	* 79,927	* -11,738
\$100,000 under \$200,000	* 1,895	* 268,543	* 226,338	* 1,895	* 51,698	* 1,895	* 52,758	* 1,061
\$200,000 under \$500,000	893	298,666	274,404	893	77,585	893	71,629	-5,955
\$500,000 under \$1,000,000	* 80	* 57,404	* 52,699	* 80	* 16,649	* 80	* 17,893	* 1,245
\$1,000,000 under \$1,500,000	* 21	* 25,347	* 22,094	* 21	* 7,274	* 21	* 4,100	* -3,173
\$1,500,000 under \$2,000,000	* 36	* 63,679	* 56,638	* 36	* 19,019	* 36	* 18,195	* -824
\$2,000,000 under \$5,000,000	50	160,477	155,016	50	53,144	50	36,562	-16,581
\$5,000,000 under \$10,000,000	18	133,075	130,381	18	45,224	18	24,903	-20,321
\$10,000,000 or more	14	414,321	387,063	14	135,159	14	83,773	-51,387

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Modified taxable income	Income tax before credits, regular tax computation		Tax generated		Tax differences due to alternative computations
				Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with Schedule D tax computation</b>								
<b>Total</b>	<b>20,107,370</b>	<b>2,897,363,835</b>	<b>2,232,793,249</b>	<b>20,088,569</b>	<b>531,555,035</b>	<b>19,408,102</b>	<b>482,677,168</b>	<b>-48,877,867</b>
Under \$5,000	191,041	448,333	139,635	180,721	13,741	63,853	3,639	-10,102
\$5,000 under \$10,000	154,801	1,166,171	265,682	151,825	26,470	125,498	19,756	-6,714
\$10,000 under \$15,000	472,991	6,070,307	1,332,461	471,999	133,840	347,782	92,600	-41,240
\$15,000 under \$20,000	503,382	8,782,764	3,292,014	502,378	335,355	434,678	250,627	-84,729
\$20,000 under \$25,000	607,642	13,774,305	4,968,793	605,643	558,809	525,275	446,473	-112,336
\$25,000 under \$30,000	710,985	19,522,338	8,136,354	710,780	956,076	668,688	817,516	-138,560
\$30,000 under \$40,000	1,426,215	50,009,423	25,170,304	1,425,913	3,079,074	1,358,765	2,703,008	-376,066
\$40,000 under \$50,000	1,471,946	66,132,115	37,806,618	1,470,950	4,862,862	1,427,174	4,403,269	-459,593
\$50,000 under \$75,000	3,623,359	225,408,288	145,516,168	3,623,357	21,177,528	3,567,397	19,627,982	-1,549,547
\$75,000 under \$100,000	2,939,440	255,824,547	176,824,019	2,939,440	26,809,851	2,910,970	25,181,126	-1,628,725
\$100,000 under \$200,000	5,333,464	738,603,981	547,253,083	5,333,463	99,980,004	5,309,838	95,955,661	-4,024,343
\$200,000 under \$500,000	2,083,076	601,928,469	484,588,645	2,083,072	116,432,164	2,079,470	110,698,718	-5,733,446
\$500,000 under \$1,000,000	386,186	261,902,800	224,248,291	386,186	66,713,823	385,958	61,822,377	-4,891,446
\$1,000,000 under \$1,500,000	90,324	108,824,687	94,826,314	90,324	30,189,234	90,278	27,395,933	-2,793,301
\$1,500,000 under \$2,000,000	37,791	64,998,662	57,060,598	37,791	18,615,417	37,787	16,696,604	-1,918,813
\$2,000,000 under \$5,000,000	54,223	160,303,440	142,108,969	54,223	47,314,666	54,191	41,741,821	-5,572,845
\$5,000,000 under \$10,000,000	12,835	87,573,374	78,187,607	12,835	26,400,310	12,832	22,471,877	-3,928,433
\$10,000,000 or more	7,669	226,089,832	201,067,695	7,669	67,955,812	7,667	52,348,182	-15,607,631

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Taxes from special computation		Alternative minimum tax		Income tax before credits		Total tax credits	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>Returns with regular tax computation only [2]</b>								
<b>Total</b>	<b>* 4,010</b>	<b>* 22,882</b>	<b>1,404,321</b>	<b>5,019,946</b>	<b>83,875,376</b>	<b>475,202,133</b>	<b>72,447,225</b>	<b>85,468,762</b>
Under \$5,000	0	0	**	**	189,311	15,326	7,070	371
\$5,000 under \$10,000	0	0	0	0	2,179,014	342,057	448,047	18,296
\$10,000 under \$15,000	* 2,007	* 311	** 3,003	** 981	5,739,474	1,917,978	4,252,039	1,148,543
\$15,000 under \$20,000	0	0	* 1,999	* 1,105	6,772,175	4,539,280	5,714,514	2,213,348
\$20,000 under \$25,000	0	0	* 1,019	* 972	7,521,387	7,650,901	6,740,464	3,321,787
\$25,000 under \$30,000	0	0	* 142	* 76	7,133,894	10,531,853	6,458,128	4,323,375
\$30,000 under \$40,000	* 6	* 1	* 1,136	* 2,794	12,398,912	27,703,147	11,421,472	9,675,749
\$40,000 under \$50,000	0	0	* 1,002	* 880	9,140,885	30,950,717	8,461,137	9,039,704
\$50,000 under \$75,000	* 1,996	* 22,569	59,344	45,432	14,924,391	82,558,861	13,978,805	20,869,584
\$75,000 under \$100,000	0	0	69,827	84,503	8,479,217	73,937,211	7,838,771	15,096,341
\$100,000 under \$200,000	0	0	466,821	911,742	8,157,021	135,534,661	6,738,675	13,368,336
\$200,000 under \$500,000	0	0	746,676	3,407,162	1,102,956	59,808,580	333,092	2,199,206
\$500,000 under \$1,000,000	0	0	50,651	458,969	104,071	18,058,434	39,972	1,324,465
\$1,000,000 under \$1,500,000	0	0	1,713	42,706	17,183	5,881,697	7,603	601,918
\$1,500,000 under \$2,000,000	0	0	416	17,975	6,225	3,135,162	2,934	388,116
\$2,000,000 under \$5,000,000	0	0	457	18,929	7,325	6,409,192	3,428	803,706
\$5,000,000 under \$10,000,000	0	0	80	11,937	1,393	2,769,745	754	407,281
\$10,000,000 or more	0	0	36	13,784	542	3,457,332	320	668,636
<b>Returns with Form 8615 tax computation [3]</b>								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,697</b>	<b>11,663</b>	<b>165,111</b>	<b>585,723</b>	<b>40,684</b>	<b>58,103</b>
Under \$5,000	0	0	0	0	62,070	19,720	9,077	485
\$5,000 under \$10,000	0	0	0	0	51,212	37,975	13,310	2,287
\$10,000 under \$15,000	0	0	0	0	14,960	21,286	* 2,948	* 185
\$15,000 under \$20,000	0	0	* 1,999	* 683	11,174	30,373	* 4,174	* 260
\$20,000 under \$25,000	0	0	* 1,999	* 1,771	* 5,615	* 20,304	* 1,618	* 49
\$25,000 under \$30,000	0	0	* 96	* 5	* 5,251	* 20,159	* 2,248	* 346
\$30,000 under \$40,000	0	0	* 1,096	* 3,283	* 3,713	* 19,058	* 1,714	* 520
\$40,000 under \$50,000	0	0	0	0	* 1,995	* 18,283	* 1,995	* 497
\$50,000 under \$75,000	0	0	* 96	* 496	* 1,089	* 3,398	* 96	* 47
\$75,000 under \$100,000	0	0	0	0	* 5,026	* 79,927	* 2,043	* 1,731
\$100,000 under \$200,000	0	0	* 301	* 3,225	* 1,895	* 55,984	* 602	* 8
\$200,000 under \$500,000	0	0	* 83	* 1,184	893	72,813	678	1,494
\$500,000 under \$1,000,000	0	0	0	0	* 80	* 17,893	* 80	* 29
\$1,000,000 under \$1,500,000	0	0	* 8	* 258	* 21	* 4,359	* 21	* 1,125
\$1,500,000 under \$2,000,000	0	0	* 3	* 209	* 36	* 18,404	* 36	* 1,980
\$2,000,000 under \$5,000,000	0	0	* 8	* 78	50	36,641	* 21	* 126
\$5,000,000 under \$10,000,000	0	0	* 4	* 242	18	25,145	14	281
\$10,000,000 or more	0	0	* 4	* 229	14	84,001	* 9	* 46,652

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Taxes from special computation		Alternative minimum tax		Income tax before credits		Total tax credits	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>Returns with Schedule D tax computation</b>								
<b>Total</b>	<b>5,625</b>	<b>8,912</b>	<b>2,388,690</b>	<b>16,815,062</b>	<b>19,412,486</b>	<b>499,501,142</b>	<b>14,977,505</b>	<b>24,497,615</b>
Under \$5,000	0	0	0	0	63,853	3,639	8,828	210
\$5,000 under \$10,000	0	0	0	0	125,498	19,756	29,759	525
\$10,000 under \$15,000	0	0	* 1,999	* 538	347,782	93,138	187,771	36,693
\$15,000 under \$20,000	0	0	* 999	* 587	434,678	251,213	262,149	91,622
\$20,000 under \$25,000	0	0	0	0	525,275	446,473	342,086	127,625
\$25,000 under \$30,000	0	0	* 2,036	* 3,332	668,688	820,848	460,539	223,485
\$30,000 under \$40,000	0	0	* 18	* 103	1,358,774	2,703,111	1,014,454	605,493
\$40,000 under \$50,000	* 1,990	* 536	* 1,609	* 1,412	1,427,205	4,405,218	1,145,987	934,765
\$50,000 under \$75,000	* 993	* 10	10,483	11,585	3,567,548	19,639,577	2,910,268	3,378,241
\$75,000 under \$100,000	* 1,997	* 6,978	24,080	41,779	2,911,057	25,229,882	2,493,147	3,670,436
\$100,000 under \$200,000	* 341	* 62	423,505	942,243	5,311,918	96,897,966	4,477,612	6,877,142
\$200,000 under \$500,000	** 303	** 1,326	1,635,305	9,801,126	2,081,289	120,501,112	1,221,305	1,992,864
\$500,000 under \$1,000,000	0	0	240,114	3,082,388	386,106	64,904,765	267,037	1,312,051
\$1,000,000 under \$1,500,000	0	0	23,839	631,444	90,310	28,027,377	68,128	607,896
\$1,500,000 under \$2,000,000	0	0	8,892	340,357	37,788	17,036,961	28,891	450,531
\$2,000,000 under \$5,000,000	0	0	11,226	714,895	54,214	42,456,716	42,485	1,220,145
\$5,000,000 under \$10,000,000	0	0	2,763	370,576	12,834	22,842,453	10,477	654,524
\$10,000,000 or more	**	**	1,822	872,698	7,669	53,220,938	6,579	2,313,366

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Income tax after credits		Total income tax				
	Number of returns	Amount	Number of returns	Amount	As a percentage of		Average income tax (dollars)
					Modified taxable income	Adjusted gross income	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>Returns with regular tax computation only [2]</b>							
<b>Total</b>	<b>63,630,820</b>	<b>389,733,371</b>	<b>63,630,820</b>	<b>389,733,371</b>	<b>13.7</b>	<b>8.5</b>	<b>4,647</b>
Under \$5,000	184,174	14,955	184,174	14,955	9.9	3.3	79
\$5,000 under \$10,000	1,736,915	323,760	1,736,915	323,760	9.5	1.9	149
\$10,000 under \$15,000	2,640,798	769,435	2,640,798	769,435	4.0	1.1	134
\$15,000 under \$20,000	4,512,836	2,325,931	4,512,836	2,325,931	5.3	2.0	343
\$20,000 under \$25,000	4,219,404	4,329,114	4,219,404	4,329,114	6.4	2.6	576
\$25,000 under \$30,000	4,081,680	6,208,478	4,081,680	6,208,478	7.0	3.2	870
\$30,000 under \$40,000	8,446,878	18,027,398	8,446,878	18,027,398	8.1	4.2	1,454
\$40,000 under \$50,000	7,161,716	21,911,013	7,161,716	21,911,013	9.2	5.4	2,397
\$50,000 under \$75,000	13,171,645	61,689,278	13,171,645	61,689,278	10.7	6.7	4,133
\$75,000 under \$100,000	8,144,783	58,840,870	8,144,783	58,840,870	12.0	8.1	6,939
\$100,000 under \$200,000	8,096,375	122,166,325	8,096,375	122,166,325	16.1	11.5	14,977
\$200,000 under \$500,000	1,098,337	57,609,374	1,098,337	57,609,374	25.1	19.2	52,232
\$500,000 under \$1,000,000	103,129	16,733,969	103,129	16,733,969	31.5	24.4	160,794
\$1,000,000 under \$1,500,000	16,959	5,279,779	16,959	5,279,779	34.2	25.6	307,268
\$1,500,000 under \$2,000,000	6,111	2,747,045	6,111	2,747,045	34.7	25.6	441,292
\$2,000,000 under \$5,000,000	7,187	5,605,486	7,187	5,605,486	36.2	26.0	765,254
\$5,000,000 under \$10,000,000	1,367	2,362,464	1,367	2,362,464	38.1	25.5	1,695,954
\$10,000,000 or more	526	2,788,696	526	2,788,696	39.8	24.1	5,145,196
<b>Returns with Form 8615 tax computation [3]</b>							
<b>Total</b>	<b>162,987</b>	<b>527,620</b>	<b>162,987</b>	<b>527,620</b>	<b>18.3</b>	<b>15.7</b>	<b>3,196</b>
Under \$5,000	60,327	19,234	60,327	19,234	13.7	9.5	310
\$5,000 under \$10,000	50,844	35,688	50,844	35,688	14.0	9.4	697
\$10,000 under \$15,000	14,960	21,101	14,960	21,101	16.4	11.7	1,410
\$15,000 under \$20,000	11,174	30,113	11,174	30,113	19.5	16.3	2,695
\$20,000 under \$25,000	* 5,615	* 20,254	* 5,615	* 20,254	* 18.4	* 16.9	* 3,607
\$25,000 under \$30,000	* 5,251	* 19,813	* 5,251	* 19,813	* 16.5	* 14.0	* 3,773
\$30,000 under \$40,000	* 3,713	* 18,538	* 3,713	* 18,538	* 16.9	* 15.2	* 4,993
\$40,000 under \$50,000	* 1,995	* 17,786	* 1,995	* 17,786	* 21.9	* 18.8	* 8,915
\$50,000 under \$75,000	* 1,089	* 3,351	* 1,089	* 3,351	* 8.2	* 5.7	* 3,077
\$75,000 under \$100,000	* 5,026	* 78,196	* 5,026	* 78,196	* 17.8	* 17.4	* 15,558
\$100,000 under \$200,000	* 1,895	* 55,975	* 1,895	* 55,975	* 24.7	* 20.8	* 29,538
\$200,000 under \$500,000	884	71,319	884	71,319	26.0	23.9	79,865
\$500,000 under \$1,000,000	* 80	* 17,864	* 80	* 17,864	* 33.9	* 31.1	* 223,300
\$1,000,000 under \$1,500,000	* 17	* 3,234	* 17	* 3,234	* 14.6	* 12.8	* 154,000
\$1,500,000 under \$2,000,000	* 36	* 16,423	* 36	* 16,423	* 29.0	* 25.8	* 456,194
\$2,000,000 under \$5,000,000	50	36,515	50	36,515	23.6	22.8	730,300
\$5,000,000 under \$10,000,000	18	24,865	18	24,865	19.1	18.7	1,381,389
\$10,000,000 or more	14	37,349	14	37,349	9.6	9.0	2,667,786

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**Table 4a. Returns with Modified Taxable Income [1]: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2009—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Income tax after credits		Total income tax				
	Number of returns	Amount	Number of returns	Amount	As a percentage of		Average income tax (dollars)
					Modified taxable income	Adjusted gross income	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)
<b>Returns with Schedule D tax computation</b>							
<b>Total</b>	<b>18,071,231</b>	<b>475,003,528</b>	<b>18,071,231</b>	<b>475,003,951</b>	<b>21.3</b>	<b>16.4</b>	<b>23,623</b>
Under \$5,000	61,367	3,429	61,367	3,429	2.5	0.8	18
\$5,000 under \$10,000	111,496	19,231	111,496	19,231	7.2	1.6	124
\$10,000 under \$15,000	227,857	56,445	227,857	56,445	4.2	0.9	119
\$15,000 under \$20,000	343,016	159,591	343,016	159,591	4.8	1.8	317
\$20,000 under \$25,000	411,397	318,848	411,397	318,848	6.4	2.3	525
\$25,000 under \$30,000	516,774	597,363	516,774	597,363	7.3	3.1	840
\$30,000 under \$40,000	1,137,271	2,097,618	1,137,271	2,097,618	8.3	4.2	1,471
\$40,000 under \$50,000	1,216,942	3,470,453	1,216,942	3,470,484	9.2	5.2	2,358
\$50,000 under \$75,000	3,276,143	16,261,335	3,276,143	16,261,335	11.2	7.2	4,488
\$75,000 under \$100,000	2,833,344	21,559,446	2,833,344	21,559,446	12.2	8.4	7,335
\$100,000 under \$200,000	5,272,027	90,020,824	5,272,027	90,020,824	16.4	12.2	16,878
\$200,000 under \$500,000	2,075,898	118,508,248	2,075,898	118,508,248	24.5	19.7	56,891
\$500,000 under \$1,000,000	385,333	63,592,714	385,333	63,592,714	28.4	24.3	164,669
\$1,000,000 under \$1,500,000	90,093	27,419,481	90,093	27,419,481	28.9	25.2	303,568
\$1,500,000 under \$2,000,000	37,712	16,586,430	37,712	16,586,430	29.1	25.5	438,899
\$2,000,000 under \$5,000,000	54,118	41,236,571	54,118	41,236,712	29.0	25.7	760,502
\$5,000,000 under \$10,000,000	12,802	22,187,929	12,802	22,187,929	28.4	25.3	1,728,705
\$10,000,000 or more	7,640	50,907,572	7,640	50,907,824	25.3	22.5	6,638,131

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

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

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

[2] Includes returns with Schedule J, *Income Averaging for Farmers and Fisherman*, and foreign-earned income tax computations.

[3] For more details on returns with Form 8615 tax computation, see table 3.1A in 2009 Individual Income Tax Returns publication 1304.

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

# Individual Income Tax Rates and Shares, 2009

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**Table 4b. Returns with Form 8615 Tax Computation: Tax Items, by Type of Tax Computation [1], by Size of Adjusted Gross Income, Tax Year 2009**

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

Size of adjusted gross income	Number of returns	Income tax before credits, regular tax computation	Tax generated with Schedule D computation [2]	Tax differences due to regular tax computation vs. with Schedule D computation	Tax generated	Tax differences due to Form 8615 computation vs. with Schedule D computation
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>165,111</b>	<b>633,142</b>	<b>419,503</b>	<b>-213,639</b>	<b>574,060</b>	<b>154,557</b>
Under \$5,000	62,070	14,092	12,261	-1,831	19,720	7,459
\$5,000 under \$10,000	51,212	25,678	20,438	-5,240	37,975	17,537
\$10,000 under \$15,000	14,960	13,713	11,442	-2,271	21,286	9,844
\$15,000 under \$20,000	11,174	18,491	14,428	-4,063	29,691	15,263
\$20,000 under \$25,000	* 5,615	* 14,146	* 11,347	* -2,799	* 18,533	* 7,186
\$25,000 under \$30,000	* 5,251	* 15,797	* 9,935	* -5,862	* 20,155	* 10,220
\$30,000 under \$40,000	* 3,713	* 14,945	* 9,462	* -5,483	* 15,775	* 6,313
\$40,000 under \$50,000	* 1,995	* 12,704	* 7,342	* -5,362	* 18,283	* 10,941
\$50,000 under \$75,000	* 1,089	* 6,162	* 838	* -5,324	* 2,903	* 2,065
\$75,000 under \$100,000	* 5,026	* 91,665	* 49,606	* -42,059	* 79,927	* 30,321
\$100,000 under \$200,000	* 1,895	* 51,698	* 34,837	* -16,861	* 52,758	* 17,921
\$200,000 under \$500,000	893	77,585	59,691	-17,894	71,629	11,938
\$500,000 under \$1,000,000	* 80	* 16,649	* 16,423	* -226	* 17,893	* 1,470
\$1,000,000 under \$1,500,000	* 21	* 7,274	* 3,604	* -3,670	* 4,100	* 496
\$1,500,000 under \$2,000,000	* 36	* 19,019	* 17,401	* -1,618	* 18,195	* 794
\$2,000,000 under \$5,000,000	50	53,144	35,782	-17,362	36,562	780
\$5,000,000 under \$10,000,000	18	45,224	24,674	-20,550	24,903	229
\$10,000,000 or more	14	135,159	79,994	-55,165	83,773	3,779

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

[1] For more details on returns with Form 8615 tax computation, see table 3.1A in 2009 Individual Income Tax Returns, Publication 1304.

[2] For returns that did not have Schedule D worksheet, the regular tax computation was used to calculate tax generated. For 2009, 90,186 returns had no worksheet.

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

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns: [1]</b>							
1986	102,087,623	102,088	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987	106,154,761	106,155	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988	108,872,859	108,873	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989	111,312,721	111,313	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990	112,812,262	112,812	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991	113,804,104	113,804	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992	112,652,759	112,653	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993	113,681,387	113,681	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994	114,989,920	114,990	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995	117,274,186	117,274	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996	119,441,767	119,442	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997	121,503,284	121,503	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998	123,775,831	123,776	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999	126,008,974	126,009	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
2000	128,227,143	128,227	1,282,271	6,411,357	12,822,714	32,056,786	64,113,572
2001	128,817,051	128,817	1,288,171	6,440,853	12,881,705	32,204,263	64,408,526
2002	128,323,986	128,324	1,283,240	6,416,199	12,832,399	32,080,997	64,161,993
2003	128,609,786	128,610	1,286,098	6,430,489	12,860,979	32,152,447	64,304,893
2004	130,371,156	130,371	1,303,712	6,518,558	13,037,116	32,592,789	65,185,578
2005	132,611,637	132,612	1,326,116	6,630,582	13,261,164	33,152,909	66,305,819
2006	135,719,160	135,719	1,357,192	6,785,958	13,571,916	33,929,790	67,859,580
2007	[2] 141,070,971	141,071	1,410,710	7,053,549	14,107,097	35,267,743	70,535,486
2008	139,960,580	139,961	1,399,606	6,998,029	13,996,058	34,990,145	69,980,290
2009	137,982,203	137,982	1,379,822	6,899,110	13,798,220	34,495,551	68,991,102
<b>Adjusted gross income floor on percentiles (current dollars):</b>							
1986	N/A	[3]	118,818	62,377	48,656	32,242	17,302
1987	N/A	[3]	139,289	68,414	52,921	33,983	17,768
1988	N/A	[3]	157,136	72,735	55,437	35,398	18,367
1989	N/A	[3]	163,869	76,933	58,263	36,839	18,993
1990	N/A	[3]	167,421	79,064	60,287	38,080	19,767
1991	N/A	[3]	170,139	81,720	61,944	38,929	20,097
1992	N/A	[3]	181,904	85,103	64,457	40,378	20,803
1993	N/A	[3]	185,715	87,386	66,077	41,210	21,179
1994	N/A	[3]	195,726	91,226	68,753	42,742	21,802
1995	N/A	[3]	209,406	96,221	72,094	44,207	22,344
1996	N/A	[3]	227,546	101,141	74,986	45,757	23,174
1997	N/A	[3]	250,736	108,048	79,212	48,173	24,393
1998	N/A	[3]	269,496	114,729	83,220	50,607	25,491
1999	N/A	[3]	293,415	120,846	87,682	52,965	26,415
2000	N/A	[3]	313,469	128,336	92,144	55,225	27,682
2001	N/A	1,324,487	292,913	127,904	92,754	56,085	28,528
2002	N/A	1,191,673	285,424	126,525	92,663	56,401	28,654
2003	N/A	1,262,760	295,495	130,080	94,891	57,343	29,019
2004	N/A	1,548,941	328,049	137,056	99,112	60,041	30,122
2005	N/A	1,848,791	364,657	145,283	103,912	62,068	30,881
2006	N/A	2,044,689	388,806	153,542	108,904	64,702	31,987
2007	N/A	2,155,365	410,096	160,041	113,018	66,532	32,879
2008	N/A	1,803,585	380,354	159,619	113,799	67,280	33,048
2009	N/A	1,432,890	343,927	154,643	112,124	66,193	32,396

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Adjusted gross income floor on percentiles (constant dollars): [4]</b>							
1986	N/A	[3]	108,411	56,913	44,394	29,418	15,786
1987	N/A	[3]	122,614	60,224	46,585	29,915	15,641
1988	N/A	[3]	132,828	61,484	46,861	29,922	15,526
1989	N/A	[3]	132,152	62,043	46,986	29,709	15,317
1990	N/A	[3]	128,096	60,493	46,126	29,135	15,124
1991	N/A	[3]	124,919	60,000	45,480	28,582	14,756
1992	N/A	[3]	129,654	60,658	45,942	28,780	14,828
1993	N/A	[3]	128,522	60,475	45,728	28,519	14,657
1994	N/A	[3]	132,069	61,556	46,392	28,841	14,711
1995	N/A	[3]	137,406	63,137	47,306	29,007	14,661
1996	N/A	[3]	145,026	64,462	47,792	29,163	14,769
1997	N/A	[3]	156,222	67,320	49,353	30,014	15,198
1998	N/A	[3]	164,427	69,999	50,775	30,877	15,553
1999	N/A	[3]	176,119	72,537	52,630	31,792	15,855
2000	N/A	[3]	182,038	74,527	53,510	32,070	16,075
2001	N/A	747,875	165,394	72,221	52,374	31,669	16,108
2002	N/A	662,409	158,657	70,331	51,508	31,351	15,928
2003	N/A	686,283	160,595	70,696	51,571	31,165	15,771
2004	N/A	819,979	173,663	72,555	52,468	31,785	15,946
2005	N/A	946,642	186,716	74,390	53,206	31,781	15,812
2006	N/A	1,014,231	192,860	76,162	54,020	32,094	15,867
2007	N/A	1,039,732	197,827	77,203	54,519	32,095	15,861
2008	N/A	837,708	176,662	74,138	52,856	31,249	15,350
2009	N/A	667,899	160,311	72,082	52,263	30,854	15,100
<b>Adjusted gross income (millions of dollars):</b>							
1986	2,524,124	[3]	285,197	608,467	886,510	1,490,173	2,103,569
1987	2,813,728	[3]	346,635	722,221	1,038,221	1,709,389	2,373,869
1988	3,124,156	[3]	473,527	890,702	1,232,536	1,950,860	2,657,865
1989	3,298,858	[3]	468,079	918,421	1,286,539	2,054,478	2,805,235
1990	3,451,237	[3]	483,252	953,337	1,338,032	2,144,177	2,932,537
1991	3,516,142	[3]	456,603	943,350	1,343,202	2,174,765	2,984,003
1992	3,680,552	[3]	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993	3,775,578	[3]	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994	3,961,146	[3]	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995	4,244,607	[3]	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996	4,590,527	[3]	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997	5,023,457	[3]	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998	5,469,211	[3]	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999	5,909,329	[3]	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
2000	6,423,977	[3]	1,336,773	2,267,403	2,955,386	4,313,786	5,589,755
2001	6,241,036	505,752	1,094,296	1,996,492	2,690,589	4,071,034	5,379,286
2002	6,113,778	431,644	985,781	1,867,787	2,553,475	3,935,504	5,244,029
2003	6,287,586	476,041	1,054,567	1,960,676	2,663,470	4,078,227	5,407,851
2004	6,875,123	628,522	1,306,417	2,299,595	3,049,275	4,546,401	5,952,781
2005	7,507,958	799,403	1,591,711	2,683,934	3,487,010	5,069,455	6,544,824
2006	8,122,040	911,054	1,791,886	2,977,714	3,843,144	5,535,830	7,105,599
2007	8,798,500	1,049,358	2,008,259	3,294,542	4,227,839	6,045,354	7,720,213
2008	8,426,625	839,371	1,685,472	2,926,701	3,856,462	5,678,179	7,352,111
2009	7,825,389	610,241	1,324,572	2,482,490	3,379,731	5,149,871	6,770,174

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total income tax (millions of dollars): [5]</b>							
1986	366,979	[3]	94,491	156,240	200,703	278,976	343,289
1987	369,046	[3]	91,559	159,642	205,230	283,857	346,655
1988	412,761	[3]	113,841	188,303	236,411	321,297	389,145
1989	432,838	[3]	109,259	190,188	241,458	334,258	407,599
1990	447,061	[3]	112,338	195,088	247,514	344,340	421,075
1991	448,349	[3]	111,267	194,480	250,282	346,511	423,759
1992	476,163	[3]	131,156	218,479	276,213	373,700	452,070
1993	502,720	[3]	145,836	238,083	297,808	398,516	478,563
1994	534,754	[3]	154,337	254,106	317,902	425,402	509,256
1995	588,331	[3]	178,035	287,741	357,402	472,808	561,225
1996	658,124	[3]	212,626	335,433	411,404	535,164	629,684
1997	727,303	[3]	241,239	377,241	459,639	594,007	696,161
1998	788,452	[3]	274,009	424,506	512,836	651,964	755,240
1999	877,292	[3]	317,419	486,464	583,002	732,890	842,168
2000	980,521	[3]	366,929	553,670	660,150	823,706	942,179
2001	887,882	142,616	300,898	472,823	576,163	736,053	852,642
2002	796,862	122,975	268,608	428,680	523,812	668,558	768,963
2003	747,939	117,275	256,340	406,597	492,452	627,380	722,027
2004	831,890	145,118	306,902	475,224	567,273	705,915	804,471
2005	934,703	180,008	368,132	557,759	657,085	803,772	906,028
2006	1,023,739	200,281	408,369	615,680	724,740	883,153	993,176
2007	1,115,504	225,239	450,926	676,293	794,432	965,875	1,083,243
2008	1,031,512	190,498	392,149	605,718	721,421	890,614	1,003,639
2009	865,863	148,143	318,043	507,907	610,156	755,903	846,352
<b>Average tax rate (percentage): [6]</b>							
1986	14.54	[3]	33.13	25.68	22.64	18.72	16.32
1987	13.12	[3]	26.41	22.10	19.77	16.61	14.60
1988	13.21	[3]	24.04	21.14	19.18	16.47	14.64
1989	13.12	[3]	23.34	20.71	18.77	16.27	14.53
1990	12.95	[3]	23.25	20.46	18.50	16.06	14.36
1991	12.75	[3]	24.37	20.62	18.63	15.93	14.20
1992	12.94	[3]	25.05	21.19	19.13	16.25	14.44
1993	13.32	[3]	28.01	22.71	20.20	16.90	14.90
1994	13.50	[3]	28.23	23.04	20.48	17.15	15.11
1995	13.86	[3]	28.73	23.53	20.97	17.58	15.47
1996	14.34	[3]	28.87	24.07	21.55	18.12	15.96
1997	14.48	[3]	27.64	23.62	21.36	18.18	16.09
1998	14.42	[3]	27.12	23.63	21.42	18.16	16.00
1999	14.85	[3]	27.53	24.18	21.98	18.66	16.43
2000	15.26	[3]	27.45	24.42	22.34	19.09	16.86
2001	14.23	28.20	27.50	23.68	21.41	18.08	15.85
2002	13.03	28.49	27.25	22.95	20.51	16.99	14.66
2003	11.90	24.64	24.31	20.74	18.49	15.38	13.35
2004	12.10	23.09	23.49	20.67	18.60	15.53	13.51
2005	12.45	22.52	23.13	20.78	18.84	15.86	13.84
2006	12.60	21.98	22.79	20.68	18.86	15.95	13.98
2007	12.68	21.46	22.45	20.53	18.79	15.98	14.03
2008	12.24	22.70	23.27	20.70	18.71	15.68	13.65
2009	11.06	24.28	24.01	20.46	18.05	14.68	12.50

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles					
		Top 0.1 percent	Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Adjusted gross income share (percentage):</b>							
1986	100.00	[3]	11.30	24.11	35.12	59.04	83.34
1987	100.00	[3]	12.32	25.67	36.90	60.75	84.37
1988	100.00	[3]	15.16	28.51	39.45	62.44	85.07
1989	100.00	[3]	14.19	27.84	39.00	62.28	85.04
1990	100.00	[3]	14.00	27.62	38.77	62.13	84.97
1991	100.00	[3]	12.99	26.83	38.20	61.85	84.87
1992	100.00	[3]	14.23	28.01	39.23	62.47	85.08
1993	100.00	[3]	13.79	27.76	39.05	62.45	85.08
1994	100.00	[3]	13.80	27.85	39.19	62.64	85.11
1995	100.00	[3]	14.60	28.81	40.16	63.37	85.46
1996	100.00	[3]	16.04	30.36	41.59	64.32	85.92
1997	100.00	[3]	17.38	31.79	42.83	65.05	86.16
1998	100.00	[3]	18.47	32.85	43.77	65.63	86.33
1999	100.00	[3]	19.51	34.04	44.89	66.46	86.75
2000	100.00	[3]	20.81	35.30	46.01	67.15	87.01
2001	100.00	8.10	17.53	31.99	43.11	65.23	86.19
2002	100.00	7.06	16.12	30.55	41.77	64.37	85.77
2003	100.00	7.57	16.77	31.18	42.36	64.86	86.01
2004	100.00	9.14	19.00	33.45	44.35	66.13	86.58
2005	100.00	10.65	21.20	35.75	46.44	67.52	87.17
2006	100.00	11.22	22.06	36.66	47.32	68.16	87.49
2007	100.00	11.93	22.83	37.44	48.05	68.71	87.74
2008	100.00	9.96	20.00	34.73	45.77	67.38	87.25
2009	100.00	7.80	16.93	31.72	43.19	65.81	86.52
<b>Total income tax share (percentage):</b>							
1986	100.00	[3]	25.75	42.57	54.69	76.02	93.54
1987	100.00	[3]	24.81	43.26	55.61	76.92	93.93
1988	100.00	[3]	27.58	45.62	57.28	77.84	94.28
1989	100.00	[3]	25.24	43.94	55.78	77.22	94.17
1990	100.00	[3]	25.13	43.64	55.36	77.02	94.19
1991	100.00	[3]	24.82	43.38	55.82	77.29	94.52
1992	100.00	[3]	27.54	45.88	58.01	78.48	94.94
1993	100.00	[3]	29.01	47.36	59.24	79.27	95.19
1994	100.00	[3]	28.86	47.52	59.45	79.55	95.23
1995	100.00	[3]	30.26	48.91	60.75	80.36	95.39
1996	100.00	[3]	32.31	50.97	62.51	81.32	95.68
1997	100.00	[3]	33.17	51.87	63.20	81.67	95.72
1998	100.00	[3]	34.75	53.84	65.04	82.69	95.79
1999	100.00	[3]	36.18	55.45	66.45	83.54	96.00
2000	100.00	[3]	37.42	56.47	67.33	84.01	96.09
2001	100.00	16.06	33.89	53.25	64.89	82.90	96.03
2002	100.00	15.43	33.71	53.80	65.73	83.90	96.50
2003	100.00	15.68	34.27	54.36	65.84	83.88	96.54
2004	100.00	17.44	36.89	57.13	68.19	84.86	96.70
2005	100.00	19.26	39.38	59.67	70.30	85.99	96.93
2006	100.00	19.56	39.89	60.14	70.79	86.27	97.01
2007	100.00	20.19	40.42	60.63	71.22	86.59	97.11
2008	100.00	18.47	38.02	58.72	69.94	86.34	97.30
2009	100.00	17.11	36.73	58.66	70.47	87.30	97.75

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 1. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2009, there were 3,820 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] Not calculated.

[4] 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 2009 the CPI-U = 214.537.

[5] 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.

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

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns: [1]</b>						
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
2006	135,719,160	67,859,580	101,789,370	122,147,244	128,933,202	134,361,968
2007	[2] 141,070,971	70,535,486	105,803,228	126,963,874	134,017,422	139,660,261
2008	139,960,580	69,980,290	104,970,435	125,964,522	132,962,551	138,560,974
2009	137,982,203	68,991,102	103,486,652	124,183,983	131,083,093	136,602,381
<b>Adjusted gross income (millions of dollars):</b>						
1986	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
2000	6,423,977	834,222	2,110,190	3,468,590	4,156,573	5,087,204
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	5,568,706
2005	7,507,958	963,135	2,438,504	4,020,948	4,824,024	5,916,248
2006	8,122,040	1,016,441	2,586,209	4,278,895	5,144,325	6,330,153
2007	8,798,500	1,078,287	2,753,146	4,570,661	5,503,958	6,790,241
2008	8,426,625	1,074,514	2,748,447	4,570,164	5,499,924	6,741,153
2009	7,825,389	1,055,215	2,675,518	4,445,659	5,342,900	6,500,818

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total income tax (millions of dollars): [3]</b>						
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
2006	1,023,739	30,561	140,586	298,999	408,058	615,370
2007	1,115,504	32,261	149,630	321,073	439,212	664,579
2008	1,031,512	27,873	140,898	310,091	425,793	639,363
2009	865,863	19,511	109,962	255,707	357,956	547,820
<b>Average tax rate (percentage): [4]</b>						
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
2006	12.60	3.01	5.44	6.99	7.93	9.72
2007	12.68	2.99	5.43	7.02	7.98	9.79
2008	12.24	2.59	5.13	6.79	7.74	9.48
2009	11.06	1.85	4.11	5.75	6.70	8.43

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income share (percentage):</b>						
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
2006	100.00	12.51	31.84	52.68	63.34	77.94
2007	100.00	12.26	31.29	51.95	62.56	77.18
2008	100.00	12.75	32.62	54.23	65.27	80.00
2009	100.00	13.48	34.19	56.81	68.28	83.07
<b>Total income tax share (percentage):</b>						
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
2006	100.00	2.99	13.73	29.21	39.86	60.11
2007	100.00	2.89	13.41	28.78	39.37	59.58
2008	100.00	2.70	13.66	30.06	41.28	61.98
2009	100.00	2.25	12.70	29.53	41.34	63.27

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 1. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2009, there were 3,820 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[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, 2009

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**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 1986–2009**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns: [1]</b>						
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
2006	135,854,749	1,358,547	6,792,737	13,585,475	33,963,687	67,927,375
2007	[2] 141,252,080	1,412,521	7,062,604	14,125,208	35,313,020	70,626,040
2008	140,118,702	1,401,187	7,005,935	14,011,870	35,029,676	70,059,351
2009	138,162,359	1,381,624	6,908,118	13,816,236	34,540,590	69,081,180
<b>Income floor on percentiles (current dollars):</b>						
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
2006	N/A	437,036	162,043	111,560	63,694	31,693
2007	N/A	458,846	168,478	115,564	65,340	32,400
2008	N/A	429,502	166,540	116,010	65,824	32,545
2009	N/A	384,777	160,286	113,636	64,605	31,873

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income floor on percentiles (constant dollars): [3]</b>						
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
2006	N/A	216,784	80,378	55,337	31,594	15,721
2007	N/A	221,344	81,273	55,747	31,520	15,630
2008	N/A	199,490	77,353	53,883	30,573	15,116
2009	N/A	179,352	74,713	52,968	30,114	14,857
<b>Income (millions of current dollars):</b>						
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
2006	8,365,645	1,900,311	3,202,445	4,101,178	5,798,340	7,340,135
2007	9,048,579	2,121,037	3,533,346	4,502,869	6,324,119	7,963,204
2008	8,657,921	1,802,841	3,157,272	4,117,545	5,937,731	7,574,417
2009	8,001,973	1,432,388	2,677,016	3,596,925	5,358,589	6,938,319

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total income tax (millions of current dollars): [4]</b>						
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
2006	1,023,556	396,274	605,877	717,713	878,565	991,763
2007	1,115,338	437,537	665,659	786,765	961,228	1,081,951
2008	1,031,252	378,608	594,941	713,703	885,883	1,002,156
2009	865,523	306,365	498,819	602,713	750,099	844,772
<b>Average tax rate (percentage): [5]</b>						
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
2006	12.24	20.85	18.92	17.50	15.15	13.51
2007	12.33	20.63	18.84	17.47	15.20	13.59
2008	11.91	21.00	18.84	17.33	14.92	13.23
2009	10.82	21.39	18.63	16.76	14.00	12.18

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income share (percentage):</b>						
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
2006	100.00	22.72	38.28	49.02	69.31	87.74
2007	100.00	23.44	39.05	49.76	69.89	88.01
2008	100.00	20.82	36.47	47.56	68.58	87.49
2009	100.00	17.90	33.45	44.95	66.97	86.71
<b>Total income tax share (percentage):</b>						
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
2006	100.00	38.72	59.19	70.12	85.83	96.89
2007	100.00	39.23	59.68	70.54	86.18	97.01
2008	100.00	36.71	57.69	69.21	85.90	97.18
2009	100.00	35.40	57.63	69.64	86.66	97.60

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 2009, there were 3,820 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2009 the CPI-U = 214.537.

[4] 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.

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

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns: [1]</b>						
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
2006	135,854,749	67,927,375	101,891,062	122,269,274	129,062,012	134,496,202
2007	[2] 141,252,080	70,626,040	105,939,060	127,126,872	134,189,476	139,839,559
2008	140,118,702	70,059,351	105,089,027	126,106,832	133,112,767	138,717,515
2009	138,162,359	69,081,180	103,621,769	124,346,123	131,254,241	136,780,735
<b>Income (millions of current dollars):</b>						
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
2006	8,365,645	1,025,509	2,567,304	4,264,467	5,163,200	6,465,334
2007	9,048,579	1,085,375	2,724,460	4,545,709	5,515,232	6,927,542
2008	8,657,921	1,083,504	2,720,190	4,540,376	5,500,649	6,855,080
2009	8,001,973	1,063,654	2,643,383	4,405,048	5,324,957	6,569,584

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total income tax (millions of current dollars): [3]</b>						
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
2006	1,023,556	31,796	144,991	305,843	417,680	627,282
2007	1,115,338	33,387	154,109	328,573	449,679	677,801
2008	1,031,252	29,093	145,369	317,549	436,311	652,645
2009	865,523	20,754	115,424	262,810	366,703	559,158
<b>Average tax rate (percentage): [4]</b>						
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
2006	12.24	3.10	5.65	7.17	8.09	9.70
2007	12.33	3.08	5.66	7.23	8.15	9.78
2008	11.91	2.69	5.34	6.99	7.93	9.52
2009	10.82	1.95	4.37	5.97	6.89	8.51

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2009

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**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 1986–2009—Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income share (percentage):</b>						
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
2006	100.00	12.26	30.69	50.98	61.72	77.28
2007	100.00	12.00	30.11	50.24	60.95	76.56
2008	100.00	12.51	31.42	52.44	63.53	79.18
2009	100.00	13.29	33.03	55.05	66.55	82.10
<b>Total income tax share (percentage):</b>						
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
2006	100.00	3.11	14.17	29.88	40.81	61.28
2007	100.00	2.99	13.82	29.46	40.32	60.77
2008	100.00	2.82	14.10	30.79	42.31	63.29
2009	100.00	2.40	13.34	30.36	42.37	64.60

[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 2009, there were 3,820 returns with no adjusted gross income that reported income tax.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[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.

# Split-Interest Trusts, Filing Year 2010

by Lisa Schreiber Rosenmerkel

**F**orm 5227, the *Split-Interest Trust Information Return*, is filed for trusts with both charitable and noncharitable beneficiaries. A Form 5227 must be submitted for each calendar year a split-interest trust is in existence; it must be filed with the Internal Revenue Service (IRS) by April 15 of the year following the calendar year described in the return.<sup>1</sup> Because Form 5227 is an information return, it is used to disclose the financial activities of the trust, but not to calculate tax liability.

A split-interest trust can be created by a will or in a separate trust instrument. In either case, the instrument specifies the term of the trust, designates the trustee(s) and beneficiaries, and provides parameters for managing assets and distributing income. The instrument usually specifies the contents of the trust at the time it is created. The individual who owns, and then transfers, the assets that make up the trust corpus is known as the grantor. The individuals and entities that receive income are known as beneficiaries.

A trustee is charged with holding, investing, and distributing the income and assets of the trust. A trustee may be an individual, a group of individuals, or an entity, such as a bank or charity. Each trustee must ensure that all transactions, including distributions, conform to the requirements of the trust instrument and to any applicable laws. Additionally, trustees must coordinate the preparation, verification, and submission of all required State and Federal tax forms.

In Filing Year 2010, some 118,787 Forms 5227 were filed, primarily for Tax Year 2009 (Figure A).<sup>2,3</sup> There are three distinct types of split-interest trusts: charitable remainder trusts, charitable lead trusts, and pooled income funds. As in prior years, charitable remainder trusts were the most common split-interest

trusts, accounting for 93.2 percent of returns filed in 2010. Under a charitable remainder trust (CRT) agreement, an income stream is distributed annually to one or more noncharitable beneficiaries of the trust for a defined period.<sup>4,5</sup> At the end of the period, the trust is dissolved, and the remaining assets are distributed to predetermined charitable beneficiaries.<sup>6</sup> There are two types of charitable remainder trusts. Charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) are differentiated by the calculation of the noncharitable distribution amount. Charitable remainder annuity trusts annually distribute a fixed percentage, between 5 percent and 50 percent, of the *initial* fair market value of the property in the trust. Charitable remainder unitrusts distribute a fixed percentage of the fair market value of the trust property, *valued annually*. This percentage is called the “unitrust percentage” and must be between 5 percent and 50 percent.

Trustees of charitable lead trusts filed 6,609 returns in Filing Year 2010. Under a charitable lead trust (CLT) agreement, annual distributions are made to a predetermined charitable beneficiary. The amount that a CLT distributes to charity is not constrained by minimum or maximum payout restrictions. At the end of the trust’s predetermined life, the remaining income and assets are distributed to the designated noncharitable beneficiary.

Pooled income funds are the least common type of split-interest trust, with 1,410 returns filed in 2010 (Figure A). Under a pooled income fund (PIF) arrangement, private donors to a charitable organization contribute to a pool of donated assets and, in return, receive income payments for the remainder of the grantors’ lifetimes.<sup>7</sup> The transfer of assets to the fund must be irrevocable, meaning the assets cannot be removed or replaced with other assets without consent of the beneficiary, in this case the donee charity. The donee charity, commonly a large educational institution, is responsible for the maintenance

*Lisa Schreiber Rosenmerkel is an economist with the Special Studies Special Projects Section. This article was prepared under the direction of Melissa Ludlum, Chief.*

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

<sup>2</sup> A filing year includes all returns submitted to IRS processing between January 1 and December 31.

<sup>3</sup> Figure A includes data for six charitable remainder unitrusts otherwise excluded from this article. Data for these outliers are also included in the aggregate tables presented at the conclusion of this article, as well as the online versions. All other figures and calculations in this article exclude data for these six trusts, which accounted for significant proportions of various asset and income categories and distorted the time-series and composition analysis.

<sup>4</sup> The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary. For more information on the allowable duration of charitable remainder trusts, see Internal Revenue Code sections 664(d)(1)(A) and 664(d)(2)(A).

<sup>5</sup> In order to qualify as a noncharitable beneficiary, the individual or individuals must be the donor, the donor’s spouse, a linear ancestor of a noncharitable beneficiary, or the spouse of a linear ancestor of a noncharitable beneficiary. For more information, see Treasury Regulations 1.1170A-6(c)(2)(i).

<sup>6</sup> The qualifications for a “charitable beneficiary” are detailed in Internal Revenue Code section 170(c).

<sup>7</sup> Pooled income funds are further discussed under Internal Revenue Code section 642(c)(5).

# Split-Interest Trusts, Filing Year 2010

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**Figure A**

## Split-Interest Trusts, by Type of Trust, Filing Years 2009 and 2010

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

Item	All			Charitable remainder trusts		
	2009	2010	Percent change	2009	2010	Percent change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>122,541</b>	<b>118,787</b>	<b>-3.1</b>	<b>114,500</b>	<b>110,768</b>	<b>-3.3</b>
<b>Net asset value, end-of-year [1]</b>	<b>123,792,276</b>	<b>119,692,928</b>	<b>-3.3</b>	<b>104,200,449</b>	<b>99,076,810</b>	<b>-4.9</b>
Book value of assets, end-of-year	125,680,010	121,242,163	-3.5	105,577,412	100,188,561	-5.1
Book value of liabilities, end-of-year	1,887,735	1,549,235	-17.9	1,376,963	1,111,751	-19.3

Item	Charitable lead trusts			Pooled income funds		
	2009	2010	Percent change	2009	2010	Percent change
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Number of returns</b>	<b>6,626</b>	<b>6,609</b>	<b>-0.3</b>	<b>1,415</b>	<b>1,410</b>	<b>-0.4</b>
<b>Net asset value, end-of-year [1]</b>	<b>18,274,043</b>	<b>19,338,914</b>	<b>5.8</b>	<b>1,317,783</b>	<b>1,277,204</b>	<b>-3.1</b>
Book value of assets, end-of-year	18,633,726	19,626,345	5.3	1,468,871	1,427,257	-2.8
Book value of liabilities, end-of-year	359,683	287,431	-20.1	151,088	150,053	-0.7

[1] Calculated as the end-of-year book value of assets (Form 5227, Part IV, line 50, column (b)) minus the end-of-year book value of liabilities (line 56, column (b)).

NOTES: Figure A includes data for six charitable remainder unitrusts that otherwise distorted the analysis presented in this article. Data for these trusts also are included in the aggregate tables presented at the conclusion of this article, as well as the online versions. All other figures and calculations in this article exclude data for these six trusts. Detail may not add to totals due to rounding.

of the fund, including investing assets and making distributions to beneficiaries. Each year, grantors receive a distribution from the fund based on the ratio of their contributions to the value of the investment pool and the return on the fund assets for that year. At the time of the donor's death, the charity receives the grantor's prorated share of the value of the PIF.

### Filer Characteristics

In 2010, the majority of returns were filed for ongoing trusts, in neither the first nor last year of existence. Ongoing trusts accounted for 94.5 percent of all Forms 5227 filed in 2010. Just 1.6 percent of the population comprised initial returns, which were filed for newly created trusts, a decrease from 2009. Final returns were more common; in 2010, preparers for terminating trusts filed 4,685 returns, or 3.9 percent of the total population. Of the three types of split-interest trusts (SITs), trustees of charitable lead trusts continued to be the most likely to file both initial and final returns, with returns for ongoing trusts making up only 86 percent of the CLTs filed.

As in previous years, the average lifetime of a split-interest trust that terminated in 2010 was approximately 15 years. Terminating pooled income

funds continued to have the longest average lifetime of all the SIT types, slightly more than 26 years, approximately 5 years longer than terminating pooled income funds in 2009. This extended lifetime could be explained by the institutional structure of PIFs, in which a single charity oversees the assets of multiple donors. Charitable lead trusts terminating in 2010 had an average lifetime of 12 years, a remarkable decrease from the 16-year average lifespan of terminating CLTs in 2009. Charitable remainder unitrusts terminating in Filing Year 2010 had an average lifetime of 14 years. Terminating charitable remainder annuity trusts had an average lifetime of approximately 16 years.

Paid preparers completed 77.1 percent of returns filed in 2010 (Figure B). Of those returns that did not indicate a paid preparer, 89.1 percent reported institutions, such as banks or charities, as the trustee. When entities such as these act as trustee, it is likely that the return was professionally prepared, even if a paid preparer did not sign the return. For example, while paid preparers completed only 56 percent of the returns filed for pooled income funds, 95.3 percent of the PIF returns without a paid preparer indicated the presence of institutional trustees. Returns

# Split-Interest Trusts, Filing Year 2010

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## Figure B

### Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Trust, Filing Year 2010

[All figures are estimates based on samples]

Preparer status, type of trustee	All	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>118,781</b>	<b>16,937</b>	<b>93,825</b>	<b>6,609</b>	<b>1,410</b>
Paid preparer [1]	91,633	11,231	74,139	5,473	789
Unpaid preparer	27,148	5,705	19,686	1,136	621
Institutional trustee	24,177	5,291	17,372	923	592
Non-institutional trustee	2,971	415	2,314	212	* 29

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

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

for CLTs were most likely to be completed by a paid preparer; in 2010, only 17.2 percent of returns filed for CLTs did not utilize a paid preparer.

### Income and Deductions

In total, split-interest trust filers reported \$8 billion in gross income, defined as the sum of all income from any source prior to deductions (Figure C).<sup>8</sup> This is a decline of 35 percent from Filing Year 2010. Charitable remainder unitrusts, which represented the majority of returns filed, also accounted for the highest amount of gross income, \$5.8 billion. However, charitable lead trust filers continued to report the highest average gross income per return. The 6,289

CLT filers reported gross income of \$1.6 billion, or approximately \$260,000 per return. Charitable remainder annuity trust filers reported the lowest average gross income per return, approximately \$26,000.

Charitable remainder trusts that incurred any unrelated business taxable income were also required to file Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*.<sup>9</sup> In Filing Year 2010, filers of 395 charitable remainder trust returns reported unrelated business income (UBI) on Form 5227.<sup>10</sup> This is a remarkable increase over the 147 CRT returns reporting UBI in Filing Year 2009. Nearly 94 percent of those reporting UBI were CRUTs.

## Figure C

### Gross Income, by Type of Trust, Filing Year 2010

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

Item	All	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
Number of returns	118,781	16,937	93,825	6,609	1,410
Number of returns with gross income	113,619	16,577	89,391	6,289	1,361
Amount of gross income reported [1]	7,983,011	432,317	5,843,308	1,635,323	72,063

[1] Gross income of a trust is the sum of income prior to being reduced by deductions.

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

<sup>8</sup> All dollar amounts presented in this article, as well as the related figures and tables, are in nominal dollars and have not been adjusted for inflation.

<sup>9</sup> Any income that a charitable remainder trust receives from a trade or business that is not substantially related to its exempt purpose is subject to tax. One example of unrelated business income is debt financed income, which includes dividends from stock purchased through a margin account. For more information, see IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

<sup>10</sup> For more information on the amounts reported on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*, please visit the Tax Stats Web site: <http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html>.

# Split-Interest Trusts, Filing Year 2010

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Trust income is divided into three income categories for reporting purposes: ordinary income, capital gains, and nontaxable income. The value of all three income categories reported for split-interest trusts fell between Filing Years 2009 and 2010. As in prior years, ordinary income made up the majority of trust income for all trust types (Figure D). Total ordinary income fell by 25.6 percent, from \$5.9 billion to \$4.4 billion in 2010. Dividends and business income continued to be the largest component of ordinary income; however, the aggregate values declined by 29.7 percent between the 2 years. Total capital losses increased significantly, from -\$614.1 million in 2009 to -\$2.9 billion in 2010. Long-term capital losses comprised 87.3 percent of total capital losses. Total nontaxable income declined the least of the income categories, falling 13.3 percent between 2009 and 2010.

Total deductions declined in 2010. Interest and taxes remained the smallest deductions reported for split-interest trusts (Figure D). Trustee fees and other allowable deductions comprised 31.5 percent and 49.9 percent of all deductions, respectively.<sup>11</sup>

## Balance Sheet

Overall, total end-of-year assets, which include cash, receivables, and investments, reported for split-interest trusts declined by 4 percent between 2009 and 2010 (Figure E). Total investments declined by 2.4 percent, to \$96.9 billion in 2010. Corporate stock remained the largest investment category but posted the largest relative decline of all the investment categories, falling 10.4 percent from 2009 to 2010. Corporate bonds and other investments increased between 2009 and 2010, 13.3 and 5.9 percent, respectively.<sup>12</sup>

## Figure D

### Income and Deductions, Filing Years 2009 and 2010

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

Item	2009	2010	Percent change
	(1)	(2)	(3)
<b>Number of returns</b>	<b>122,535</b>	<b>118,781</b>	<b>-3.1</b>
<b>Total income</b>	<b>5,516,448</b>	<b>1,726,241</b>	<b>-68.7</b>
Total ordinary income	5,918,903	4,401,555	-25.6
Interest income	1,159,453	878,166	-24.3
Dividends and business income (loss)	2,925,243	2,056,087	-29.7
Rents, royalties, partnerships, other estates and trusts, etc.	238,932	216,803	-9.3
Farm income (loss)	* 150	* 215	43.3
Ordinary gain (loss)	-36,510	1,350	-103.7
Other income	1,631,634	1,248,934	-23.5
Total capital gains (losses)	-614,092	-2,858,738	365.5
Total short-term capital gains (losses)	-2,543,286	-364,252	-85.7
Total long-term capital gains (losses)	1,929,195	-2,494,486	-229.3
Total nontaxable income	211,636	183,424	-13.3
Tax-exempt interest	184,471	158,952	-13.8
Other nontaxable income	27,165	24,471	-9.9
<b>Total deductions [1]</b>	<b>1,259,834</b>	<b>932,199</b>	<b>-26.0</b>
Interest	87,299	76,118	-12.8
Taxes	52,980	19,140	-63.9
Trustee fee	308,526	260,709	-15.5
Attorney, accountant, and return preparer fees	88,519	85,796	-3.1
Other allowable deductions	722,510	490,436	-32.1

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

[1] Total deductions includes deductions allocable to income and corpus.

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

<sup>11</sup> The other allowable deduction category includes deductible expenses attributable to gross income that cannot be classified as any other specific type of deduction, such as investment advisory funds.

<sup>12</sup> Other investments include all investment holdings that could not be classified as a government obligation, corporate stock, corporate bonds, or land, buildings, and equipment. Examples include obligations issued by foreign governments and shares of hedge funds.

# Split-Interest Trusts, Filing Year 2010

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**Figure E**

## Investment Allocations, by Type of Trust, Filing Years 2009 and 2010

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

Item	All			Charitable remainder annuity trusts			Charitable remainder unitrusts		
	2009	2010	Percent change	2009	2010	Percent change	2009	2010	Percent change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Net value of assets at end-of-year</b>	<b>112,992,039</b>	<b>108,792,757</b>	<b>-3.7</b>	<b>8,139,773</b>	<b>7,494,666</b>	<b>-7.9</b>	<b>85,260,439</b>	<b>80,681,973</b>	<b>-5.4</b>
<b>Total book value of assets at end-of-year</b>	<b>114,879,773</b>	<b>110,341,993</b>	<b>-4.0</b>	<b>8,232,133</b>	<b>7,592,004</b>	<b>-7.8</b>	<b>86,545,042</b>	<b>81,696,387</b>	<b>-5.6</b>
<b>Total investments</b>	<b>99,331,100</b>	<b>96,913,337</b>	<b>-2.4</b>	<b>6,977,811</b>	<b>6,384,845</b>	<b>-8.5</b>	<b>75,744,415</b>	<b>72,576,632</b>	<b>-4.2</b>
U.S. and State government obligations	6,409,166	6,000,320	-6.4	1,006,956	841,659	-16.4	4,640,086	4,473,387	-3.6
Corporate stock	49,148,928	44,022,765	-10.4	3,701,494	3,360,876	-9.2	38,798,487	34,317,430	-11.5
Corporate bonds	8,760,517	9,927,487	13.3	933,412	935,472	0.2	6,730,154	7,303,611	8.5
Land, buildings, and equipment	1,233,968	1,193,502	-3.3	108,707	83,400	-23.3	914,942	901,888	-1.4
Other investments	33,778,521	35,769,263	5.9	1,227,241	1,163,438	-5.2	24,660,746	25,580,315	3.7
<b>Total book value of liabilities at end-of-year</b>	<b>1,887,735</b>	<b>1,549,235</b>	<b>-17.9</b>	<b>92,360</b>	<b>97,338</b>	<b>5.4</b>	<b>1,284,603</b>	<b>1,014,413</b>	<b>-21.0</b>

Item	Charitable lead trusts			Pooled income funds		
	2009	2010	Percent change	2009	2010	Percent change
	(10)	(11)	(12)	(13)	(14)	(15)
<b>Net value of assets at end-of-year</b>	<b>18,274,043</b>	<b>19,338,914</b>	<b>5.8</b>	<b>1,317,783</b>	<b>1,277,204</b>	<b>-3.1</b>
<b>Total book value of assets at end-of-year</b>	<b>18,633,726</b>	<b>19,626,345</b>	<b>5.3</b>	<b>1,468,871</b>	<b>1,427,257</b>	<b>-2.8</b>
<b>Total investments</b>	<b>15,244,402</b>	<b>16,639,780</b>	<b>9.2</b>	<b>1,364,472</b>	<b>1,312,080</b>	<b>-3.8</b>
U.S. and State government obligations	619,023	583,859	-5.7	143,101	101,415	-29.1
Corporate stock	6,286,435	5,781,590	-8.0	362,512	562,868	55.3
Corporate bonds	687,883	1,227,400	78.4	409,068	461,004	12.7
Land, buildings, and equipment	182,174	180,376	-1.0	* 28,145	* 27,838	-1.1
Other investments	7,468,887	8,866,555	18.7	421,647	158,955	-62.3
<b>Total book value of liabilities at end-of-year</b>	<b>359,683</b>	<b>287,431</b>	<b>-20.1</b>	<b>151,088</b>	<b>150,053</b>	<b>-0.7</b>

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

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

The change in total end-of-year assets differs between the different types of split-interest trusts. Trustees of charitable remainder annuity trusts reported the largest decline, 23.3 percent, in the value of land, buildings, and equipment from 2009 to 2010. Unlike other SIT types, charitable lead trusts reported an increase in end-of-year book value of assets, as well as total investments. Most notably, CLTs reported a 78.4-percent increase in corporate bond holdings between the 2 years. Pooled income funds were the only trust type to report an increase in corporate stock holdings between 2009 and 2010. Overall, liabilities continued to decline, falling by 17.9 percent, from \$1.9 billion in 2009 to \$1.5 billion in 2010.

### Charitable Distributions

Trustees for all split-interest trusts must report any trust distributions of principal or income for charita-

ble purposes on Form 5227. As in prior years, split-interest trusts made distributions of principal more frequently and in larger dollar amounts than distributions of income. Some 16,777 distributions of principal totaling \$2.2 billion were made to charities in Filing Year 2010 (Figure F). The dollar amount of distributions increased by 45.2 percent between 2009 and 2010, despite a 1.8-percent decline in the number of distributions. Charitable lead trusts continued to make the highest number of distributions of principal, largely due to the annual charitable distributions required by their trust structures. However, charitable remainder trusts distributed the largest dollar amount of principal distributions, \$1.5 billion. This large amount is primarily the result of the final distributions made by charitable remainder trusts at the end of their lifetimes. Final distributions include all assets remaining in the trust and totaled \$1.2 billion,

# Split-Interest Trusts, Filing Year 2010

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**Figure F**

## Charitable Distributions of Principal, by Type of Trust and Charity Type, Filing Year 2010

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

Charity type	All		Charitable remainder annuity trusts		Charitable remainder unitrusts		Charitable lead trusts		Pooled income funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total</b>	<b>16,777</b>	<b>2,192,204</b>	<b>1,842</b>	<b>390,394</b>	<b>6,850</b>	<b>1,137,039</b>	<b>7,465</b>	<b>618,481</b>	<b>619</b>	<b>46,290</b>
Arts, culture, and humanities	1,173	77,820	* 84	* 15,191	239	44,652	836	16,892	* 14	* 1,085
Education	3,812	697,056	659	204,748	1,717	423,186	1,193	43,287	243	25,835
Environment, animals	504	93,301	38	418	97	86,906	332	2,627	37	3,349
Health	2,100	203,632	121	24,502	923	163,398	1,020	15,270	36	463
Human services	2,571	145,603	230	5,159	976	97,648	1,312	41,313	53	1,482
International, foreign affairs	165	10,817	0	0	34	9,662	129	663	* 2	* 491
Public, societal benefit	3,089	774,817	379	118,923	1,194	189,758	1,484	457,708	31	8,428
Religion related	2,200	124,546	233	16,587	1,010	82,669	761	20,898	196	4,391
Mutual membership benefit organizations	* 21	* 33	0	0	* 20	* 30	* 1	* 3	0	0
Other	1,142	64,580	* 98	* 4,866	640	39,129	397	19,820	* 8	* 766

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

NOTES: "Number" shown in the heading for columns 1, 3, 5, etc. refers to the number of unique distributions. Detail may not add to totals because of rounding.

or 81.7 percent, of all distributions of principal made by CRTs in Filing Year 2010. As in 2009, education-related charities received the highest number of distributions of principal, some 3,812, or 22.7 percent of total distributions. However, charities related to public or societal benefit received the largest amount of principal distributions, some \$774.8 million or 35.3 percent of the total.

Distributions of income to charity were less frequent and of smaller amounts than those derived from principal. In total, 13,068 distributions of income, totaling \$791.5 million, were made to charitable beneficiaries in 2010, a 23.2-percent decline from 2009 (Figure G). As would be expected given their structures, charitable lead trusts dominated both the number and amount of charitable distribu-

**Figure G**

## Charitable Distributions of Income, by Type of Trust and Charity Type, Filing Year 2010

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

Charity type	All		Charitable remainder annuity trusts		Charitable remainder unitrusts		Charitable lead trusts		Pooled income funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total</b>	<b>13,068</b>	<b>791,487</b>	<b>349</b>	<b>5,867</b>	<b>1,532</b>	<b>103,040</b>	<b>10,969</b>	<b>681,678</b>	<b>217</b>	<b>902</b>
Arts, culture, and humanities	1,365	27,891	* 6	* 36	* 121	* 4,938	1,228	22,917	* 10	* [1]
Education	2,956	118,095	123	1,770	508	58,086	2,237	57,669	89	571
Environment, animals	765	31,981	* 3	* 306	* 49	* 21,167	699	10,498	* 14	* 11
Health	1,382	17,993	53	627	* 43	* 564	1,236	16,618	* 49	* 183
Human services	1,896	24,171	71	603	128	510	1,676	23,054	* 21	* 4
International, foreign affairs	185	3,141	* 3	* 86	0	0	181	3,041	* 2	* 13
Public, societal benefit	2,164	520,791	* 57	* 2,043	119	7,137	1,978	511,611	* 10	* 1
Religion related	1,762	21,069	* 25	* 332	447	8,133	1,289	12,546	* 1	* 59
Mutual membership benefit organizations	* 16	* 31	* 3	* [1]	0	0	* 4	* 1	* 10	* 30
Other	576	26,324	* 7	* 65	116	2,507	441	23,723	* 12	* 30

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

[1] Amount less than \$500.

NOTES: "Number" shown in the heading for columns 1, 3, 5, etc. refers to the number of unique distributions. Detail may not add to totals because of rounding.

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tions of income, comprising 83.9 and 86.1 percent, respectively. As with principal distributions, education-oriented charities received the greatest number distributions of income from SITs overall (3 million distributions, or 22.6 percent), while charities organized for public or societal benefit received the greatest dollar amount of income distributions (\$520.8 million, or 65.8 percent).

### Noncharitable Distributions

Noncharitable distribution amounts of charitable remainder unitrusts are based on a fixed percentage of the fair market value of the trust property, *valued annually*. This percentage is called the “unitrust percentage” and must be between 5 percent and 50 percent. As in past years, the majority of 2010 filings for CRUTs reported unitrust percentages between 5 and 10 percent (Figure H). Less than 1 percent of filings reported unitrust percentages greater than 20 percent.

In Filing Year 2010, the majority of all CRUT trustees reported calculating noncharitable distributions using the standard structure (Figure I). The standard structure requires trustees to distribute the unitrust amount, calculated as the unitrust percentage multiplied by the net fair market value of assets, to beneficiaries. This ensures the most stable payment for beneficiaries; however, in years of poor investment performance, the trustee may have to liquidate trust assets to make the payment. In addition to the

standard charitable remainder unitrust structure, two common variants allow for added flexibility in meeting the noncharitable distribution requirement. The net income charitable remainder unitrust (NICRUT) variant permits the trustee to distribute only the amount of trust income earned in that year, when that amount is less than the distribution that would otherwise be required.<sup>13</sup> By allowing the trustee to limit distributions in years when the trust’s income is low, depletion of the trust corpus can be avoided.

### Figure H

#### Charitable Remainder Unitrusts: Reported Unitrust Percentage, Filing Year 2010

[All figures are estimates based on samples]

Unitrust percentage	Number of returns	Percent of total
<b>All returns</b>	<b>93,825</b>	<b>100.0</b>
Invalid unitrust percentage [1]	1,641	1.7
5 percent, under 10 percent	79,828	85.1
5 percent, under 6 percent	19,288	20.6
6 percent, under 7 percent	18,309	19.5
7 percent, under 8 percent	19,202	20.5
8 percent, under 9 percent	18,118	19.3
9 percent, under 10 percent	4,911	5.2
10 percent, under 20 percent	11,815	12.6
20 percent, under 35 percent	448	0.5
35 percent, to 50 percent	94	0.1

[1] In these cases, an invalid unitrust percentage of less than 5 percent or more than 50 percent was reported and could not be reconciled.

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

### Figure I

#### Charitable Remainder Unitrust (CRUT) Structures, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010

[All figures are estimates based on samples]

Charitable remainder unitrust structure	All		Size of end-of-year book value of total assets					
			Under \$500,000 [1]		\$500,000 under \$3 million		\$3 million or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All CRUTs</b>	<b>93,825</b>	<b>100.0</b>	<b>66,555</b>	<b>100.0</b>	<b>23,889</b>	<b>100.0</b>	<b>3,381</b>	<b>100.0</b>
Standard CRUT	74,343	79.2	53,087	79.8	18,958	79.4	2,298	68.0
Net income CRUT	3,882	4.1	2,940	4.4	822	3.4	120	3.5
Net income with makeup CRUT	15,600	16.6	10,528	15.8	4,109	17.2	963	28.5

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

<sup>13</sup> For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).

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Only 4.1 percent of CRUTs were identified as NI-CRUTs. The net income with makeup charitable remainder unitrust (NIM-CRUT) variant works like a NI-CRUT, in that the trustee is allowed to distribute the lesser of the trust income or the required percentage of fair market value.<sup>14</sup> However, the reductions in required distributions accumulate, and the trustee must make up for previous distribution deficiencies when trust income permits. Approximately 16.6 percent of CRUTS were identified as NIM-CRUTS. As in prior years, CRUTs with \$3 million or more in end-of-year book value assets were more likely than those holding lower value portfolios to be NIM-CRUTs.

The *Current Distributions Schedule* on Schedule A of Form 5227 details current-year noncharitable distributions made by trustees of both CRATs and CRUTs. Overall, the amount of noncharitable distributions declined by 26.7 percent between 2009 and 2010. Long-term capital gains continued to dominate the distributions for both CRATs and CRUTs in 2010 (Figure J). Ordinary income, primarily interest and dividends, was the second most common distribution. Short-term capital gains were the least common distribution made for annuity trusts, while unitrusts were least likely to distribute nontaxable income. Distributions from corpus represented a high-

er percentage of total distributions for CRATs than it did for CRUTs. This may be the result of the strict distribution requirements that typify CRAT agreements. Since the noncharitable distribution amount is fixed throughout the trust's life, trustees may find it necessary to liquidate assets in the corpus to meet the yearly requirement.

### Asset Donation

The *Assets and Donor Information* section of Schedule A, Form 5227, details both initial and additional asset contributions to the trust, as well as the date and source of the contribution. In Filing Year 2010, some 2,272 split-interest trust returns reported a total of 7,783 asset contributions (Figure K). Cash and money market accounts comprised the majority of asset contributions. Of the returns that reported asset contributions, 15.2 percent were filed for initial trusts. These initial returns reported 41.2 percent of the total value of all contributions. Bonds were the least common contribution made by initial trusts, making up only 1.9 percent of the total. Ongoing and final trusts comprised 84.8 percent of the returns reporting asset contributions and 58.8 of the total value of all contributions. Approximately 75.8 percent of cash and money market account contributions were reported by ongoing and final returns.

**Figure J**

### Noncharitable Distributions, by Charitable Remainder Trust Type, Filing Year 2010

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

Item	All charitable remainder trusts		Charitable remainder annuity trusts		Charitable remainder unitrusts	
	Number or amount	Percent of total	Number or amount	Percent of total	Number or amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>110,762</b>	<b>N/A</b>	<b>16,937</b>	<b>N/A</b>	<b>93,825</b>	<b>N/A</b>
<b>Total noncharitable distributions [1]</b>	<b>4,811,993</b>	<b>100.0</b>	<b>650,876</b>	<b>100.0</b>	<b>4,161,117</b>	<b>100.0</b>
Ordinary income	1,610,493	33.5	163,173	25.1	1,447,319	34.8
Short-term capital gains (losses)	245,690	5.1	12,253	1.9	233,437	5.6
Long-term capital gains (losses)	2,236,293	46.5	250,794	38.5	1,985,499	47.7
Nontaxable income	83,467	1.7	29,277	4.5	54,190	1.3
Corpus	636,048	13.2	195,378	30.0	440,671	10.6

[1] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

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

<sup>14</sup> For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).

**Figure K**

## Asset Contributions, by Filing Status and Asset Type, Filing Year 2010

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

Item	All	Initial trusts	Ongoing and final trusts
	(1)	(2)	(3)
<b>Number of returns</b>	<b>118,781</b>	<b>1,893</b>	<b>116,888</b>
<b>Number of returns with asset contributions</b>	<b>2,272</b>	<b>345</b>	<b>1,927</b>
<b>Number of asset contributions [1]</b>	<b>7,783</b>	<b>3,253</b>	<b>4,531</b>
<b>Amount of total asset contributions</b>	<b>4,661,104</b>	<b>1,921,331</b>	<b>2,739,772</b>
Cash and money market accounts	2,701,540	654,518	2,047,022
Stocks [2]	1,218,708	635,693	583,015
Bonds	56,732	35,904	* 20,828
Real estate [3]	90,055	* 78,336	* 11,718
Other assets [4]	594,069	516,880	77,189

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

[1] Asset contributions are reported on Form 5227, Schedule A, Part III, and include both initial contributions made when the trust is created and additional contributions made during the lifetime of the trust.

[2] The value of stock includes both publicly traded and closely held stocks.

[3] The value given for real estate includes traditional real estate, as well as real estate mutual funds and partnerships.

[4] Other assets includes such items as retirement assets, annuities, partnerships, insurance assets, and art.

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

## Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Information Returns*, selected during Filing Year 2010. A filing year includes returns received by the IRS for processing between January 1 and December 31 of a given year and primarily comprises returns for the tax year immediately prior. However, it may include late-filed returns for numerous other tax years. For Filing Year 2010, approximately 98.3 percent of returns included in the sample were for Tax Year 2009, while Tax Year 2008 returns comprised 1.3 percent of the sampled returns. Partial-year returns, for either initial or final reporting periods, were included in the SOI sample. All returns included in the sample were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File.

For Filing Year 2010, a sample of 11,644 returns was drawn from an estimated population of 119,299. This sample count includes returns that were selected for the sample but later rejected. Returns were rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. The sample was stratified by the type of the trust (charitable remainder annuity trust, chari-

table remainder unitrust, charitable lead trust, or pooled income fund) and the reported end-of-year book value of total assets. Figure L details the sampling strata and rates. The editing process revealed some trusts with incorrect type classifications. In these cases, the trust information was corrected to reflect the correct type. However, the weights used for these trusts were based on the original sample selection classification. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure M.

All samples were designed to provide reliable estimates of financial activity. All data were collected from original returns as they were filed. All edited returns were subjected to comprehensive testing and data verification procedures to ensure the highest quality of data. Changes that were made to the return after filing, either by the taxpayer (on an amended return) or during IRS processing, generally were not incorporated. A complete discussion of the reliability of estimates based on samples, methods for evaluating the magnitude of both sampling and nonsampling error, and the precision of the sample estimates can be found in SOI Sampling Methodology and Data Limitations later in this issue of the *SOI Bulletin* or at [www.irs.gov/pub/irs-soi/sampling.pdf](http://www.irs.gov/pub/irs-soi/sampling.pdf).

# Split-Interest Trusts, Filing Year 2010

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## Figure L

### Population, Sample, and Sampling Rates, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2010

Type of trust, item	All	Reported end-of-year book value of total assets [1]		
		Less than \$1 million	\$1 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)
<b>Charitable remainder annuity trusts:</b>				
Population [2]	15,896	14,400	1,435	61
Sample	1,509	885	563	61
Sampling rate (percentage)	9.5	6.1	39.2	100.0
<b>Charitable remainder unitrusts:</b>				
Population [2]	95,381	82,485	12,124	772
Sample	8,863	4,085	4,006	772
Sampling rate (percentage)	9.3	5.0	33.0	100.0
<b>Charitable lead trusts:</b>				
Population [2]	6,600	4,351	1,954	295
Sample	1,025	228	502	295
Sampling rate (percentage)	15.5	5.2	25.7	100.0
<b>Pooled income funds:</b>				
Population [2]	1,422	1,207	189	26
Sample	247	123	98	26
Sampling rate (percentage)	17.4	10.2	51.9	100.0

[1] This is the value that the tax preparer reported on Form 5227, Part IV, line 50, column (b). "Less than \$1 million" includes returns that did not report end-of-year book value of total assets from the balance sheet or that reported the amount as zero.

[2] These population totals include returns that were rejected during the editing process. Returns could be rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. As a result, these totals may not match totals presented elsewhere in the article.

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**Figure M**

## Coefficients of Variation for Selected Items, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2010

Type of trust, Item	All	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
	Coefficient of variation (percentage)			
	(1)	(2)	(3)	(4)
<b>Charitable remainder annuity trusts:</b>				
Number of returns	1.12	1.78	5.41	7.04
Total ordinary income	4.15	12.77	6.13	5.14
Total capital gains	5.26	10.92	9.84	7.59
Total capital losses	17.32	27.32	23.45	35.23
Total nontaxable income	8.09	16.52	11.05	15.70
End-of-year total assets (book value)	1.97	4.00	4.02	3.80
End-of-year total liabilities (book value)	14.06	22.84	25.38	15.83
<b>Charitable remainder unitrusts:</b>				
Number of returns	0.20	0.75	2.02	2.00
Total ordinary income	0.94	7.28	2.42	0.58
Total capital gains	1.84	4.86	3.33	2.77
Total capital losses	2.25	13.63	11.18	1.89
Total nontaxable income	5.07	21.57	6.67	4.41
End-of-year total assets (book value)	0.45	1.48	1.45	0.66
End-of-year total assets (fair market value) [2]	0.54	1.85	1.66	0.70
End-of-year total liabilities (book value)	4.84	10.06	9.85	5.80
<b>Charitable lead trusts:</b>				
Number of returns	0.56	4.43	4.99	4.28
Total ordinary income	2.85	30.59	8.03	1.98
Total capital gains	5.14	27.46	18.33	4.73
Total capital losses	4.67	20.03	11.61	5.54
Total nontaxable income	9.03	60.44	24.61	6.02
End-of-year total assets (book value)	0.90	8.73	3.64	1.27
End-of-year total liabilities (book value)	7.98	39.05	27.91	6.24
<b>Pooled income funds:</b>				
Number of returns	0.10	2.85	12.89	7.12
Total ordinary income	2.51	10.22	9.44	3.32
Total capital gains	16.16	42.89	42.63	19.40
Total capital losses	4.74	36.40	19.70	3.12
Total nontaxable income	61.17	94.77	69.39	N/A
End-of-year total assets (book value)	2.41	9.11	8.66	3.49
End-of-year total liabilities (book value)	3.16	40.36	69.03	0.15

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

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] For charitable remainder unitrusts, taken from an estimated end-of-year fair market value.

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**Table 1. Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>16,937</b>	<b>13,664</b>	<b>1,855</b>	<b>1,073</b>	<b>284</b>	<b>61</b>
<b>Total net income</b>	<b>-82,379</b>	<b>-64,845</b>	<b>-28,567</b>	<b>21,978</b>	<b>12,686</b>	<b>-23,631</b>
Net ordinary income [2]	152,875	29,770	25,643	39,969	28,055	29,438
Total ordinary income	207,041	49,694	34,731	51,692	36,294	34,630
Interest income	65,468	14,409	11,296	13,634	12,491	13,638
Ordinary dividends and business income (loss)	120,286	34,114	21,935	25,922	18,706	19,610
Rents, royalties, partnerships, other estates and trusts, etc.	8,318	-2,915	* 382	5,520	4,262	1,069
Farm income (loss)	* 101	0	0	* 101	0	0
Ordinary gain (loss)	340	* 284	* [3]	* -11	* 67	* [3]
Other income	12,528	3,802	1,118	6,527	767	313
Deductions allocable to ordinary income [4]	54,166	19,924	9,088	11,723	8,238	5,192
Net capital gains (losses) [5]	-261,699	-99,178	-59,329	-24,468	-24,302	-54,421
Total capital gains (losses)	-260,750	-98,819	-59,202	-24,197	-24,143	-54,389
Total short-term capital gains (losses)	-41,345	-7,904	-14,592	-6,421	-5,170	-7,259
Total long-term capital gains (losses)	-219,405	-90,915	-44,610	-17,776	-18,974	-47,131
Deductions allocable to capital gains [4]	949	359	* 128	271	159	* 32
Net nontaxable income [6]	26,445	4,563	5,120	6,477	8,933	1,353
Total nontaxable income	30,905	5,424	6,325	7,522	10,051	1,583
Tax-exempt interest	29,029	4,228	6,064	7,158	9,998	1,580
Other nontaxable income	1,877	1,196	* 260	* 364	* 52	* 3
Deductions allocable to nontaxable income [4]	4,460	861	1,205	1,045	1,118	231
<b>Total deductions [7]</b>	<b>59,972</b>	<b>21,477</b>	<b>10,421</b>	<b>13,105</b>	<b>9,515</b>	<b>5,455</b>
Interest	997	* 246	* 7	318	424	* 2
Taxes	430	69	* 27	256	* 50	28
Trustee fee	33,505	10,462	7,158	7,665	5,653	2,567
Attorney, accountant, and return preparer fees	6,664	3,569	896	1,438	625	136
Other allowable deductions	18,375	7,130	2,332	3,428	2,763	2,721

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part I, Section E, line 24b.

[3] Value is less than \$500.

[4] Included in "total deductions" amount given on Form 5227, Part I, Section D, line 22.

[5] Taken from Form 5227, Part I, Section E, line 25b.

[6] Taken from Form 5227, Part I, Section E, line 26b.

[7] Taken from Form 5227, Part I, Section D, line 22. Total deductions may not equal the sum of deductions allocable to ordinary income (Section E, line 24a), capital gains (line 25a), and nontaxable income (line 26a). Deductions may also be allocated to corpus, but are not reported on Schedule E and are thus not shown separately in this table.

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

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**Table 2. Charitable Remainder Annuity Trusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>16,937</b>	<b>13,664</b>	<b>1,855</b>	<b>1,073</b>	<b>284</b>	<b>61</b>
<b>Total accumulations of income</b>	<b>3,838,322</b>	<b>773,698</b>	<b>507,758</b>	<b>810,215</b>	<b>739,707</b>	<b>1,006,944</b>
Net ordinary income	390,516	65,780	43,057	81,270	108,071	92,338
Net capital gains (losses)	3,283,358	678,328	431,044	699,593	568,474	905,920
Net nontaxable income	164,448	29,590	33,658	29,353	63,162	8,686
Prior-year undistributed income	3,920,701	838,543	536,325	788,237	727,021	1,030,574
Net ordinary income	237,641	36,011	17,414	41,300	80,016	62,900
Net capital gains (losses)	3,545,057	777,506	490,373	724,061	592,776	960,341
Net nontaxable income	138,003	25,026	28,538	22,876	54,229	7,333
Current year net income	-82,379	-64,845	-28,567	21,978	12,686	-23,631
Net ordinary income	152,875	29,770	25,643	39,969	28,055	29,438
Net capital gains (losses)	-261,699	-99,178	-59,329	-24,468	-24,302	-54,421
Net nontaxable income	26,445	4,563	5,120	6,477	8,933	1,353
<b>Distributions of income</b>	<b>458,254</b>	<b>147,069</b>	<b>80,048</b>	<b>93,690</b>	<b>69,019</b>	<b>68,428</b>
Net ordinary income	164,433	41,651	26,871	35,774	27,416	32,723
Net capital gains (losses)	264,544	97,580	45,380	51,547	34,729	35,308
Net nontaxable income	29,277	7,838	7,797	6,369	6,875	* 397
<b>Undistributed at end of year</b>	<b>3,380,068</b>	<b>626,630</b>	<b>427,710</b>	<b>716,525</b>	<b>670,688</b>	<b>938,516</b>
Net ordinary income	226,083	24,130	16,186	45,496	80,656	59,615
Net capital gains (losses)	3,018,814	580,748	385,664	648,046	533,745	870,612
Net nontaxable income	135,171	21,752	25,860	22,983	56,287	8,289

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

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**Table 3. Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>16,937</b>	<b>13,664</b>	<b>1,855</b>	<b>1,073</b>	<b>284</b>	<b>61</b>
<b>Total net assets</b>	<b>7,494,666</b>	<b>1,445,618</b>	<b>1,333,581</b>	<b>1,697,057</b>	<b>1,402,667</b>	<b>1,615,743</b>
<b>Total assets</b>	<b>7,592,004</b>	<b>1,492,906</b>	<b>1,343,554</b>	<b>1,718,463</b>	<b>1,411,370</b>	<b>1,625,710</b>
Cash	133,044	38,008	42,335	22,008	27,484	3,208
Savings and temporary cash investments	659,283	107,429	112,995	154,246	97,452	187,162
Accounts receivable	3,588	757	* 453	1,282	* 25	* 1,072
Receivables due from officers, directors, trustees, etc.	* 8,544	* 65	* 197	* 99	0	* 8,183
Other notes and loans receivable	132,404	21,789	* 15,454	37,708	* 2,416	* 55,036
Inventories for sale or use	* 176	0	0	* 176	0	0
Prepaid expenses and deferred charges	653	* 187	* 65	* 396	* 5	0
<b>Total investments</b>	<b>6,384,845</b>	<b>1,236,581</b>	<b>1,106,981</b>	<b>1,434,503</b>	<b>1,252,462</b>	<b>1,354,317</b>
Securities	5,138,007	970,823	922,133	1,152,844	1,092,992	999,215
Government obligations	841,659	125,170	125,580	203,969	267,579	119,362
Corporate stock	3,360,876	663,148	583,711	727,594	646,213	740,210
Corporate bonds	935,472	182,505	212,843	221,281	179,200	139,644
Land, buildings, and equipment	83,400	* 11,239	* 8,316	40,887	* 17,237	* 5,722
Other investments	1,163,438	254,520	176,532	240,773	142,233	349,381
Charitable purpose land, buildings, and equipment	33,855	* 4,856	0	* 10,723	* 15,022	* 3,254
Other assets	235,611	83,235	65,072	57,322	16,505	* 13,477
<b>Total liabilities</b>	<b>97,338</b>	<b>47,288</b>	<b>9,973</b>	<b>21,406</b>	<b>8,703</b>	<b>9,967</b>
Accounts payable and accrued expenses	14,262	11,613	* 776	1,779	* 2	* 92
Deferred revenue	* 4,737	* 1,599	* [2]	* 3,138	0	0
Loans from officers, directors, trustees, etc.	* 247	* 50	0	* 197	0	0
Mortgages and other notes payable	* 8,367	* 7,806	0	* 379	* 182	0
Other liabilities	69,725	26,220	9,197	15,913	8,519	* 9,875

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Value is less than \$500.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 4. Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>93,831</b>	<b>66,555</b>	<b>14,431</b>	<b>9,458</b>	<b>2,672</b>	<b>715</b>
<b>Total net income</b>	<b>1,223,057</b>	<b>-312,456</b>	<b>-100,825</b>	<b>-93,609</b>	<b>-103,539</b>	<b>1,833,486</b>
Net ordinary income [2]	2,675,004	253,503	197,876	346,969	278,945	1,597,711
Total ordinary income	3,744,686	391,629	274,989	447,390	362,325	2,268,353
Interest income	748,176	70,288	71,163	111,648	95,558	399,520
Ordinary dividends and business income (loss)	1,424,235	251,766	176,970	273,316	226,049	496,134
Rents, royalties, partnerships, other estates and trusts, etc.	357,550	10,819	11,509	23,214	30,124	281,884
Farm income (loss)	* 31	0	0	* -4	* 35	0
Ordinary gain (loss)	-2,144	-156	325	1,581	2,581	-6,474
Other income	1,216,837	58,911	15,022	37,636	7,979	1,097,289
Deductions allocable to ordinary income [3]	1,069,682	138,126	77,112	100,421	83,381	670,642
Net capital gains (losses) [4]	-1,555,806	-585,661	-312,746	-469,812	-403,293	215,705
Total capital gains (losses)	-665,613	-580,637	-308,018	-466,883	-399,599	1,089,524
Total short-term capital gains (losses)	1,293,974	-74,141	-49,420	-68,414	-102,990	1,588,938
Total long-term capital gains (losses)	-1,959,587	-506,496	-258,598	-398,469	-296,609	-499,415
Deductions allocable to capital gains [3]	890,192	5,023	4,728	2,929	3,694	873,819
Net nontaxable income [5]	103,859	19,702	14,045	29,234	20,808	20,070
Total nontaxable income	124,104	22,249	16,858	35,834	25,233	23,931
Tax-exempt interest	102,075	9,968	14,874	30,033	25,010	22,189
Other nontaxable income	22,030	12,281	1,984	5,801	222	1,741
Deductions allocable to nontaxable income [3]	20,245	2,547	2,813	6,600	4,424	3,861
<b>Total deductions [6]</b>	<b>1,982,230</b>	<b>147,118</b>	<b>85,022</b>	<b>110,174</b>	<b>91,590</b>	<b>1,548,327</b>
Interest	544,823	556	2,770	834	2,098	538,565
Taxes	7,676	1,089	1,323	1,921	1,762	1,581
Trustee fee	196,866	64,098	38,833	46,930	29,035	17,969
Attorney, accountant, and return preparer fees	66,662	27,183	11,042	12,611	10,380	5,447
Other allowable deductions	1,166,202	54,193	31,054	47,877	48,314	984,765

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part I, Section E, line 24b.

[3] Included in "total deductions" amount given on Form 5227, Part I, Section D, line 22.

[4] Taken from Form 5227, Part I, Section E, line 25b.

[5] Taken from Form 5227, Part I, Section E, line 26b.

[6] Taken from Form 5227, Part I, Section D, line 22. Total deductions may not equal the sum of deductions allocable to ordinary income (Section E, line 24a), capital gains (line 25a), and nontaxable income (line 26a). Deductions may also be allocated to corpus, but are not reported on Schedule E and are thus not shown separately in this table.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 5. Charitable Remainder Unitrusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>93,831</b>	<b>66,555</b>	<b>14,431</b>	<b>9,458</b>	<b>2,672</b>	<b>715</b>
<b>Total accumulations of income</b>	<b>70,451,277</b>	<b>6,309,148</b>	<b>5,816,204</b>	<b>9,939,982</b>	<b>10,072,833</b>	<b>38,313,109</b>
Net ordinary income	9,628,145	339,488	272,911	655,439	597,339	7,762,968
Net capital gains (losses)	60,209,824	5,884,322	5,468,702	9,107,341	9,310,176	30,439,282
Net nontaxable income	613,308	85,338	74,592	177,201	165,318	110,859
Prior-year undistributed income	69,228,220	6,621,604	5,917,030	10,033,590	10,176,373	36,479,623
Net ordinary income	6,953,141	85,985	75,035	308,470	318,394	6,165,257
Net capital gains (losses)	61,765,630	6,469,983	5,781,448	9,577,153	9,713,469	30,223,577
Net nontaxable income	509,449	65,636	60,547	147,967	144,510	90,790
Current year net income	1,223,057	-312,456	-100,825	-93,609	-103,539	1,833,486
Net ordinary income	2,675,004	253,503	197,876	346,969	278,945	1,597,711
Net capital gains (losses)	-1,555,806	-585,661	-312,746	-469,812	-403,293	215,705
Net nontaxable income	103,859	19,702	14,045	29,234	20,808	20,070
<b>Distributions of income</b>	<b>4,173,561</b>	<b>664,687</b>	<b>509,554</b>	<b>833,081</b>	<b>737,245</b>	<b>1,428,994</b>
Net ordinary income	1,466,401	262,608	195,413	334,082	273,881	400,418
Net capital gains (losses)	2,651,922	391,882	304,146	483,536	449,959	1,022,399
Net nontaxable income	55,238	10,198	9,995	15,463	13,404	6,178
<b>Undistributed at end of year</b>	<b>66,277,714</b>	<b>5,644,460</b>	<b>5,306,650</b>	<b>9,106,901</b>	<b>9,335,589</b>	<b>36,884,115</b>
Net ordinary income	8,161,744	76,880	77,498	321,358	323,458	7,362,550
Net capital gains (losses)	57,557,901	5,492,440	5,164,555	8,623,805	8,860,217	29,416,884
Net nontaxable income	558,070	75,140	64,597	161,738	151,914	104,681

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 6. Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>93,831</b>	<b>66,555</b>	<b>14,431</b>	<b>9,458</b>	<b>2,672</b>	<b>715</b>
<b>Total net assets</b>	<b>91,582,144</b>	<b>11,649,290</b>	<b>10,059,418</b>	<b>15,174,815</b>	<b>13,318,157</b>	<b>41,380,464</b>
<b>Total assets</b>	<b>92,596,557</b>	<b>11,804,343</b>	<b>10,216,633</b>	<b>15,401,653</b>	<b>13,499,450</b>	<b>41,674,479</b>
Cash	1,452,830	243,682	194,136	271,428	222,368	521,215
Savings and temporary cash investments	4,544,505	675,366	701,409	988,732	877,773	1,301,224
Accounts receivable	144,695	17,775	27,803	23,210	33,058	42,849
Receivables due from officers, directors, trustees, etc.	34,809	532	* 3,747	11,476	* 146	* 18,908
Other notes and loans receivable	1,081,634	118,857	178,769	256,958	287,854	239,196
Inventories for sale or use	* 454	0	0	* 454	0	0
Prepaid expenses and deferred charges	4,275	* 1,018	* 321	1,377	764	795
<b>Total investments</b>	<b>83,475,112</b>	<b>10,342,026</b>	<b>8,727,789</b>	<b>13,337,063</b>	<b>11,664,671</b>	<b>39,403,563</b>
<b>Securities</b>	<b>46,094,429</b>	<b>8,232,008</b>	<b>7,038,360</b>	<b>10,505,124</b>	<b>8,563,821</b>	<b>11,755,115</b>
Government obligations	4,473,387	406,724	544,838	992,386	984,107	1,545,331
Corporate stock	34,317,430	6,472,010	5,241,150	7,897,390	6,391,681	8,315,199
Corporate bonds	7,303,611	1,353,273	1,252,371	1,615,348	1,188,033	1,894,586
Land, buildings, and equipment	901,888	112,687	102,910	266,833	197,171	222,287
Other investments	36,478,795	1,997,331	1,586,519	2,565,106	2,903,678	27,426,161
Charitable purpose land, buildings, and equipment	263,685	33,363	* 49,886	113,720	* 43,995	22,722
Other assets	1,594,553	371,719	332,772	397,234	368,821	124,006
<b>Total liabilities</b>	<b>1,014,413</b>	<b>155,052</b>	<b>157,214</b>	<b>226,838</b>	<b>181,293</b>	<b>294,015</b>
Accounts payable and accrued expenses	130,410	21,436	26,704	23,965	32,655	25,651
Deferred revenue	42,027	* 8,382	* 14,100	7,830	* 983	* 10,731
Loans from officers, directors, trustees, etc.	5,381	* 2,322	* 131	2,134	* 209	* 585
Mortgages and other notes payable	82,733	* 646	* 5,381	* 18,120	* 15,939	42,647
Other liabilities	753,861	122,266	110,899	174,789	131,507	214,401

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

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**Table 7. Charitable Remainder Unitrusts: End-of-Year Fair Market Value Asset Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>93,831</b>	<b>66,555</b>	<b>14,431</b>	<b>9,458</b>	<b>2,672</b>	<b>715</b>
<b>Total assets</b>	<b>97,349,477</b>	<b>12,599,136</b>	<b>10,451,861</b>	<b>16,175,035</b>	<b>14,036,848</b>	<b>44,086,597</b>
Cash	1,491,499	255,412	213,572	263,937	221,905	536,673
Savings and temporary cash investments	4,469,666	672,185	668,342	971,523	875,367	1,282,248
Accounts receivable	124,204	17,518	12,307	22,445	31,485	40,449
Receivables due from officers, directors, trustees, etc.	34,189	* 432	* 3,747	10,956	* 146	* 18,908
Other notes and loans receivable	991,673	106,821	151,320	243,867	257,582	232,083
Inventories for sale or use	* 454	0	0	* 454	0	0
Prepaid expenses and deferred charges	4,227	* 1,014	* 321	1,604	* 494	794
<b>Total investments</b>	<b>87,566,574</b>	<b>10,932,285</b>	<b>8,906,601</b>	<b>14,006,887</b>	<b>12,117,583</b>	<b>41,603,218</b>
Securities	50,083,251	8,610,286	7,116,146	10,776,633	8,877,583	14,702,602
Government obligations	4,532,339	408,496	546,089	1,026,693	985,782	1,565,281
Corporate stock	38,345,426	6,840,146	5,319,505	8,133,866	6,690,621	11,361,288
Corporate bonds	7,205,486	1,361,645	1,250,553	1,616,074	1,201,181	1,776,033
Land, buildings, and equipment	1,174,919	270,938	176,856	350,760	218,859	157,507
Other investments	36,308,404	2,051,061	1,613,599	2,879,495	3,021,141	26,743,109
Charitable purpose land, buildings, and equipment	413,434	103,061	* 92,765	147,967	* 45,257	24,385
Other assets	2,253,553	510,407	402,884	505,395	487,030	347,838

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 8. Charitable Lead Trusts: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>6,609</b>	<b>2,991</b>	<b>1,314</b>	<b>1,382</b>	<b>629</b>	<b>293</b>
<b>Total income</b>	<b>398,894</b>	<b>1,985</b>	<b>-45,627</b>	<b>-24,999</b>	<b>-44,701</b>	<b>512,235</b>
Total ordinary income	940,244	70,041	31,787	81,593	120,356	636,467
Interest income	193,622	4,540	5,780	14,720	27,599	140,984
Ordinary dividends and business income (loss)	627,825	47,174	18,944	46,107	66,116	449,485
Rents, royalties, partnerships, other estates and trusts, etc.	95,824	14,702	* 5,912	18,394	25,079	31,736
Farm income (loss)	* 403	0	0	0	* 403	0
Ordinary gain (loss)	3,155	* 931	* 94	305	-206	2,032
Other income	19,416	2,694	1,057	2,068	1,366	12,230
Total capital gains (losses)	-569,761	-70,480	-80,769	-110,634	-170,683	-137,194
Total short-term capital gains (losses)	-164,751	-19,753	-23,630	-47,286	-66,260	-7,823
Total long-term capital gains (losses)	-405,009	-50,726	-57,140	-63,348	-104,424	-129,371
Total nontaxable income	28,410	2,424	3,356	4,042	5,626	12,962
Tax-exempt interest	27,845	2,058	3,355	4,042	5,624	12,766
Other nontaxable income	565	* 366	* [2]	* [2]	* 3	* 196

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Value is less than \$500.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 9. Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>6,609</b>	<b>2,991</b>	<b>1,314</b>	<b>1,382</b>	<b>629</b>	<b>293</b>
<b>Total net assets</b>	<b>19,338,914</b>	<b>434,253</b>	<b>902,910</b>	<b>2,235,500</b>	<b>3,171,047</b>	<b>12,595,205</b>
<b>Total assets</b>	<b>19,626,345</b>	<b>469,103</b>	<b>926,601</b>	<b>2,261,026</b>	<b>3,210,034</b>	<b>12,759,581</b>
Cash	371,168	30,474	39,411	48,673	88,704	163,907
Savings and temporary cash investments	1,643,697	42,283	52,251	189,935	226,203	1,133,025
Accounts receivable	28,534	* 698	* 4,248	10,320	529	12,739
Receivables due from officers, directors, trustees, etc.	* 60,299	0	0	0	* 32,415	* 27,883
Other notes and loans receivable	194,549	* 716	* 7,756	* 30,477	46,060	109,540
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	1,944	* 63	* 372	* 245	* 824	* 439
<b>Total investments</b>	<b>16,639,780</b>	<b>378,728</b>	<b>801,740</b>	<b>1,927,427</b>	<b>2,682,196</b>	<b>10,849,689</b>
<b>Securities</b>	<b>7,592,849</b>	<b>272,500</b>	<b>601,585</b>	<b>1,358,588</b>	<b>1,375,758</b>	<b>3,984,418</b>
Government obligations	583,859	12,152	53,468	97,481	128,421	292,337
Corporate stock	5,781,590	236,831	491,495	1,067,440	967,417	3,018,407
Corporate bonds	1,227,400	23,516	56,622	193,667	279,920	673,674
Land, buildings, and equipment	180,376	* 7,916	* 14,510	* 12,688	* 14,560	130,702
Other investments	8,866,555	98,313	185,645	556,151	1,291,878	6,734,568
Charitable purpose land, buildings, and equipment	* 40,837	0	0	* 10,357	* 11,936	* 18,544
Other assets	645,537	16,142	* 20,822	43,593	121,166	443,814
<b>Total liabilities</b>	<b>287,431</b>	<b>34,850</b>	<b>23,691</b>	<b>25,526</b>	<b>38,988</b>	<b>164,376</b>
Accounts payable and accrued expenses	30,728	* 2,107	* 69	2,279	10,685	15,589
Deferred revenue	* 146	0	0	0	0	* 146
Loans from officers, directors, trustees, etc.	* 1,726	* 831	0	* 896	0	0
Mortgages and other notes payable	39,008	* 2,953	0	* 3,867	* 2,211	29,977
Other liabilities	215,822	28,960	23,622	18,484	26,092	118,664

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 10. Pooled Income Funds: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>1,410</b>	<b>1,079</b>	<b>118</b>	<b>125</b>	<b>63</b>	<b>25</b>
<b>Total income</b>	<b>-18,965</b>	<b>-2,193</b>	<b>-952</b>	<b>-951</b>	<b>4,904</b>	<b>-19,774</b>
Total ordinary income	61,573	4,602	2,980	8,091	13,188	32,712
Interest income	31,909	1,408	* 824	3,508	6,892	19,278
Ordinary dividends and business income (loss)	27,608	3,177	2,156	4,563	6,294	11,418
Rents, royalties, partnerships, other estates and trusts, etc.	1,903	0	* 1	* 1	0	* 1,901
Farm income (loss)	0	0	0	0	0	0
Ordinary gain (loss)	* [2]	0	* [2]	0	0	0
Other income	154	* 17	0	* 19	* 3	* 115
Total capital gains (losses)	-80,542	-6,796	-3,931	-9,045	-8,284	-52,486
Total short-term capital gains (losses)	-24,972	-283	* -132	-1,392	-3,903	-19,262
Total long-term capital gains (losses)	-55,570	-6,513	-3,799	-7,653	-4,382	-33,224
Total nontaxable income	* 4	* 1	0	* 3	0	0
Tax-exempt interest	* 4	* 1	0	* 3	0	0
Other nontaxable income	0	0	0	0	0	0

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by funds filing a final return.

[2] Value is less than \$500.

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

# Split-Interest Trusts, Filing Year 2010

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**Table 11. Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2010**

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>1,410</b>	<b>1,079</b>	<b>118</b>	<b>125</b>	<b>63</b>	<b>25</b>
<b>Total net assets</b>	<b>1,277,204</b>	<b>122,367</b>	<b>76,313</b>	<b>201,949</b>	<b>337,368</b>	<b>539,207</b>
<b>Total assets</b>	<b>1,427,257</b>	<b>122,601</b>	<b>81,225</b>	<b>203,909</b>	<b>337,875</b>	<b>681,647</b>
Cash	8,175	880	* 253	2,442	* 1,285	3,314
Savings and temporary cash investments	46,236	7,592	* 5,666	7,764	13,531	11,683
Accounts receivable	2,428	* 2	* 38	* 23	* 5	* 2,360
Receivables due from officers, directors, trustees, etc.	0	0	0	0	0	0
Other notes and loans receivable	* 11,368	0	0	* 35	0	* 11,334
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	* 52	0	0	0	* 52	0
<b>Total investments</b>	<b>1,312,080</b>	<b>98,003</b>	<b>69,204</b>	<b>177,204</b>	<b>323,002</b>	<b>644,668</b>
Securities	1,125,287	83,689	62,032	149,067	260,796	569,703
Government obligations	101,415	12,664	* 4,205	14,020	17,987	* 52,539
Corporate stock	562,868	34,506	27,040	51,083	99,507	350,733
Corporate bonds	461,004	36,519	* 30,787	83,965	143,302	166,431
Land, buildings, and equipment	* 27,838	0	0	* 43	0	* 27,795
Other investments	158,955	14,313	* 7,172	28,093	62,206	* 47,170
Charitable purpose land, buildings, and equipment	* 8,160	0	0	0	0	* 8,160
Other assets	38,758	16,124	* 6,064	* 16,440	0	* 129
<b>Total liabilities</b>	<b>150,053</b>	<b>234</b>	<b>* 4,913</b>	<b>1,960</b>	<b>* 507</b>	<b>142,440</b>
Accounts payable and accrued expenses	4,555	* 95	* 39	* 146	0	4,275
Deferred revenue	* 113,338	0	* 4,857	* 1,496	0	* 106,985
Loans from officers, directors, trustees, etc.	0	0	0	0	0	0
Mortgages and other notes payable	* 29,988	0	0	0	* 193	* 29,795
Other liabilities	2,173	* 139	* 17	* 319	* 314	1,384

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by funds filing a final return.

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

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

by Cynthia Belmonte

**D**espite the recent recession, which caused significant declines in the market values of investment assets, private foundations maintained almost the same amount of distributions to the charitable sector in 2008 as in 2007. Generally, these distributions are grants to other tax-exempt organizations to assist in funding their charitable programs. Because the activities of private foundations are primarily charitable, most income that they receive is exempt from tax under Internal Revenue Code (IRC) section 501(c)(3). However, private foundations are subject to a variety of IRS regulations regarding their activities. Private foundations report compliance with IRS regulations, as well as detailed financial information, using the annual information return Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*. Certain nonexempt charitable trusts that are treated as private foundations for tax purposes are also required to file this return.<sup>1</sup> Though exempt from income tax, private foundations are required to pay an excise tax on their net investment incomes, annually. Additionally, private foundations and foundation managers are required to file Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*, to report excise taxes on certain prohibited activities.

The tax-exempt sector was not immune to the economic downturn that hit the United States in late 2007. Figure A includes selected financial data for Tax Years 2007 and 2008 for domestic private foundations. Despite the 7.4-percent increase in the number of private foundations between Tax Years 2007 and 2008, in real terms, the aggregate fair market value of total assets decreased 21 percent to \$526.5 billion for Tax Year 2008.<sup>2</sup>

Investment assets provide the basis for giving by grantmaking foundations. Investment assets accounted for more than 91 percent of the fair

market value of total assets reported by private foundations for Tax Year 2008, compared to 93.3 percent of total assets for Tax Year 2007. The total amount of investment assets held by private foundations decreased by 22.9 percent, from \$621.5 billion to \$479.3 billion, between Tax Years 2007 and 2008. Of all investment types, corporate stock decreased the most, falling 34.4 percent, from \$330.1 billion to \$216.6 billion, between Tax Years 2007 and 2008.

Total revenue reported by private foundations was \$49.7 billion for Tax Year 2008, a 54.7-percent decrease from the previous year. Contributions, gifts, and grants received remained the largest source of revenue, accounting for \$43.8 billion. Income derived from assets, including net gains from sales of assets, dividends and interest from securities, and interest on savings, typically accounts for a significant share of revenue. However, in Tax Year 2008, due to \$18.9 billion in capital losses, combined, these sources accounted for \$3.4 billion, only 6.8 percent of private foundation revenue. This is down considerably from Tax Year 2007, when income from assets accounted for a little more than half of private foundation revenue.

Foundation giving remained remarkably stable from Tax Year 2007 to 2008, despite the significant decreases in private foundation assets and revenue. Private foundations distributed \$42.8 billion in contributions, gifts, and grants to the charitable sector, only a 1.5-percent decrease from the previous year.

## The Statistics of Income Study

The Statistics of Income (SOI) Division conducts an annual study of private foundations based on the information returns filed with the Internal Revenue Service (IRS). The statistics presented in this article are based on a sample of Forms 990-PF filed by domestic private foundations—private foundations organized in the United States—selected to represent the entire filing population for Tax Year 2008. Additional statistics on reported excise taxes on the activities described in IRC sections 4941-4945 are from Forms 4720 filed by domestic private foundations. Tax Year 2008 includes all accounting periods

*Cynthia Belmonte is an economist with the Special Studies Special Projects Section. This article was prepared under the direction of Melissa Ludlum, Chief.*

<sup>1</sup> For Tax Year 2008, nonexempt charitable trusts represented 6.4 percent of Form 990-PF filers and only 1.4 percent, 0.6 percent, and 1 percent of total assets, total revenue, and total expenses reported, respectively. This article excludes statistics for nonexempt charitable trusts.

<sup>2</sup> Dollar values were adjusted for inflation using the 2005 chain-type price index for Gross Domestic Product (GDP) as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars and are referred to in this article as “constant dollars” or “real dollars.”

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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beginning in Calendar Year 2008 and thus ending between December 31, 2008, and November 30, 2009. Consequently, the returns reflect financial activity that occurred in either Calendar Year 2008 or 2009 or some portion of both (see the Data Sources and Limitations section for further information).

## Tax Definitions and Organizational Structure

Public charities and private foundations that are created and operated for religious, charitable, scientific, educational, and certain other designated purposes can qualify for exemption from Federal income tax under IRC section 501(c)(3). Most tax-exempt organizations are hospitals, schools, churches, and organizations that receive broad support from the general public. These types of tax-exempt organizations, commonly known as “public charities,” file Form 990, *Return of Organization Exempt from Income Tax*, or Form 990-EZ, the short version of this information return.<sup>3</sup> In contrast to a public charity, a private foundation relies on a narrow sphere of support, typically through funding from a small number of private donors. Additionally, control of a private foundation is generally limited to an individual, family, or corporation.

Depending upon the type of charitable support that a private foundation provides, it may be classified as either “nonoperating” or “operating.”<sup>4</sup> A nonoperating foundation supports charitable programs indirectly, providing grants to other charitable organizations, rather than operating programs of its own. Nonoperating private foundations are by far the most common Form 990-PF filers. In contrast, an operating foundation generally spends its income on direct, active involvement in a tax-exempt, charitable activity, such as operating a library or museum, providing housing or health-care, or conducting scientific research. In order to qualify as operating, a foundation must meet both an

**Figure A**

## Domestic Private Foundations: Selected Financial Items and Percentage Changes, in Constant Dollars, Tax Years 2007–2008

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

Items	2007	2008	Percentage change
	(1)	(2)	(3)
<b>Number of returns</b>	<b>84,613</b>	<b>90,850</b>	<b>7.4</b>
<b>Total assets (fair market value)</b>	<b>666,143</b>	<b>526,533</b>	<b>-21.0</b>
Cash (non-interest bearing accounts)	7,755	8,209	5.9
Investment assets, total	621,494	479,315	-22.9
Savings and temporary cash investments	48,564	48,337	-0.5
Investments in securities, total	408,727	287,607	-29.6
Government obligations	36,883	33,395	-9.5
Corporate stock	330,087	216,642	-34.4
Corporate bonds	41,757	37,570	-10.0
Other investments [1]	164,203	143,371	-12.7
<b>Total revenue</b>	<b>109,557</b>	<b>49,673</b>	<b>-54.7</b>
Contributions, gifts, and grants received	49,427	43,787	-11.4
Net gains (less losses) from sales of assets	39,516	-9,890	-125.0
Gain	40,680	9,042	-77.8
Loss	-1,164	-18,932	-1,526.5
Dividends and interest from securities	13,425	11,186	-16.7
Interest on savings	2,868	2,094	-27.0
<b>Total expenses</b>	<b>59,985</b>	<b>60,322</b>	<b>0.6</b>
Disbursements for charitable purposes	50,209	49,692	-1.0
Contributions, gifts, and grants paid	43,472	42,822	-1.5
<b>Excess of revenue over expenses</b>	<b>49,572</b>	<b>-10,648</b>	<b>-121.5</b>

[1] Sum of “Investments in land, buildings, and equipment (less accumulated depreciation),” “Investments in mortgage loans,” and miscellaneous items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

NOTE: Tax Year 2007 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars. Detail may not add to totals because of rounding.

“income test” and one of three other tests: an “assets test,” an “endowment test,” or a “support test.”<sup>5</sup>

## Composition of Filers

Figure B presents financial data for Tax Year 2008, by asset-size class, for all foundations, and for nonoperating and operating foundations, separately.

<sup>3</sup> For additional discussion of organizations other than private foundations that are tax exempt under Internal Revenue Code section 501(c)(3), see Arnsberger, Paul, and Mike Graham, “Charities, Fraternal Beneficiary Societies, and Other Tax-Exempt Organizations, 2008,” *Statistics of Income Bulletin*, Fall 2011, Volume 31, Number 2.

<sup>4</sup> An organization’s status as a nonoperating or operating foundation was indicated on Form 990-PF, Part VII, line 9.

<sup>5</sup> A foundation could qualify as operating under the income requirement if it spent at least 85 percent of the lesser of its “minimum investment return” or “adjusted net income” on the direct, active conduct of tax-exempt, charitable activities. Adjusted net income represented the amount of income from charitable functions, investment activities, set-asides, unrelated business activities, and short-term capital gains that exceeded the cost incurred in earning the income and was calculated in Part I, Column (c) of Form 990-PF for operating foundations. To meet the assets test, a foundation had to use 65 percent or more of its assets directly for the active conduct of charitable activities. To meet the endowment test, a foundation regularly had to make distributions for the active conduct of charitable activities in an amount not less than two thirds of its “minimum investment return.” To meet the support test, a foundation regularly had to receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income. See “Operating Foundations” in the Explanation of Selected Terms section of this article for additional information.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Figure B**

## Domestic Private Foundations: Selected Financial Items, by Size of End-of-Year Fair Market Value of Total Assets and Operating Status, Tax Year 2008

[Money amounts are in millions of dollars]

Asset size and operating status [1]	Returns		Total assets (fair market value)		Total revenue		Disbursements for charitable purposes		Contributions, gifts, and grants paid	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All foundations</b>	<b>90,850</b>	<b>100.0</b>	<b>526,533</b>	<b>100.0</b>	<b>49,673</b>	<b>100.0</b>	<b>49,692</b>	<b>100.0</b>	<b>42,822</b>	<b>100.0</b>
Less than \$1,000,000	62,532	68.8	15,679	3.0	4,084	8.2	4,860	9.8	3,908	9.1
\$1,000,000 less than \$10,000,000	22,687	25.0	70,428	13.4	7,329	14.8	7,959	16.0	7,062	16.5
\$10,000,000 less than \$50,000,000	4,313	4.7	89,651	17.0	9,454	19.0	9,560	19.2	8,152	19.0
\$50,000,000 less than \$100,000,000	695	0.8	47,605	9.0	4,571	9.2	4,941	9.9	4,337	10.1
\$100,000,000 or more	622	0.7	303,169	57.6	24,235	48.8	22,372	45.0	19,362	45.2
<b>Nonoperating foundations</b>	<b>83,024</b>	<b>91.4</b>	<b>476,209</b>	<b>90.4</b>	<b>40,519</b>	<b>81.6</b>	<b>45,005</b>	<b>90.6</b>	<b>41,233</b>	<b>96.3</b>
<b>Operating foundations</b>	<b>7,826</b>	<b>8.6</b>	<b>50,323</b>	<b>9.6</b>	<b>9,154</b>	<b>18.4</b>	<b>4,686</b>	<b>9.4</b>	<b>1,589</b>	<b>3.7</b>

[1] Foundations were assigned to asset-size classes based on the reported current-dollar, end-of-year fair market value of total assets.

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

Foundations were assigned to asset-size classes based on the reported end-of-year fair market value of total assets. Although more than two-thirds of all returns filed by private foundations for Tax Year 2008 were filed by foundations with less than \$1 million of total assets, combined, these organizations held only 3 percent of the total assets. The largest foundations, those holding total assets valued at \$100 million or more, represented only 0.7 percent of all returns filed for Tax Year 2008; however, these organizations held 57.6 percent of the total asset value.

The smallest foundations earned 8.2 percent of total revenue and accounted for 9.8 percent of the total amount disbursed for charitable purposes. The largest foundations accounted for more than 45 percent of total revenue, disbursements for charitable purposes, and contributions, gifts, and grants paid by domestic private foundations for Tax Year 2008.<sup>6</sup>

Nonoperating foundations conduct the majority of financial activity that is attributable to private foundations. For Tax Year 2008, nonoperating foundations accounted for 91.4 percent of Forms 990-PF filed by domestic private foundations, and they held a similar

proportion of the aggregate fair market value of total assets. Nonoperating foundations also earned the majority of total revenue and, because they primarily supported charitable activities via indirect distributions, accounted for nearly all of the contributions, gifts, and grants reported.

### The Private Foundation Rules

Since private foundations are typically supported and controlled by an individual, family, or corporation, they are not directly accountable to the public. Consequently, private foundations are subject to greater Federal regulation than other tax-exempt organizations. For example, private foundations are required annually to distribute their minimum investment return, statutorily defined as 5 percent of the net value of their investment assets, after certain adjustments. The Tax Reform Act of 1969 (TRA69) established taxes specific to private foundations and was the basis for IRC sections 4940-4945. IRC section 4940 includes an excise tax on “net investment income,” which consists of income received only from investments that are unrelated to a foundation’s charitable purpose. This tax, which is reported annually on Form 990-PF, applies to all nonoperating

<sup>6</sup> Disbursements for charitable purposes include contributions, gifts, and grants paid, as well as expenses related to the foundation’s charitable purpose, such as employee salaries and wages, occupancy, and printing and publications.

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foundations and to most operating foundations that earn net investment income.

IRC sections 4941–4945 outline taxes imposed on foundations that engage in activities that are considered to be contrary to the public interest and outline the excise taxes imposed on foundations that engage in such “prohibited activities.” IRC section 4941 details taxable acts of “self-dealing,” which are defined as financial transactions with foundation officers, directors, trustees, substantial contributors, or “other disqualified persons.” Additionally, nonoperating foundations that fail to distribute the minimum amount for charitable purposes are subject to an excise tax under IRC section 4942. Excess business holdings, certain high-risk investments, and various prohibited expenditures, such as those made for legislative or political purposes, are taxable under IRC sections 4943–4945. Figure C provides detailed descriptions of taxable activities under IRC sections 4941–4945, as well as the tax rates associated with each section. Private foundations report taxes on the activities described in IRC sections 4941–4945 on Form 4720. Taxes reported on Form 4720 are initial taxes on prohibited activities. These first-tier taxes are assessed automatically when a prohibited activity occurs. If a foundation, after paying their 4720 excise tax, fails to provide corrective action, the foundation may be subject to an additional second-tier tax.<sup>7</sup>

Excise taxes under IRC sections 4940 through 4945 can be divided into two primary categories—organizational and individual. The most common organizational excise tax is levied on net investment income under IRC section 4940. Additionally, foundations that engage in prohibited activities are subject to organizational taxes on undistributed income, investments that jeopardize charitable purpose, excess business holdings, and taxable expenditures. Individual taxes include many of the organizational taxes, but are imposed on foundation managers who knowingly engage in the prohibited activity. Self-dealing tax is the only tax defined under IRC sections 4940 through 4945 that does not have an organizational component. A self-dealer,

defined as a disqualified person benefiting from a prohibited transaction with a foundation, is liable for self-dealing tax. Additionally, foundation managers who knowingly participate in acts of self-dealing are also subject to excise taxes.

Figure D, which shows data for Tax Years 2003 and 2008, reflects the distinction between organizational and individual excise taxes.<sup>8</sup> Overall, while the number of organizations and individuals who incurred excise taxes under IRC sections 4940–4945 increased, and despite the higher private foundation excise tax rates in effect after the passage of the Pension Protection Act of 2006, the amount of total taxes reported decreased 22.2 percent between Tax Years 2003 and 2008.<sup>9</sup> This was attributable to the significant decrease in reported taxes on net investment income, which fell by 23.5 percent. The remainder of the article examines IRC section 4940–4945 excise taxes reported for 2008 in detail.

### Investment Assets and the Section 4940 Tax on Investment Income

Assets that are held for investment purposes only, such as securities, investments in art, coins or other collectables, and real estate, are classified as noncharitable-use assets. Figure E illustrates the relationship between the net value of noncharitable-use assets and the aggregate end-of-year fair market value of total assets held by domestic nonoperating private foundations for Tax Years 2007 and 2008. For nonoperating foundations, noncharitable-use assets typically represent the majority of end-of-year fair market value of total assets, as was the case for Tax Year 2007. The fair market value of noncharitable-use assets actually exceeded the ending fair market value of total assets for Tax Year 2008. While not common, this is possible because of the different methods used for calculating the two values. Most types of noncharitable-use assets, including cash and securities, are valued based on their average monthly fair market values throughout the tax year, while total assets are valued at year’s end.<sup>10</sup> Nonoperating foundations reported an overall

<sup>7</sup> Additional levels of tax are not reported on the Form 4720; rather, they are handled independently between the IRS and the foundation and/or foundation manager.

<sup>8</sup> Form 4720 data, by calendar year of filing, are available on an annual basis; however, the last published tax year analysis is for Tax Year 2003. See Ludlum, Melissa, and Mark Stanton, “Private Foundations, Tax Year 2003,” *Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2.

<sup>9</sup> Legislation included in the Pension Protection Act of 2006 (PPA) increased penalty excise taxes relating to public charities, social welfare organizations, and private foundations, effective for taxable years beginning September 1, 2006. Specifically, the law doubled first-tier penalties for IRC sections 4941 through 4945. Additionally, PPA doubled the ceiling on foundation manager penalties under IRC sections 4941, 4944–4945. For additional information, see the Joint Committee on Taxation’s “Technical Explanation of H.R. 4, The Pension Protection Act of 2006,” available online at <http://www.jct.gov/x-38-06.pdf>.

<sup>10</sup> Other types of noncharitable-use assets are valued annually, although not necessarily at year’s end.

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**Figure C**

## Excise Taxes on Prohibited Activities Described Under Internal Revenue Code Sections 4941-4945

Code section	Name of tax	Tax rate [1, 2]	Description
4941	Self-Dealing	10-percent initial tax per act per year on Self-Dealer.  5 percent per year and limited to \$20,000 per act on Foundation Manager.	(1) Selling, exchanging, or leasing of property with a disqualified person.  (2) Borrowing money from, lending money to, or otherwise extending credit to a disqualified person.  (3) Furnishing goods, services, or facilities to a disqualified person.  (4) Paying compensation to, or paying or reimbursing the expenses of, a disqualified person.  (5) Transferring any income or assets to a disqualified person.  (6) Paying money or property to a Government official.
4942	Undistributed Income	30-percent initial tax on current and previous years undistributed amount.	Failing to distribute the minimum required amount.
4943	Excess Business Holdings	10-percent initial tax on excess amount and 200 percent if not disposed of within tax period.	Holding more than 20-percent interest in an unrelated business enterprise.
4944	Investments that Jeopardize Charitable Purpose	10-percent initial tax of amount invested per year on Foundation.  10-percent initial tax of amount invested per year on Foundation Manager and limited to \$10,000 for any one investment.	Failing to exercise ordinary business care to provide for the long- and short-term financial needs of the foundation.
4945	Taxable Expenditures	20-percent initial tax of expenditure on Foundation.  5-percent initial tax up to \$10,000 on Foundation Managers.	(1) Carrying on propaganda or otherwise influence any legislation through:  (a) Attempting to influence public opinion or any segment of it, and  (b) Communicating with any member or employee of a legislative body, or with any other Government official or employee who may take part in formulating legislation;  (2) Influencing the outcome of any specific public election, or to conduct, directly or indirectly, any voter registration drive;  (3) Providing a grant to an individual for travel, study, or other purposes;  (4) Providing a grant to an organization not described in section 509(a)(1), (2), or (3) or that is not an exempt operating foundation; or  (5) Acting with any other than religious, charitable, scientific, literary, educational, or public purposes, or the prevention of cruelty to children or animals.

[1] Taxes on foundation managers require that the manager know the action was a taxable act and that the manager participated willingly.

[2] Tax rates and amounts reflect legislation included in the Pension Protection Act of 2006 (PPA), which doubled the penalty excise taxes effective for taxable years beginning after August 17, 2006.

real decrease of 22.5 percent in the fair market value of total assets between Tax Years 2007 and 2008, while the net value of noncharitable-use assets that were held for investment purposes decreased by 10.7 percent over the same period.

As discussed in the introduction to this article, income received from investment assets decreased significantly between Tax Years 2007 and 2008. Realized net investment income reported by private foundations included net income from capital gains,

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**Figure D**

## IRC Sections 4940-4945 Excise Taxes Reported by Domestic Private Foundations, and Percentage Changes, in Constant Dollars, Tax Years 2003 and 2008 [1]

[Money amounts are in thousands dollars]

Internal Revenue Code section and item	Number of returns			Amount involved in act			Tax amount [2]		
	2003	2008	Percentage change	2003	2008	Percentage change	2003	2008	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Taxes on organizations [3]</b>									
Section 4940 tax on net investment income	57,095	69,313	21.4	29,047,525	23,094,202	-20.5	378,048	289,068	-23.5
Section 4942 tax on undistributed income	1,257	1,350	7.4	22,988	24,890	8.3	3,451	7,467	116.4
Sections 4943, 4945 additional excise taxes [4]	42	73	73.8	11,142	2,329	-79.1	785	400	-49.0
<b>Taxes on individuals [5]</b>									
Section 4941 tax on self-dealing	120	134	11.7	20,777	10,618	-48.9	1,200	1,255	4.6
Sections 4943, 4945 additional excise taxes [4]	11	12	9.1	208	291	39.9	5	15	200.0

[1] Excise tax under IRC section 4940 is reported on the Form 990-PF, while the taxes under IRC sections 4941-4945 are reported on the Form 4720. The tax year data include Forms 990-PF and Forms 4720 filed and processed during the 2 calendar years immediately following the tax year. Form 4720 data, by calendar year of filing, are available on an annual basis; however, the last published tax year analysis is for Tax Year 2003.

[2] Amounts reflect prevailing tax rates during the tax year of reference. As a result of legislation included in the Pension Protection Act of 2006 (PPA), the excise tax rates doubled, effective for taxable years beginning after August 17, 2006.

[3] Organization taxes are reported by private foundations.

[4] Section 4943: initial tax on excess business holdings; section 4945: taxes on taxable expenditures. There were no Form 4720 returns reporting section 4944 taxes on jeopardizing investments for Tax Year 2008.

[5] Individual taxes are reported by foundation managers, office directors, trustees, and other individuals.

NOTE: Tax Year 2003 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars.

along with interest, dividends, rents, and royalties, after deductions for expenses incurred in producing the investment income. Real net investment income reported by domestic nonoperating private foundations dropped sharply over the period, from \$61.3 billion in 2007 to \$21.8 billion in 2008.

The “net investment income yield” and “real rates of total return on assets” can provide additional insight into both the realized income from, and the overall performance of, investment assets. Figure F shows these measures for domestic nonoperating foundations for Tax Years 2007 and 2008. Both the mean and the median, which minimizes the influences of large outliers in the data and may therefore better represent a typical foundation than the mean value, are shown. In order to compare investment performance by foundation size over a given tax year, foundations were classified based on their fair market value of assets at the beginning of the year.

The net investment income yield, a measure of the realized investment income that a foundation earns on its investment assets, was calculated by dividing net investment income by the value of noncharitable-use assets. The median net investment income yield realized by domestic nonoperating

private foundations fell, from 5.1 percent for Tax Year 2007 to 2.4 percent for Tax Year 2008. This decrease corresponded to the large decrease in net investment income attributable to capital losses, offset somewhat by the relatively smaller decrease in the value of noncharitable-use assets.

Median net investment income yields varied little among foundations in the different asset-size classes for Tax Year 2008. Small foundations reported the lowest median net investment income yield, 2.1 percent, while the largest foundations realized median net investment income yields of 2.5 percent, a significant decrease from the realized 8.8 percent for Tax Year 2007.

The real rate-of-total-return formula, which measures the total, inflation-adjusted capital appreciation of a foundation’s assets, equals the change in the value of the entire asset base (adjusted for contributions received, grants paid, and certain expenses) divided by the value of the base. Because the real rate of total return on assets measures the realized income from investments and other assets, as well as the unrealized appreciation or depreciation in the fair market value of assets, it provides a more comprehensive measure of total investment

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**Figure E**

## Domestic Nonoperating Private Foundations: Total Assets, Noncharitable-Use Assets, Investment Assets, and Net Investment Income, by Size of End-of-Year Fair Market Value of Total Assets, in Constant Dollars, Tax Years 2007–2008

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

Asset size [1]	Number of returns			Total assets (fair market value)		
	2007	2008	Percentage change	2007	2008	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating foundations</b>	<b>77,457</b>	<b>83,024</b>	<b>7.2</b>	<b>614,255</b>	<b>476,209</b>	<b>-22.5</b>
Less than \$1,000,000	48,493	56,781	17.1	13,067	14,748	12.9
\$1,000,000 less than \$10,000,000	22,869	21,104	-7.7	71,555	65,470	-8.5
\$10,000,000 less than \$50,000,000	4,618	3,940	-14.7	97,808	81,868	-16.3
\$50,000,000 less than \$100,000,000	752	635	-15.6	52,298	43,587	-16.7
\$100,000,000 or more	725	564	-22.2	379,527	270,537	-28.7

Asset size [1]	Noncharitable-use assets [2]			Net investment income		
	2007	2008	Percentage change	2007	2008	Percentage change
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All nonoperating foundations</b>	<b>578,673</b>	<b>516,813</b>	<b>-10.7</b>	<b>61,288</b>	<b>21,829</b>	<b>-64.4</b>
Less than \$1,000,000	14,318	16,976	18.6	1,299	732	-43.6
\$1,000,000 less than \$10,000,000	69,734	72,201	3.5	6,812	3,351	-50.8
\$10,000,000 less than \$50,000,000	94,127	88,883	-5.6	9,007	4,113	-54.3
\$50,000,000 less than \$100,000,000	49,966	46,708	-6.5	4,776	1,909	-60.0
\$100,000,000 or more	350,528	292,045	-16.7	39,394	11,725	-70.2

[1] Foundations were assigned to asset-size classes based on the constant-dollar, end-of-year fair market value of total assets.

[2] While not common, the fair market value of noncharitable-use assets can exceed the ending fair market value of total assets because of the different methods used for calculating the two values. Most types of noncharitable-use assets, including cash and securities, are valued based on their average monthly fair market values throughout the tax year, while total assets are valued at year's end.

NOTE: Tax Year 2007 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars. Detail may not add to totals because of rounding.

performance than the net investment income yield. Median real rates of total return on assets, as reported by nonoperating foundations, depict an even bleaker illustration of investment performance for Tax Year 2008. Overall, median rates of total return realized by nonoperating foundations declined dramatically between Tax Years 2007 and 2008, falling from 1.4 percent to -15.7 percent.

For Tax Year 2008, the median real rate of total return was negative for all nonoperating private foundations, regardless of asset-size class. Whereas the median rates of total return increased by asset-size class for Tax Year 2007, the opposite trend occurred in Tax Year 2008. Just as the realized real rates of total return were highest for larger foundations in Tax Year 2007, when returns were positive, they were lowest for this group in Tax Year 2008, when returns

were negative. This seems to indicate smaller organizations' preference for lower-risk investments that yield lower returns. Small foundations experienced the highest median rate of total return, -8.7 percent, while all other asset-size classes realized rates of total return of -21.6 percent or lower, with the largest foundations realized median net investment income yields of -24.6 percent for Tax Year 2008.

The decline in private foundation net investment income between Tax Years 2007 and 2008 resulted in a large decrease in the annual excise tax under IRC section 4940. This excise tax is intended to cover expenses incurred by the IRS in the oversight of private foundation activities and the enforcement of laws governing private foundations' exempt status. Under IRC section 4940, generally, domestic private foundations are taxed

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**Figure F**

## Domestic Nonoperating Private Foundation Net Investment Income Yields and Real Rates of Total Return on Assets, by Size of Beginning-of-Year Fair Market Value of Total Assets, Tax Years 2007–2008 [1]

Tax year, asset size [2]	Net investment income yields (percentages)		Real rates of total return (percentages)	
	Median	Mean	Median	Mean
	(1)	(2)	(3)	(4)
<b>Tax Year 2007, All nonoperating foundations</b>	<b>5.1</b>	<b>15.7</b>	<b>1.4</b>	<b>8.8</b>
Less than \$1,000,000	4.3	11.9	0.8	14.6
\$1,000,000 less than \$10,000,000	6.3	24.6	2.2	-0.2
\$10,000,000 less than \$50,000,000	6.8	9.7	2.8	0.8
\$50,000,000 less than \$100,000,000	7.5	9.8	3.3	1.4
\$100,000,000 or more	8.8	13.8	4.2	1.7
<b>Tax Year 2008, All nonoperating foundations</b>	<b>2.4</b>	<b>7.5</b>	<b>-15.7</b>	<b>-9.7</b>
Less than \$1,000,000	2.1	7.7	-8.7	-3.9
\$1,000,000 less than \$10,000,000	2.7	7.8	-21.9	-19.5
\$10,000,000 less than \$50,000,000	2.6	4.6	-21.6	-17.9
\$50,000,000 less than \$100,000,000	2.5	7.5	-22.2	-19.0
\$100,000,000 or more	2.5	4.0	-24.6	-21.4

[1] Only data from returns that were included in the sample for 2 consecutive tax years were used in the calculations. For example, the Tax Year 2008 net investment income yield and rate of return on total assets were calculated only for organizations that filed sampled returns for each of Tax Years 2007 and 2008. Thus, approximately 91 percent of returns for nonoperating foundations included in the Tax Year 2008 sample were eligible for this analysis. Eligible returns represented 91 percent of the Tax Year 2007 sample. Because some organizations may have exited the sample in consecutive years due to decreases in their fair market values of total assets, these results may reflect some bias toward organizations with positive investment performance.

[2] Foundations were assigned to asset-size classes based on the constant dollar beginning-of-year fair market value of total assets for each tax year.

NOTE: Tax Year 2007 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars.

at a rate equal to 2 percent of their net investment income. Figure G shows selected information for private foundations that reported excise tax on net investment income for Tax Years 2007 and 2008.<sup>11</sup> For Tax Year 2007, in real terms, \$62.1 billion of the \$64.2 billion in net investment income reported by all domestic foundations was subject to the excise tax, which totaled \$908 million. Of the \$23.1 billion in net investment income reported by

all domestic foundations for Tax Year 2008, \$22.6 billion was subject to the excise tax, which totaled just \$289 million.

Under IRC section 4940(e), domestic private foundations that are able to demonstrate growth in the rate of their charitable distributions are taxed at a reduced net investment income tax rate of 1 percent. If total Tax Year 2008 qualifying distributions were larger than the total of averaged qualifying distributions made between 2003 and 2007 plus 1 percent of Tax Year 2008 net investment income, a foundation was eligible for the reduced tax rate for Tax Year 2008. Of the foundations reporting excise taxes on net investment income for Tax Year 2008, some 52.9 percent of foundations qualified for the reduced 1-percent tax rate, compared to less than 45 percent of foundations for Tax Year 2007. Generally, larger foundations were more likely to qualify for the reduced tax rate than smaller foundations; for example, for Tax Year 2008, more than 60 percent of foundations with assets of \$10 million or more were eligible for the reduced rate, compared to roughly half of foundations with less than \$1 million in assets. Despite the lower average tax rates, combined, net investment income excise tax paid by foundations with assets of \$10 million or more accounted for 79.2 percent of total tax liability for Tax Year 2008.

## The Charitable Distribution Requirement and the IRC Section 4942 Tax on Undistributed Income

The overall value of assets held by a private foundation, particularly those held for investment purposes, can play a major role in the foundation's ability to make distributions for charitable purposes. For nonoperating foundations, the annual charitable distribution requirement, known as the "distributable amount," is calculated based on an annual valuation of assets. As a result, fluctuations in asset values can directly affect the grantmaking practices of nonoperating foundations. IRC section 4942 outlines the annual distribution requirement, known as the "distributable amount," and the excise tax penalty assessed on nonoperating foundations that fail to meet it. The distributable amount is derived from

<sup>11</sup> Some foundations were not required to pay the IRC section 4940 excise tax on net investment income. Certain foundations in IRC section 507(b)(1)(B) termination status, as well as certain exempt operating foundations described in IRC section 4940(d)(2), were exempt from paying the excise tax.

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**Figure G**

## Domestic Private Foundations Reporting IRC Section 4940 Excise Tax on Investment Income, by Size of End-of-Year Fair Market Value of Total Assets, in Constant Dollars, Tax Years 2007–2008

[Money amounts are in millions of dollars]

Tax year, asset size [1]	Number of returns	Percentage of all foundations	Net investment income	Qualifying distributions	Excise tax	Percentage of foundations reporting:	
						1-percent tax	2-percent tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Tax Year 2007, all foundations</b>	<b>68,686</b>	<b>81.2</b>	<b>62,072</b>	<b>48,169</b>	<b>908</b>	<b>44.8</b>	<b>55.2</b>
Less than \$1,000,000	39,147	73.0	1,314	4,174	18	43.1	56.9
\$1,000,000 less than \$10,000,000	23,169	95.2	6,972	6,829	108	46.1	53.9
\$10,000,000 less than \$50,000,000	4,832	96.0	9,341	9,126	139	49.6	50.4
\$50,000,000 less than \$100,000,000	779	96.5	4,880	4,421	71	52.8	47.2
\$100,000,000 or more	758	96.1	39,564	23,618	572	53.2	46.8
<b>Tax Year 2008, all foundations</b>	<b>69,313</b>	<b>76.3</b>	<b>22,635</b>	<b>45,091</b>	<b>289</b>	<b>52.9</b>	<b>47.1</b>
Less than \$1,000,000	43,324	69.3	745	2,579	11	49.6	50.4
\$1,000,000 less than \$10,000,000	20,778	91.6	3,451	7,439	49	57.4	42.6
\$10,000,000 less than \$50,000,000	3,988	92.5	4,257	8,541	58	61.8	38.2
\$50,000,000 less than \$100,000,000	645	92.8	2,071	4,685	27	65.9	34.1
\$100,000,000 or more	578	92.9	12,112	21,848	144	64.0	36.0

[1] Foundations were assigned to asset-size classes based on the reported constant dollar end-of-year fair market value of total assets for each tax year.

NOTE: Tax Year 2007 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars. Detail may not add to totals because of rounding.

a foundation's minimum investment return, which equals 5 percent of the net value of noncharitable-use assets, calculated as the value of noncharitable-use assets, less both the indebtedness incurred to acquire these assets and the amount of cash held for charitable activities. Finally, the distributable amount is the minimum investment return minus the excise tax on net investment income, plus or minus other adjustments (see Net Adjustments to Distributable Amount and Net Value of Noncharitable-use Assets in the Explanation of Terms section of this article for additional details).

The current year's distribution requirement may be satisfied by qualifying distributions from the current year as well as excess distributions carry-overs from the previous 5 tax years. Qualifying distributions are those made for charitable purposes. Although qualifying distributions consist primarily of contributions, gifts, and grants disbursed throughout the year, they may also include operating and administrative expenses related to conducting charitable operations; program-related investments, such as loans to other 501(c)(3) organizations; amounts paid to acquire buildings, equipment, supplies, or other assets for charitable-use; and "set-asides," which are amounts earmarked for future charitable distributions.

Qualifying distributions and their components, along with distributable amounts, are shown for nonoperating foundations by asset-size class in Figure H. Qualifying distributions for nonoperating foundations totaled \$46 billion, a real decrease of 1.1 percent from the previous year. Contributions, gifts, and grants, the largest component of qualifying distributions, accounted for nearly 90 percent of the total qualifying distributions for all nonoperating foundations. Operating and administrative expenses was the second-largest component of qualifying distributions, making up 8.2 percent of the total. Program-related investments represented 1 percent of total qualifying distributions, and amounts paid to acquire assets for charitable-use and set-asides each accounted for less than 1 percent of the total. Foundations' qualifying distributions exceeded the required distributable amount of \$25.7 billion to varying degrees across each asset-size category. Generally, as asset size increased, the extent to which foundations' qualifying distributions exceeded the required distributable amount decreased. The smallest foundations, those with less than \$1 million of total assets, disbursed qualifying distributions that were nearly five times in excess their required distributable amount for Tax Year 2008. Foundations with assets between \$1 million and \$100 million

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**Figure H**

## Domestic Nonoperating Private Foundations Qualifying Distributions and Distributable Amount, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008

[Money amounts are in millions of dollars]

Asset size	Qualifying distributions						Distributable amount
	Total	Contributions, gifts, and grants paid	Operating expenses	Program-related investments	Amounts paid to acquire assets	Set-asides	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All nonoperating foundations</b>	<b>46,004</b>	<b>41,233</b>	<b>3,772</b>	<b>446</b>	<b>342</b>	<b>210</b>	<b>25,651</b>
Less than \$1,000,000	4,083	3,821	222	35	[1]	5	839
\$1,000,000 less than \$10,000,000	7,327	6,897	401	12	11	7	3,567
\$10,000,000 less than \$50,000,000	8,191	7,369	713	55	46	8	4,408
\$50,000,000 less than \$100,000,000	4,538	4,002	368	60	62	46	2,313
\$100,000,000 or more	21,865	19,144	2,068	285	224	145	14,525
	Percentage of total						
<b>All nonoperating foundations</b>	<b>100.0</b>	<b>89.6</b>	<b>8.2</b>	<b>1.0</b>	<b>0.7</b>	<b>0.5</b>	<b>N/A</b>
Less than \$1,000,000	100.0	93.6	5.4	0.9	[2]	0.1	N/A
\$1,000,000 less than \$10,000,000	100.0	94.1	5.5	0.2	0.2	0.1	N/A
\$10,000,000 less than \$50,000,000	100.0	90.0	8.7	0.7	0.6	0.1	N/A
\$50,000,000 less than \$100,000,000	100.0	88.2	8.1	1.3	1.4	1.0	N/A
\$100,000,000 or more	100.0	87.6	9.5	1.3	1.0	0.7	N/A

N/A—Not applicable.

[1] Less than \$500,000.

[2] Less than 0.05 percent

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

disbursed twice their required distributable amount in qualifying distributions, while those with assets of \$100 million or more disbursed one-and-a-half times their required distributable amount.

The payout rate captures the relationship between an organization's qualifying distributions and its investment assets. Current-year distributions, combined with carryovers, are adjusted to include certain taxes and deductions and divided by the total value of noncharitable-use assets to arrive at a foundation's payout rate. This rate provides a measure of a foundation's success in meeting the annual required distributable amount. Median payout rates for domestic nonoperating foundations by asset-size class, as well as the percentage distributions of payout rate ranges among the various asset-size-classes, are displayed in Figure I.

Median payout rates, which may be reflective of the activities of typical foundations, increased slightly between Tax Years 2007 and 2008. This was attributable to the significant decrease in the value of noncharitable-use assets over the same period. The smallest foundations, those with assets less than \$1 million, had median payout rates that were somewhat higher than for their larger counterparts, at

6.6 percent and 6.9 percent, for Tax Years 2007 and 2008, respectively. Generally, median payout rates decreased as foundation size increased.

For Tax Year 2008, some 76.8 percent of nonoperating foundations exceeded the 5-percent payout requirement, with the percentage generally increasing for larger foundations. Some 77.1 percent of the smallest foundations reported payout rates of 5 percent or more for Tax Year 2008, compared to 79.9 percent of the largest foundations. The opposite pattern characterized the previous tax year. For Tax Year 2007, the percentage of nonoperating foundations that exceeded the 5-percent payout requirement generally decreased as foundation size increased. Some 74.8 percent of the smallest foundations reported payout rates of 5 percent or more for Tax Year 2007, compared to only 66.5 percent of the largest foundations.

Foundations must meet the distributable amount requirement for the current tax year by the end of the next tax year or pay excise tax on the undistributed amount. For example, a foundation must have disbursed the required amount for Tax Year 2007 before the end of Tax Year 2008 in order to avoid paying the excise tax under IRC section 4942. As foundations do not calculate their required

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distributable amounts until the end of the tax year, they may choose to take advantage of the 1-year, tax-free “grace period” for making these distributions and report all or part of their current-year required distributions as undistributed income. Of those foundations with a minimum distribution requirement for Tax Year 2008, some 34.6 percent reported undistributed income for the year, while the majority of foundations met or exceeded their distribution requirement in the tax year.

Private foundations report taxable amounts of undistributed income and compute related excise tax liability on Form 4720. The number of foundations that filed Form 4720 for Tax Year 2008 for failing to distribute the minimum required amount

increased by 7.4 percent compared to Tax Year 2003. Figure J shows undistributed income subject to the IRC section 4942 excise tax (“taxable undistributed income”), as well as the amount of excise tax for Tax Year 2008, by asset size. In all, 1,350 private foundations reported a total of \$24.9 million of taxable undistributed income for Tax Year 2008. Over three-quarters, or \$19 million, of this total was undistributed income from Tax Year 2007, while the remaining \$5.9 million was undistributed income from years prior to Tax Year 2007. While smaller foundations were more likely to have some amount of taxable undistributed income, the average amount increased for larger foundations. For example, the average amount of taxable undistributed income was

**Figure I**

**Domestic Nonoperating Private Foundations: Median Payout Rates and Selected Percentages, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2007 and 2008**

Tax year, payout rate	Asset size [1]					
	All foundations	Less than \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Tax Year 2007 median payout rate (percentage)</b>	<b>5.7</b>	<b>6.6</b>	<b>5.3</b>	<b>5.2</b>	<b>5.3</b>	<b>5.2</b>
Percentage of foundations with payout rates equaling:						
Less than 0.2 percent	4.2	5.9	1.5	0.9	1.3	0.3
0.2 percent under 3.3 percent	5.4	5.1	6.4	4.7	4.1	4.6
3.3 percent under 4.8 percent	11.2	7.7	16.3	18.9	18.4	19.4
4.8 percent under 5 percent	8.1	6.6	10.4	11.6	9.9	9.3
5 percent or more	71.1	74.8	65.3	63.9	66.3	66.5
5 percent under 6.5 percent	27.9	24.1	33.7	34.9	36.8	39.8
6.5 percent under 13 percent	16.3	15.4	17.7	17.9	18.5	18.0
13 percent under 75 percent	15.7	18.4	11.6	9.6	9.9	7.9
75 percent under 200 percent	4.7	6.8	1.3	0.8	1.2	0.7
200 percent or more	6.6	10.0	1.0	0.6	0.0	0.1
<b>Tax Year 2008 median payout rate (percentage)</b>	<b>6.2</b>	<b>6.9</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>	<b>5.7</b>
Percentage of foundations with payout rates equaling:						
Less than 0.2 percent	4.9	6.6	1.5	0.7	0.8	0.9
0.2 percent under 3.3 percent	4.1	3.9	4.6	4.3	4.1	3.7
3.3 percent under 4.8 percent	7.4	6.5	9.4	9.5	10.0	9.6
4.8 percent under 5 percent	6.7	5.9	8.6	8.8	7.1	5.9
5 percent or more	76.8	77.1	75.9	76.9	78.0	79.9
5 percent under 6.5 percent	29.5	24.6	39.2	40.8	40.9	46.0
6.5 percent under 13 percent	20.2	19.2	21.9	23.4	25.4	23.5
13 percent under 75 percent	16.8	19.0	12.8	10.9	9.8	9.4
75 percent under 200 percent	4.3	5.7	1.3	1.3	1.1	0.7
200 percent or more	6.0	8.7	0.6	0.4	0.8	0.4

[1] Foundations were assigned to asset-size classes based on the reported constant dollar end-of-year fair market value of total assets for each tax year.

NOTE: Tax Year 2007 amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2008 constant dollars.

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**Figure J**

## IRC Section 4942 Undistributed Income Tax Reported by Domestic Private Foundations on Form 4720, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008

[Money amounts are in thousands of dollars]

Asset size	Undistributed income subject to IRC section 4942 excise tax						Total excise tax on undistributed income	
	Total		Tax years prior to 2007		Tax Year 2007		Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All foundations</b>	<b>1,350</b>	<b>24,890</b>	<b>397</b>	<b>5,925</b>	<b>1,200</b>	<b>18,965</b>	<b>1,350</b>	<b>7,467</b>
Less than \$1,000,000	1,072	7,933	344	2,864	946	5,069	1,072	2,380
\$1,000,000 less than \$10,000,000	246	8,941	49	1,958	225	6,984	246	2,682
\$10,000,000 less than \$50,000,000	** 32	** 8,016	** 4	** 1,104	** 29	** 6,912	** 32	** 2,405
\$50,000,000 less than \$100,000,000	**	**	**	**	**	**	**	**
\$100,000,000 or more	0	0	0	0	0	0	0	0

\*\* Data combined to prevent disclosure of specific taxpayer data.

\$18,437 for all private foundations, while the average was \$7,400 for private foundations with less than \$1 million of total assets and \$250,500 for private foundations with \$10 million or more of total assets.

Generally, undistributed income was taxed at a rate of 30 percent.<sup>12</sup> In some cases, including allowances for 5-year “start-up” periods for new foundations and certain types of organizational transitions or terminations, Tax Year 2007 undistributed income was not subject to the IRC section 4942 excise tax. Between Tax Years 2003 and 2007, the amount of taxable undistributed income increased 8.3 percent, but, as a result of the increased excise tax rates in effect after the passage of the Pension Protection Act of 2006, the reported amount of tax on undistributed income more than doubled to \$7.5 million. As a percentage of all private foundation excise taxes reported on Form 4720, taxes on undistributed income increased 18.3 percent, from 63.4 percent to 81.7 percent.

### Self-Dealing Taxes Under IRC Section 4941

The third largest excise tax amount reported for Tax Year 2008 was for acts of self-dealing. The amount of self-dealing tax is calculated as a percentage of the amount involved in the self-dealing act. For Tax

Year 2008, a total of 323 self-dealing acts involving \$10.6 million were reported by private foundations, for a total self-dealing tax amount of \$1.3 million.

Acts of self-dealing are classified into five categories on Form 4720, as shown in Figure K. For Tax Year 2008, the most commonly reported act of self-dealing was borrowing money from, lending money to, or otherwise extending credit to disqualified persons. These activities accounted for 43.3 percent of self-dealing acts and 10.8 percent of the total self-dealing tax amount. The second-highest reported act of self-dealing, paying compensation to or reimbursing a disqualified person, accounted for 22.6 percent of self-dealing acts and 78.7 percent of the total self-dealing tax amount. The remaining three categories—transferring income or assets to a disqualified person; selling, exchanging, or leasing property to a disqualified person; and furnishing goods, services, or facilities to a disqualified person—together accounted for 34.1 percent of all acts of self-dealing and only 10.4 percent of the total self-dealing tax amount.

### Additional Excise Taxes Under IRC Sections 4943-4945

Under IRC section 4943, private foundations whose holdings in an unrelated corporation exceed allowed

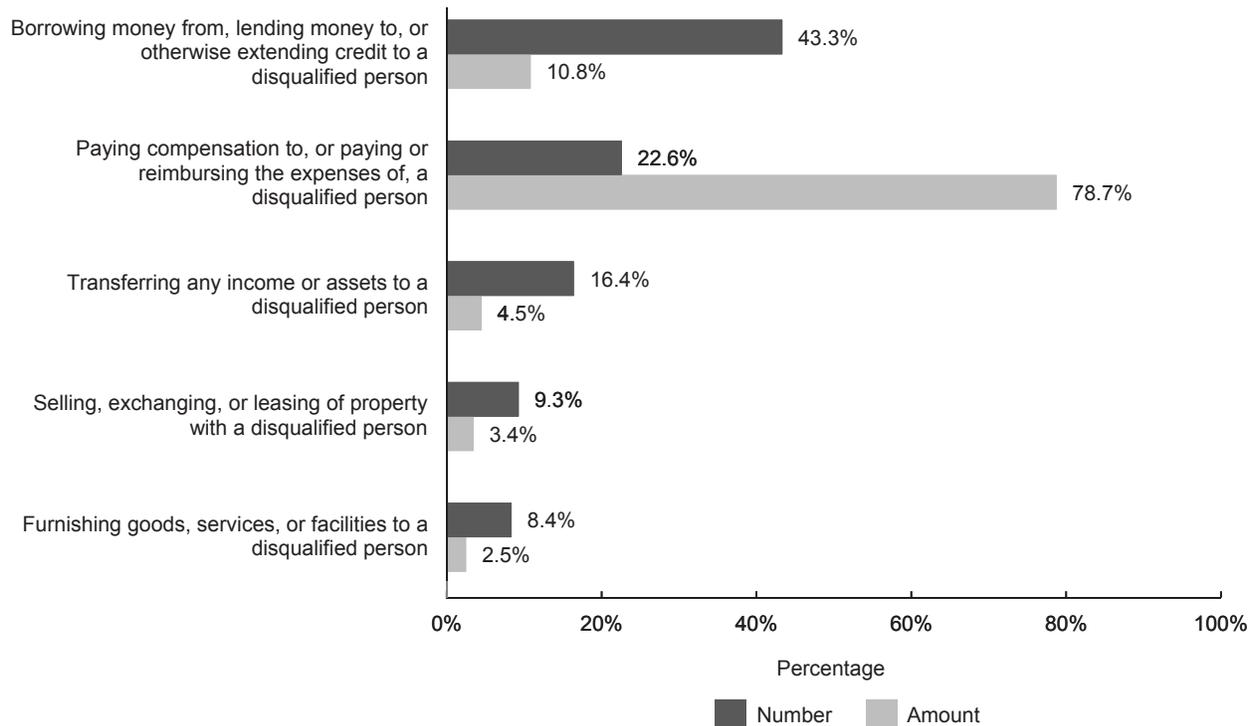
<sup>12</sup> The excise tax on undistributed income is a “two-tier” tax, which consists of an initial tax and additional tax. If a private foundation has undistributed income for a reporting year that remains undistributed at the end of the following tax year, the initial tax of 30 percent automatically is imposed. Any organization that fails to distribute the undistributed income within a designated “correction period” may be subject to the additional tax, which equals 100 percent of the amount of the undistributed income.

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**Figure K**

**IRC Section 4941 Self-Dealing Acts as a Percentage of Total, by Type, Tax Year 2008 [1]**



[1] Data are compiled from Schedule A of Forms 4720 filed during Calendar Years 2009 and 2010 by domestic private foundations only. Includes initial tax, as well as tax on foundation managers, office directors, trustees, and other individuals.

NOTE: Percentages are based on the total number of reported acts of self-dealing, rather than the frequency of returns. A single return might have included one or more acts of self-dealing.

amounts are subject to taxes on excess business holdings. Generally, foundations are limited to holding 20 percent of the voting stock of a corporation, reduced by the percentage actually or constructively owned by disqualified persons. Private foundations are subject to an initial 10-percent tax on excess business holdings. If a foundation fails to dispose of these holdings within a specified correction period, it may be subject to a second-tier tax of 200 percent on the excess business holdings. This second-tier tax is not reported on Form 4720.

IRC section 4944 imposes taxes on any organization that invests in a manner that endangers the organization's ability to carry out its tax-exempt purposes. A jeopardizing investment is one that shows a lack of reasonable business care and prudence in providing for the foundation's short- and long-term financial needs. Foundations that hold large percentages of their portfolios in such

investments, which may include high-risk, low-yield investments, securities purchased on the margin, commodity futures, working interest in oil and gas wells, "puts," "calls," and "straddles," warrants, and short sales, may be subject to the tax. High-risk, low-return "program-related" investments, which are investments made in support of a foundation's charitable purpose, are excluded from IRC section 4944 tax. For example, a foundation that, as one of its charitable activities, provided loans to a small business in an economically disadvantaged area would not be subject to the tax on the loan transactions.

A number of expenditures are designated as taxable under IRC section 4945. These include attempting to influence legislation or the outcome of a specific election; providing a grant to an individual for travel, study, or other similar purpose; or providing support for any other than religious, charitable, scientific, literary, or educational purposes.

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A foundation that provides a grant to an organization other than a recognized charitable organization may also incur taxable expenditures, but may avoid tax liability by exercising “expenditure responsibility” with respect to the grant. Expenditure responsibility requires the foundation to set up procedures to ensure that the grant is spent solely for the purpose for which it was made, provide reports from the grantee on how the grant was spent, and fully disclose the expenditures to the IRS.

A total of 73 private foundations reported excise taxes for either taxable excess business holdings or taxable expenditures under IRC sections 4943 and 4945 for Tax Year 2008. As shown in Figure L, these foundations reported 150 acts of excess business holdings or taxable expenditures and incurred a tax liability of \$415,005, which accounted for 4.5 percent of the total excise taxes reported by all private foundations reported on Form 4720 for Tax Year 2008. The mean value of the combined tax amounts was \$2,767, while the median value was \$670, indicating that the amounts of tax reported for each act varied substantially. No private foundation filed a Form 4720 reporting IRC section 4944 taxes on jeopardizing investments for Tax Year 2008.

**Figure L**

## IRC Sections 4943 and 4945 Excise Taxes Reported by Domestic Private Foundations on Form 4720, Tax Year 2008

[Money amounts are in whole dollars]

Item	Sections 4943 and 4945, combined [1]
Number of returns with taxable acts	73
Number of taxable acts	150
Total reported tax	415,005
Mean tax amount per taxable act	2,767
Median tax amount per taxable act	670
Percentage of all 4720 filers	9.6
Percentage of total 4720 taxes	4.5

[1] Section 4943: initial tax on excess business holdings, section 4945: taxes on taxable expenditures.

NOTE: Data are compiled from Schedules C and E of Forms 4720 filed during Calendar Years 2009 and 2010 by domestic private foundations only. Includes initial tax, as well as tax on foundation managers, office directors, trustees, and other individuals.

## Summary

Private foundations exempt under IRC section 501(c)(3) filed 90,850 Forms 990-PF for Tax Year 2008, a 7.4-percent increase over the previous year. These private foundations reported \$526.5 billion in total assets and \$49.7 billion in total revenue, both double-digit decreases from Tax Year 2007. The amount of contributions, gifts, and grants distributed declined 1.5 percent from the previous year. Nonoperating private foundations, which primarily distributed grants in support of their charitable purposes, represented the majority of filers.

Large foundations, those with assets of \$50 million or more, represented 1.5 percent of filers, but held more than two-thirds of the fair market value of total assets reported by private foundations for Tax Year 2008. Additionally, large foundations received the majority of total revenue and distributed the majority of reported contributions, gifts, and grants.

Although exempt from traditional income taxes, private foundations were required to report and pay excise taxes under IRC sections 4940 through 4945. Domestic private foundations reported \$298.2 million in excise tax liability for Tax Year 2008. The IRC section 4940 excise tax on net investment income, at \$289.1 million, was the largest component of excise taxes. This tax was reported on Form 990-PF and was required for most private foundations that held investment assets. Additional excise taxes, under IRC sections 4941-4945, were reported on Form 4720 by private foundations and disqualified persons that engaged in prohibited activities for Tax Year 2008. The IRC section 4942 tax on undistributed income, paid by nonoperating private foundations that failed to meet their charitable distribution requirement for a previous tax year, was the largest private foundation excise tax reported on Form 4720. This excise tax totaled \$7.5 million in Tax Year 2008. Taxes on self-dealing, imposed on individuals under IRC section 4941, totaled \$1.3 million and was the second-largest tax reported on Form 4720 for private foundations. The remaining taxes reported by private foundations on Form 4720, described in IRC sections 4943-4945, totaled less than \$0.5 million for Tax Year 2008.

## Data Sources and Limitations

The statistics for returns filed by private foundations for Tax Year 2008 that are presented in this article are based on a sample of Tax Year 2008 Forms 990-PF that were filed with the Internal Revenue Service. Organizations having accounting periods beginning in 2008 (and therefore ending between December 2008 and November 2009) that filed returns that posted to the IRS Business Master File in Calendar Years 2009 and 2010 were included in the sample. Some part-year returns were included in the samples for organizations that changed their accounting periods, or filed initial or final returns. Some 71 percent of the domestic private foundations in the sample had accounting periods covering Calendar Year 2008 or, in some cases, part-year periods that ended in December 2008.

The Tax Year 2008 sample was stratified based on both the size of fair market value of total assets and the type of organization (either a private foundation or an IRC section 4947(a)(1) charitable trust). To accomplish this, 100 percent of returns filed for foundations with fair market asset value of \$10 million or more were included in the samples, since these organizations represented the vast majority of financial activity. Just over 6 percent of all foundations reported \$10 million or more in fair market value of total assets for 2008 and were selected at a rate of 100 percent. The remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size. The realized sampling rates for each asset-size category are included in Figure M. Figure N shows the magnitude of sampling error for selected items for Tax Year 2008, measured by coefficients of variation.

Efforts were made to verify that organizations selected into the sample were properly classified as foundations or trusts. The relatively few foundations in the sample that were incorrectly selected as trusts were ultimately treated as foundations for these statistics, and the relatively few trusts incorrectly sampled as foundations were also reclassified. However, the weights used for these organizations were based on the original sample selection classification.

For Tax Year 2008, there were 8,533 foundation returns in the sample selected from a population of 94,837. The difference between the actual population of Forms 990-PF records that posted to the IRS

### Figure M

#### Realized Sampling Rates for Private Foundation Returns, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008

Asset size	Realized sampling rate (percentage)
Less than \$125,000	1.0
\$125,000 under \$400,000	1.9
\$400,000 under \$1,000,000	2.1
\$1,000,000 under \$2,500,000	6.5
\$2,500,000 under \$10,000,000	10.0
\$10,000,000 or more	100.0

Business Master File during 2009 and 2010 and the estimated population of domestic foundation returns as published in this article results from sample code changes and the effects of returns that were “rejected” from the sample as part of the editing process. For example, foreign returns and duplicate filings by a single organization were included in the actual population of Forms 990-PF filed but were rejected from the SOI sample.

The statistics included in this article for Forms 4720 filed for Tax Year 2008 were obtained from the combined population of Forms 4720 filed in Calendar Years 2009 and 2010. Of the 3,916 Forms 4720 received from private foundations, charitable trusts, or disqualified persons over the 2 calendar years, 1,944 were filed for Tax Year 2008. Returns filed by charitable trusts were excluded from the analysis; data from the 1,442 private foundations and associated disqualified persons are included in these statistics. Due to IRS processing procedures, in a small number of cases, a return filed by an individual whose accounting period differed from that of his or her associated private foundation might have been excluded from the population of filers.

The data presented were obtained from returns as originally filed with IRS. In most cases, changes made to the original return because of administrative processing, audit procedures, or a taxpayer amendment were not captured in the statistics. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. A general discussion

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**Figure N**

## Coefficients of Variation for Domestic Private Foundations, Selected Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008

Item	Total	Asset size							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	0.0	22.1	2.8	1.6	0.5	N/A	N/A	N/A	N/A
Total revenue	2.1	5,035.2	22.6	24.4	9.0	N/A	N/A	N/A	N/A
Contributions, gifts, and grants received	2.2	71.5	24.9	24.4	7.9	N/A	N/A	N/A	N/A
Dividends and interest from securities	0.4	85.7	13.4	3.5	1.9	N/A	N/A	N/A	N/A
Net gain (less loss) from sales of assets	2.7	70.6	665.8	14.4	9.9	N/A	N/A	N/A	N/A
Total expenses	1.6	54.0	21.0	18.8	5.8	N/A	N/A	N/A	N/A
Excess of revenue over expenses	6.0	69.9	46.6	22.8	23.1	N/A	N/A	N/A	N/A
Net investment income	1.1	76.8	36.5	8.5	7.3	N/A	N/A	N/A	N/A
Disbursements for charitable purposes	1.8	55.0	22.6	20.8	5.4	N/A	N/A	N/A	N/A
Contributions, gifts, and grants paid	1.8	55.9	25.6	22.3	5.7	N/A	N/A	N/A	N/A
Excise tax on net investment income	1.4	76.8	32.8	10.5	7.9	N/A	N/A	N/A	N/A
Total assets (book value)	0.2	* 0.0	12.0	1.8	1.1	N/A	N/A	N/A	N/A
Total investment assets (savings)	0.2	* 0.0	14.7	2.3	1.3	N/A	N/A	N/A	N/A
Securities, total	0.3	* 0.0	19.6	3.5	1.9	N/A	N/A	N/A	N/A
Government obligations	0.7	* 0.0	41.5	12.5	5.9	N/A	N/A	N/A	N/A
Corporate stock	0.4	* 0.0	22.0	4.3	2.1	N/A	N/A	N/A	N/A
Corporate bonds	0.8	* 0.0	35.5	8.5	4.3	N/A	N/A	N/A	N/A
Total assets (fair market value)	0.2	* 0.0	7.0	1.4	1.0	N/A	N/A	N/A	N/A
Total investment assets (savings)	0.2	* 0.0	8.7	1.9	1.1	N/A	N/A	N/A	N/A
Securities, total	0.3	* 0.0	13.2	3.1	1.7	N/A	N/A	N/A	N/A
Government obligations	0.7	* 0.0	41.3	12.4	5.9	N/A	N/A	N/A	N/A
Corporate stock	0.3	* 0.0	14.7	3.8	2.0	N/A	N/A	N/A	N/A
Corporate bonds	0.8	* 0.0	34.7	8.1	4.1	N/A	N/A	N/A	N/A
Net worth (book value)	0.2	99.4	28.9	1.9	1.2	N/A	N/A	N/A	N/A
Noncharitable-use assets	0.2	93.5	8.0	1.8	1.2	N/A	N/A	N/A	N/A
Minimum investment return	0.2	93.5	8.1	1.8	1.2	N/A	N/A	N/A	N/A
Distributable amount	0.3	93.5	9.0	2.1	1.4	N/A	N/A	N/A	N/A
Qualifying distributions	1.7	54.3	22.4	20.6	5.3	N/A	N/A	N/A	N/A
Undistributed income for current year	0.7	* 0.0	18.5	7.4	4.0	N/A	N/A	N/A	N/A
Excess distributions carryover to next year	3.8	50.9	23.5	17.6	11.3	N/A	N/A	N/A	N/A

\* No money amount reported.

N/A—Not applicable.

of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in SOI Sampling Methodology and Data Limitations later in this issue of the *SOI Bulletin*, or at <http://www.irs.gov/pub/irs-soi/sampling.pdf>.

### Explanation of Selected Terms

The following explanations describe terms as they applied to private foundations:

**Disbursements for charitable purposes**—These disbursements are outlays made exclusively in support of a foundation’s tax-exempt purpose and

include grants paid and operating and administrative expenses. They were the largest component of “qualifying distributions” for Tax Year 2008. The total of disbursements for charitable purposes was reported on Form 990-PF, Part I, line 26, column (d).

**Disqualified person**—In general, a disqualified person is a substantial contributor; a foundation manager; a person who owns more than 20 percent of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor; or a family member of a disqualified person.

**Distributable (payout) amount**—This is the minimum payout amount that is required to be distributed by nonoperating foundations by the end of the tax year

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that follows the tax year for which the return was filed. For example, foundations were required to distribute their Tax Year 2008 amounts before the end of Tax Year 2009. Failure to distribute income within this period results in a 30-percent excise tax on the undistributed portion. The distributable amount equals 5 percent of the net value of noncharitable-use assets, called the “minimum investment return,” minus the excise tax on net investment income, plus or minus other adjustments, either allowed or required (see “Net adjustments to distributable amount” in this section).

*Minimum investment return*—The minimum investment return is used as the base for calculating the “distributable amount.” This is the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities, multiplied by 5 percent. Minimum investment return was reported on Form 990-PF, Part X, line 6.

*Net adjustments to distributable amount*—The “distributable amount” is increased by recoveries of amounts previously treated as qualifying distributions. Additionally, certain organizations with governing instruments that require the accumulation of income are instructed to deduct the accumulated income from their distributable amount. These adjustments are allowed only for foundations organized before May 27, 1969, whose governing instrument requires such accumulation because State Courts would not allow the organization to change the governing instrument. Recoveries on amounts treated as qualifying distributions and the deduction for accumulated income were reported on Form 990-PF, Part XI, lines 4 and 6, respectively.

*Net investment income*—This equals gross investment income less allowable deductions. Interest, dividends, rents, royalties, net income from realized capital gains, and, beginning in 2006, certain other similar income from investments are included in net investment income. Any investment income derived from unrelated trade or business activities, and therefore subject to the “unrelated business income” tax and reported on Form 990-T, *Exempt Organization Business Income Tax Return*, is excluded. Net investment income was reported on Form 990-PF, Part I, line 27b, column (b).

*Net value of noncharitable-use assets*—An asset is considered a noncharitable-use asset if it is not used in carrying out a charitable, educational,

or other similar function that relates directly to the tax-exempt status of the foundation. Examples include the fair market values of securities and rental property owned by the foundation for investment purposes. For purposes of calculating the “minimum investment return,” valuation methods for noncharitable-use assets reported in this section differ from those used to report the end-of-year fair market values for all assets in Part II. The average, rather than end-of-year, fair market values of cash and securities that were not used or held for use for charitable purposes during the tax year is derived and used in this calculation. With certain exceptions, other assets included in this calculation are valued annually, but not necessarily based on the end-of-year value. The fair market values of noncharitable-use assets may reflect reductions due to certain characteristics associated with those assets, such as lack of marketability or blockage. The net value of noncharitable-use assets is reduced by acquisition indebtedness and cash deemed held for charitable purposes; the latter reduction is generally limited to 1.5 percent of noncharitable-use assets less acquisition indebtedness. Thus, the net value of noncharitable-use assets, which was reported on Form 990-PF, Part X, line 5 as an element of the “minimum investment return” calculation, differed from the balance sheet-derived fair market value of total assets, as reported on Part II, line 16, column (c), which equaled the total end-of-year value for all assets held by the foundation.

*Nonoperating foundations*—These are foundations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to operating foundations that engaged in charitable activities themselves. However, for Tax Year 2008, some nonoperating foundations may have been actively involved in charitable programs of their own, in addition to making grants. For example, a foundation initially organized as operating that was unable to meet the operating foundation requirements for Tax Year 2008 could have continued its direct charitable activities. Such an organization could have directed expenditures made for these direct charitable activities, as well as expenditures made for the disbursement of contributions, gifts, and grants and other indirect charitable activities, toward meeting the required distribution requirement.

*Operating foundations*—These foundations generally expended their income for direct, active

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involvement in a tax-exempt activity. Operating foundations were exempted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. Individual taxpayers could deduct contributions to operating foundations on their individual income tax returns; the deduction could not exceed 50 percent of a donor's "adjusted gross income" (as opposed to 30 percent for contributions to nonoperating foundations).

*Private foundation*—A private foundation is defined in IRC section 501(c)(3) as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation was an organization that qualified for tax-exempt status under IRC section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference between a private foundation and other organizations exempt under 501(c)(3) was the source of the organization's funding. An individual, a family, or a corporation typically funded foundations, while most other tax-exempt organizations received funds from a large number of sources among the general public.

*Qualifying distributions*—Qualifying distributions include disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions may be credited against a foundation's obligation to pay out its "distributable amount." Total qualifying distributions were reported on Form 990-PF, Part XII, line 4.

*Set-asides*—Amounts set-aside for specific charitable purposes can be treated as qualifying distributions only if the foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and if the foundation

meets either the suitability test or the cash distribution test. To meet the suitability test, a foundation must receive prior approval from the IRS and must demonstrate that the project can be better accomplished by a set-aside than by an immediate payment of funds. To meet the cash distribution test under IRC section 4942(g)(2)(B)(ii), a foundation must attach a distribution schedule to its annual return for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. Set-asides were reported on Form 990-PF, Part XII, lines 3a and 3b.

*Total assets*—This is the sum of all assets reported in the foundation's balance sheet, shown at both book value and fair market value. Total assets were reported on Form 990-PF, Part II, line 16, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Total revenue*—This is the sum of gross contributions, gifts, and grants received; interest on savings and temporary cash investments; dividends and interest from securities; net gain (or loss) from sales of assets (mostly investment assets, but also charitable-use assets); gross rents and royalties; gross profit (or loss) from business activities; and other income (such as royalty income, program-related investment income, interest earned on assets used for charitable purposes, and imputed interest on distributions deferred interest). Total revenue items, which included both investment and charitable-use items, were reported on Form 990-PF, Part I, line 12, column (a).

*Undistributed income*—This is the portion of the required "distributable amount" still undistributed after the sum of current-year qualifying distributions and any excess distributions carried over from prior years are subtracted. This item was reported on Form 990PF, Part XIII, line 6f, column (d). Under IRC section 4942, nonoperating private foundations that did not pay out an amount equal to the Tax Year 2007 "distributable amount" by the end of Tax Year 2008 were subject to an excise tax on the undistributed amount. As a result of legislation included in the Pension Protection Act of 2006, the initial tax on undistributed income was increased from 15 percent to 30 percent of the undistributed amount for taxable years beginning after August 17, 2006. The tax, which is automatically imposed, is reported on Form 4720.

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008**

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

Type of foundation, asset size	Number of returns	Total revenue		Selected sources of revenue			
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All foundations</b>							
<b>Total</b>	<b>90,850</b>	<b>88,287</b>	<b>49,673,467</b>	<b>38,216</b>	<b>43,786,766</b>	<b>65,880</b>	<b>11,186,281</b>
Zero or unreported	1,920	1,616	1,710	1,010	85,227	* 505	* 16,272
\$1 under \$100,000	24,562	22,441	908,518	13,843	782,019	9,911	16,419
\$100,000 under \$1,000,000	36,050	35,950	3,173,339	12,891	3,114,489	29,403	415,330
\$1,000,000 under \$10,000,000	22,687	22,657	7,329,320	8,147	6,659,378	20,757	1,955,207
\$10,000,000 under \$25,000,000	3,136	3,131	4,844,067	1,234	4,239,026	2,941	1,264,821
\$25,000,000 under \$50,000,000	1,177	1,177	4,610,424	478	4,247,933	1,112	1,004,967
\$50,000,000 under \$100,000,000	695	694	4,570,631	321	4,249,049	659	1,141,574
\$100,000,000 or more	622	621	24,235,459	291	20,409,645	592	5,371,690
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>83,024</b>	<b>80,531</b>	<b>40,519,398</b>	<b>33,009</b>	<b>35,805,343</b>	<b>62,417</b>	<b>10,696,813</b>
Zero or unreported	1,718	1,414	-4,877	* 909	* 81,185	* 404	* 15,034
\$1 under \$100,000	20,924	18,803	753,366	11,417	651,584	8,699	14,425
\$100,000 under \$1,000,000	34,139	34,086	2,410,861	11,777	2,492,210	28,675	404,408
\$1,000,000 under \$10,000,000	21,104	21,094	6,313,780	6,975	5,932,730	19,709	1,891,027
\$10,000,000 under \$25,000,000	2,867	2,864	3,693,800	1,020	3,329,819	2,747	1,207,891
\$25,000,000 under \$50,000,000	1,073	1,073	3,636,742	392	3,451,939	1,036	964,875
\$50,000,000 under \$100,000,000	635	634	3,694,388	275	3,589,814	605	1,083,063
\$100,000,000 or more	564	563	20,021,337	244	16,276,062	542	5,116,092
<b>Operating foundations</b>							
<b>Total</b>	<b>7,826</b>	<b>7,756</b>	<b>9,154,069</b>	<b>5,207</b>	<b>7,981,422</b>	<b>3,462</b>	<b>489,468</b>
Zero or unreported	* 202	* 202	* 6,587	* 101	* 4,042	* 101	* 1,238
\$1 under \$100,000	3,638	3,638	155,152	2,426	130,435	1,212	1,994
\$100,000 under \$1,000,000	1,912	1,864	762,479	1,114	622,279	728	10,923
\$1,000,000 under \$10,000,000	1,583	1,563	1,015,539	1,173	726,647	1,048	64,181
\$10,000,000 under \$25,000,000	269	267	1,150,266	214	909,207	194	56,931
\$25,000,000 under \$50,000,000	104	104	973,681	86	795,995	76	40,092
\$50,000,000 under \$100,000,000	60	60	876,243	46	659,234	54	58,511
\$100,000,000 or more	58	58	4,214,121	47	4,133,583	50	255,598
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>76,668</b>	<b>75,902</b>	<b>44,095,967</b>	<b>30,140</b>	<b>39,432,344</b>	<b>61,234</b>	<b>10,988,412</b>
Zero or unreported	1,515	1,212	-229	* 606	* 83,288	* 505	* 16,272
\$1 under \$100,000	16,175	15,771	730,868	9,296	690,966	8,192	14,715
\$100,000 under \$1,000,000	32,595	32,548	2,419,377	11,167	2,457,020	27,682	399,241
\$1,000,000 under \$10,000,000	21,086	21,076	5,578,426	6,997	5,495,750	19,769	1,897,030
\$10,000,000 under \$25,000,000	2,930	2,929	4,044,893	1,084	3,681,310	2,807	1,230,859
\$25,000,000 under \$50,000,000	1,104	1,104	3,707,390	422	3,432,762	1,066	985,387
\$50,000,000 under \$100,000,000	666	666	4,126,204	297	3,868,677	637	1,118,082
\$100,000,000 or more	597	597	23,489,038	270	19,722,571	575	5,326,828

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Number of returns	Total revenue		Selected sources of revenue			
				Contributions, gifts, and grants received		Dividends and interest from securities	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>72,330</b>	<b>71,622</b>	<b>36,915,270</b>	<b>27,685</b>	<b>32,879,888</b>	<b>59,002</b>	<b>10,635,867</b>
Zero or unreported	1,313	1,010	-6,816	* 505	* 79,246	* 404	* 15,034
\$1 under \$100,000	14,154	13,750	629,797	8,285	592,862	7,283	12,937
\$100,000 under \$1,000,000	31,555	31,555	2,191,281	10,565	2,310,260	27,203	391,113
\$1,000,000 under \$10,000,000	20,266	20,266	4,994,684	6,452	5,054,273	19,238	1,862,086
\$10,000,000 under \$25,000,000	2,809	2,808	3,385,281	993	3,120,221	2,711	1,200,320
\$25,000,000 under \$50,000,000	1,051	1,051	2,934,009	377	2,751,381	1,024	960,468
\$50,000,000 under \$100,000,000	624	624	3,378,962	267	3,285,583	600	1,079,197
\$100,000,000 or more	557	557	19,408,071	240	15,686,062	539	5,114,710
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>4,338</b>	<b>4,280</b>	<b>7,180,697</b>	<b>2,455</b>	<b>6,552,456</b>	<b>2,232</b>	<b>352,545</b>
Zero or unreported	* 202	* 202	* 6,587	* 101	* 4,042	* 101	* 1,238
\$1 under \$100,000	2,021	2,021	101,070	1,010	98,104	* 909	* 1,777
\$100,000 under \$1,000,000	1,040	992	228,095	602	146,760	480	8,127
\$1,000,000 under \$10,000,000	819	809	583,742	546	441,477	531	34,943
\$10,000,000 under \$25,000,000	121	121	659,612	91	561,089	96	30,538
\$25,000,000 under \$50,000,000	53	53	773,381	45	681,381	42	24,919
\$50,000,000 under \$100,000,000	42	42	747,242	30	583,094	37	38,884
\$100,000,000 or more	40	40	4,080,967	30	4,036,509	36	212,117

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Selected sources of revenue—continued		Total expenses		Excess of revenue (less loss) over expenses	
	Net gain (less loss) from sales of assets					
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
<b>All foundations</b>						
<b>Total</b>	<b>53,739</b>	<b>-9,890,106</b>	<b>88,860</b>	<b>60,321,610</b>	<b>89,116</b>	<b>-10,648,145</b>
Zero or unreported	* 202	* -101,405	1,920	295,304	1,515	-293,594
\$1 under \$100,000	6,274	4,530	22,845	1,178,507	23,350	-269,991
\$100,000 under \$1,000,000	23,202	-675,060	35,897	4,029,140	35,949	-855,801
\$1,000,000 under \$10,000,000	18,995	-2,352,988	22,581	9,744,833	22,677	-2,415,514
\$10,000,000 under \$25,000,000	2,776	-1,231,648	3,129	6,260,230	3,133	-1,416,164
\$25,000,000 under \$50,000,000	1,063	-990,865	1,177	5,080,174	1,176	-469,750
\$50,000,000 under \$100,000,000	637	-1,098,149	693	5,642,263	694	-1,071,632
\$100,000,000 or more	590	-3,444,521	619	28,091,158	621	-3,855,699
<b>Nonoperating foundations</b>						
<b>Total</b>	<b>51,520</b>	<b>-9,197,638</b>	<b>81,158</b>	<b>54,190,204</b>	<b>81,505</b>	<b>-13,670,807</b>
Zero or unreported	* 202	* -101,405	1,718	288,404	1,414	-293,281
\$1 under \$100,000	5,769	5,726	19,308	1,005,901	19,813	-252,536
\$100,000 under \$1,000,000	22,712	-637,876	33,986	3,181,511	34,038	-770,650
\$1,000,000 under \$10,000,000	18,126	-2,302,228	21,018	8,765,044	21,104	-2,451,263
\$10,000,000 under \$25,000,000	2,596	-1,221,059	2,862	5,210,316	2,866	-1,516,516
\$25,000,000 under \$50,000,000	991	-959,715	1,073	4,238,580	1,073	-601,838
\$50,000,000 under \$100,000,000	584	-1,119,138	633	4,932,372	634	-1,237,984
\$100,000,000 or more	540	-2,861,942	561	26,568,077	563	-6,546,740
<b>Operating foundations</b>						
<b>Total</b>	<b>2,219</b>	<b>-692,469</b>	<b>7,703</b>	<b>6,131,406</b>	<b>7,611</b>	<b>3,022,663</b>
Zero or unreported	0	0	* 202	* 6,900	* 101	* -312
\$1 under \$100,000	* 505	* -1,196	3,537	172,607	3,537	-17,455
\$100,000 under \$1,000,000	490	-37,184	1,912	847,630	1,912	-85,151
\$1,000,000 under \$10,000,000	869	-50,759	1,563	979,790	1,573	35,750
\$10,000,000 under \$25,000,000	180	-10,589	267	1,049,914	267	100,352
\$25,000,000 under \$50,000,000	72	-31,150	104	841,594	103	132,088
\$50,000,000 under \$100,000,000	53	20,988	60	709,892	60	166,351
\$100,000,000 or more	50	-582,579	58	1,523,081	58	2,691,041
<b>Grantmaking foundations</b>						
<b>Total</b>	<b>50,950</b>	<b>-9,706,710</b>	<b>76,668</b>	<b>57,259,496</b>	<b>76,262</b>	<b>-13,163,529</b>
Zero or unreported	* 202	* -101,405	1,515	293,333	1,313	-293,562
\$1 under \$100,000	5,869	9,205	16,175	999,898	16,074	-269,030
\$100,000 under \$1,000,000	21,882	-656,873	32,595	3,405,469	32,494	-986,093
\$1,000,000 under \$10,000,000	18,130	-2,326,322	21,086	8,683,111	21,086	-3,104,685
\$10,000,000 under \$25,000,000	2,652	-1,219,515	2,930	5,702,509	2,929	-1,657,616
\$25,000,000 under \$50,000,000	1,023	-949,489	1,104	4,880,171	1,103	-1,172,781
\$50,000,000 under \$100,000,000	619	-1,087,625	666	5,428,488	666	-1,302,283
\$100,000,000 or more	574	-3,374,685	597	27,866,517	597	-4,377,479

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Selected sources of revenue—continued		Total expenses		Excess of revenue (less loss) over expenses	
	Net gain (less loss) from sales of assets					
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
<b>Grantmaking-nonoperating foundations</b>						
<b>Total</b>	<b>49,497</b>	<b>-9,163,609</b>	<b>72,330</b>	<b>53,093,201</b>	<b>72,027</b>	<b>-16,177,931</b>
Zero or unreported	* 202	* -101,405	1,313	286,433	1,212	-293,249
\$1 under \$100,000	5,465	9,536	14,154	887,745	14,053	-257,948
\$100,000 under \$1,000,000	21,497	-633,659	31,555	3,109,894	31,454	-918,613
\$1,000,000 under \$10,000,000	17,670	-2,295,962	20,266	8,103,976	20,266	-3,109,292
\$10,000,000 under \$25,000,000	2,564	-1,221,017	2,809	5,089,953	2,809	-1,704,671
\$25,000,000 under \$50,000,000	981	-935,123	1,051	4,207,135	1,051	-1,273,126
\$50,000,000 under \$100,000,000	580	-1,116,755	624	4,860,168	624	-1,481,206
\$100,000,000 or more	538	-2,869,224	557	26,547,896	557	-7,139,825
<b>Grantmaking-operating foundations</b>						
<b>Total</b>	<b>1,454</b>	<b>-543,101</b>	<b>4,338</b>	<b>4,166,295</b>	<b>4,234</b>	<b>3,014,402</b>
Zero or unreported	0	0	* 202	* 6,900	* 101	* -312
\$1 under \$100,000	* 404	* -331	2,021	112,152	2,021	-11,082
\$100,000 under \$1,000,000	* 385	* -23,215	1,040	295,575	1,040	-67,479
\$1,000,000 under \$10,000,000	460	-30,360	819	579,135	819	4,607
\$10,000,000 under \$25,000,000	88	1,501	121	612,556	120	47,055
\$25,000,000 under \$50,000,000	42	-14,366	53	673,037	52	100,345
\$50,000,000 under \$100,000,000	39	29,130	42	568,319	42	178,923
\$100,000,000 or more	36	-505,461	40	1,318,621	40	2,762,346

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Net investment income		Disbursements for exempt purposes		Contributions, gifts, and grants paid [1]		Excise tax on net investment income
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>All foundations</b>							
<b>Total</b>	<b>72,819</b>	<b>23,094,202</b>	<b>82,891</b>	<b>49,691,830</b>	<b>76,668</b>	<b>42,822,031</b>	<b>69,313</b>
Zero or unreported	* 404	* 9,118	1,616	278,595	1,515	273,664	* 303
\$1 under \$100,000	13,448	74,711	19,208	1,042,265	16,175	834,698	11,628
\$100,000 under \$1,000,000	32,409	670,961	34,365	3,538,649	32,595	2,799,950	31,392
\$1,000,000 under \$10,000,000	21,205	3,477,911	22,139	7,959,391	21,086	7,062,440	20,778
\$10,000,000 under \$25,000,000	2,971	2,313,399	3,095	5,389,536	2,930	4,483,786	2,896
\$25,000,000 under \$50,000,000	1,121	1,992,769	1,163	4,170,545	1,104	3,668,117	1,092
\$50,000,000 under \$100,000,000	660	2,101,109	689	4,941,160	666	4,336,933	645
\$100,000,000 or more	601	12,454,225	616	22,371,689	597	19,362,443	578
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>68,030</b>	<b>21,829,106</b>	<b>75,879</b>	<b>45,005,337</b>	<b>72,330</b>	<b>41,233,346</b>	<b>65,747</b>
Zero or unreported	* 303	* 6,573	1,414	272,446	1,313	267,516	* 202
\$1 under \$100,000	11,933	72,848	16,176	898,591	14,154	813,351	10,719
\$100,000 under \$1,000,000	30,958	652,360	32,559	2,872,181	31,555	2,740,236	30,147
\$1,000,000 under \$10,000,000	19,910	3,350,977	20,637	7,297,754	20,266	6,897,220	19,773
\$10,000,000 under \$25,000,000	2,739	2,188,549	2,843	4,592,234	2,809	4,128,797	2,731
\$25,000,000 under \$50,000,000	1,035	1,924,529	1,063	3,490,142	1,051	3,240,216	1,030
\$50,000,000 under \$100,000,000	605	1,908,603	629	4,370,519	624	4,002,481	603
\$100,000,000 or more	547	11,724,667	558	21,211,470	557	19,143,529	542
<b>Operating foundations</b>							
<b>Total</b>	<b>4,789</b>	<b>1,265,096</b>	<b>7,012</b>	<b>4,686,493</b>	<b>4,338</b>	<b>1,588,685</b>	<b>3,566</b>
Zero or unreported	* 101	* 2,545	* 202	* 6,149	* 202	* 6,148	* 101
\$1 under \$100,000	1,515	1,863	3,032	143,674	2,021	21,347	* 909
\$100,000 under \$1,000,000	1,452	18,600	1,806	666,469	1,040	59,714	1,245
\$1,000,000 under \$10,000,000	1,294	126,934	1,502	661,637	819	165,220	1,005
\$10,000,000 under \$25,000,000	232	124,850	252	797,302	121	354,989	165
\$25,000,000 under \$50,000,000	86	68,239	100	680,403	53	427,901	62
\$50,000,000 under \$100,000,000	55	192,506	60	570,641	42	334,452	42
\$100,000,000 or more	54	729,558	58	1,160,218	40	218,914	36
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>66,011</b>	<b>22,612,613</b>	<b>76,668</b>	<b>48,037,852</b>	<b>76,668</b>	<b>42,822,031</b>	<b>63,716</b>
Zero or unreported	* 404	* 9,118	1,515	278,541	1,515	273,664	* 303
\$1 under \$100,000	10,719	72,447	16,175	961,106	16,175	834,698	9,506
\$100,000 under \$1,000,000	29,769	638,002	32,595	3,018,575	32,595	2,799,950	29,059
\$1,000,000 under \$10,000,000	20,035	3,336,314	21,086	7,648,178	21,086	7,062,440	19,831
\$10,000,000 under \$25,000,000	2,805	2,238,359	2,930	5,041,297	2,930	4,483,786	2,773
\$25,000,000 under \$50,000,000	1,061	1,949,017	1,104	4,054,844	1,104	3,668,117	1,049
\$50,000,000 under \$100,000,000	639	2,055,800	666	4,822,908	666	4,336,933	629
\$100,000,000 or more	579	12,313,556	597	22,212,403	597	19,362,443	566

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Net investment income		Disbursements for exempt purposes		Contributions, gifts, and grants paid [1]		Excise tax on net investment income
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>63,441</b>	<b>21,662,004</b>	<b>72,330</b>	<b>44,859,262</b>	<b>72,330</b>	<b>41,233,346</b>	<b>61,585</b>
Zero or unreported	* 303	* 6,573	1,313	272,392	1,313	267,516	* 202
\$1 under \$100,000	9,810	71,123	14,154	855,131	14,154	813,351	8,900
\$100,000 under \$1,000,000	29,136	624,858	31,555	2,848,404	31,555	2,740,236	28,426
\$1,000,000 under \$10,000,000	19,337	3,265,905	20,266	7,272,903	20,266	6,897,220	19,220
\$10,000,000 under \$25,000,000	2,695	2,162,499	2,809	4,561,595	2,809	4,128,797	2,688
\$25,000,000 under \$50,000,000	1,016	1,909,936	1,051	3,476,155	1,051	3,240,216	1,011
\$50,000,000 under \$100,000,000	600	1,906,520	624	4,361,382	624	4,002,481	599
\$100,000,000 or more	543	11,714,592	557	21,211,300	557	19,143,529	539
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>2,571</b>	<b>950,609</b>	<b>4,338</b>	<b>3,178,590</b>	<b>4,338</b>	<b>1,588,685</b>	<b>2,131</b>
Zero or unreported	* 101	* 2,545	* 202	* 6,149	* 202	* 6,148	* 101
\$1 under \$100,000	* 909	* 1,324	2,021	105,975	2,021	21,347	* 606
\$100,000 under \$1,000,000	633	13,144	1,040	170,171	1,040	59,714	633
\$1,000,000 under \$10,000,000	698	70,409	819	375,275	819	165,220	611
\$10,000,000 under \$25,000,000	110	75,861	121	479,702	121	354,989	85
\$25,000,000 under \$50,000,000	45	39,081	53	578,689	53	427,901	38
\$50,000,000 under \$100,000,000	39	149,280	42	461,526	42	334,452	30
\$100,000,000 or more	36	598,964	40	1,001,103	40	218,914	27

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Excise tax on net investment income—continued	Total assets (book value) [2]		Total investment assets (book value) [2]		Investments in securities (book value)	
		Amount	Number of returns	Amount	Number of returns	Total	
	(21)					(22)	(23)
<b>All foundations</b>							
<b>Total</b>	<b>289,068</b>	<b>88,930</b>	<b>531,375,140</b>	<b>76,679</b>	<b>484,621,301</b>	<b>57,185</b>	<b>298,491,835</b>
Zero or unreported	* 182	0	0	0	0	0	0
\$1 under \$100,000	903	24,562	941,290	15,267	751,373	7,082	421,822
\$100,000 under \$1,000,000	10,123	36,050	16,512,989	33,569	14,623,778	25,877	10,097,369
\$1,000,000 under \$10,000,000	49,230	22,687	75,781,842	22,266	69,388,181	19,213	48,499,324
\$10,000,000 under \$25,000,000	31,624	3,136	49,891,476	3,100	45,691,613	2,757	30,237,640
\$25,000,000 under \$50,000,000	26,546	1,177	41,617,366	1,167	37,946,039	1,050	24,174,116
\$50,000,000 under \$100,000,000	26,633	695	48,044,491	691	43,798,854	625	28,188,462
\$100,000,000 or more	143,827	622	298,585,686	619	272,421,463	581	156,873,101
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>275,841</b>	<b>81,306</b>	<b>486,840,373</b>	<b>71,242</b>	<b>454,838,520</b>	<b>54,431</b>	<b>284,161,191</b>
Zero or unreported	* 131	0	0	0	0	0	0
\$1 under \$100,000	880	20,924	837,151	13,044	692,337	6,173	385,861
\$100,000 under \$1,000,000	9,857	34,139	15,707,128	32,272	14,133,438	25,244	9,857,818
\$1,000,000 under \$10,000,000	47,442	21,104	70,878,941	20,815	66,513,544	18,338	47,137,724
\$10,000,000 under \$25,000,000	29,951	2,867	45,997,383	2,850	43,402,693	2,586	29,052,757
\$25,000,000 under \$50,000,000	25,708	1,073	38,346,687	1,068	36,055,671	980	23,245,978
\$50,000,000 under \$100,000,000	24,338	635	44,266,701	631	41,029,702	577	26,896,083
\$100,000,000 or more	137,534	564	270,806,382	562	253,011,135	533	147,584,969
<b>Operating foundations</b>							
<b>Total</b>	<b>13,227</b>	<b>7,624</b>	<b>44,534,767</b>	<b>5,437</b>	<b>29,782,781</b>	<b>2,754</b>	<b>14,330,644</b>
Zero or unreported	* 51	0	0	0	0	0	0
\$1 under \$100,000	* 23	3,638	104,138	2,223	59,035	* 909	* 35,961
\$100,000 under \$1,000,000	266	1,912	805,861	1,298	490,341	633	239,551
\$1,000,000 under \$10,000,000	1,788	1,583	4,902,901	1,451	2,874,636	875	1,361,600
\$10,000,000 under \$25,000,000	1,673	269	3,894,093	250	2,288,921	171	1,184,883
\$25,000,000 under \$50,000,000	838	104	3,270,679	99	1,890,368	70	928,138
\$50,000,000 under \$100,000,000	2,295	60	3,777,791	60	2,769,152	48	1,292,379
\$100,000,000 or more	6,294	58	27,779,304	57	19,410,328	48	9,288,132
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>283,535</b>	<b>75,152</b>	<b>509,444,556</b>	<b>68,787</b>	<b>473,834,011</b>	<b>53,653</b>	<b>293,172,121</b>
Zero or unreported	* 182	0	0	0	0	0	0
\$1 under \$100,000	863	16,175	752,600	11,831	636,282	6,172	368,666
\$100,000 under \$1,000,000	9,594	32,595	15,214,889	30,781	13,749,992	24,261	9,582,400
\$1,000,000 under \$10,000,000	46,913	21,086	71,098,968	20,903	66,706,185	18,403	47,040,743
\$10,000,000 under \$25,000,000	30,645	2,930	46,989,704	2,914	44,016,156	2,637	29,331,705
\$25,000,000 under \$50,000,000	25,945	1,104	39,257,352	1,098	36,587,884	1,009	23,595,123
\$50,000,000 under \$100,000,000	26,029	666	46,300,369	664	42,752,470	606	27,659,329
\$100,000,000 or more	143,364	597	289,830,674	596	269,385,042	565	155,594,154

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Excise tax on net investment income—continued	Total assets (book value) [2]		Total investment assets (book value) [2]		Investments in securities (book value)	
		Total		Total		Total	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>272,908</b>	<b>71,017</b>	<b>475,685,445</b>	<b>65,539</b>	<b>450,552,460</b>	<b>51,998</b>	<b>282,180,436</b>
Zero or unreported	* 131	0	0	0	0	0	0
\$1 under \$100,000	845	14,154	686,461	10,315	594,803	5,566	342,034
\$100,000 under \$1,000,000	9,417	31,555	14,735,251	30,096	13,417,501	23,876	9,403,310
\$1,000,000 under \$10,000,000	45,808	20,266	68,708,415	20,104	65,201,602	17,927	46,384,175
\$10,000,000 under \$25,000,000	29,550	2,809	45,208,479	2,797	42,842,480	2,554	28,731,647
\$25,000,000 under \$50,000,000	25,433	1,051	37,592,697	1,048	35,544,027	970	23,016,328
\$50,000,000 under \$100,000,000	24,297	624	43,500,303	622	40,581,884	573	26,742,181
\$100,000,000 or more	137,428	557	265,253,839	557	252,370,163	532	147,560,761
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>10,627</b>	<b>4,135</b>	<b>33,759,111</b>	<b>3,248</b>	<b>23,281,551</b>	<b>1,655</b>	<b>10,991,685</b>
Zero or unreported	* 51	0	0	0	0	0	0
\$1 under \$100,000	* 18	2,021	66,139	1,515	41,479	* 606	* 26,632
\$100,000 under \$1,000,000	176	1,040	479,638	685	332,491	* 385	* 179,090
\$1,000,000 under \$10,000,000	1,106	819	2,390,553	799	1,504,583	476	656,568
\$10,000,000 under \$25,000,000	1,095	121	1,781,225	117	1,173,676	83	600,058
\$25,000,000 under \$50,000,000	512	53	1,664,655	50	1,043,857	39	578,795
\$50,000,000 under \$100,000,000	1,733	42	2,800,066	42	2,170,586	33	917,148
\$100,000,000 or more	5,936	40	24,576,834	39	17,014,879	33	8,033,393

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Investments in securities (book value)—continued						Total assets (fair market value) [2]
	Government obligations		Corporate stock		Corporate bonds		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(28)	(29)	(30)	(31)	(32)	(33)	(34)
<b>All foundations</b>							
<b>Total</b>	<b>15,288</b>	<b>32,929,040</b>	<b>54,119</b>	<b>226,517,860</b>	<b>25,499</b>	<b>39,044,935</b>	<b>88,930</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 809	* 16,131	6,274	370,164	1,723	35,528	24,562
\$100,000 under \$1,000,000	5,976	658,251	24,524	7,940,463	10,715	1,498,656	36,050
\$1,000,000 under \$10,000,000	6,190	3,553,786	18,479	38,078,241	10,004	6,867,297	22,687
\$10,000,000 under \$25,000,000	1,244	2,991,854	2,648	22,338,718	1,657	4,907,069	3,136
\$25,000,000 under \$50,000,000	483	2,520,959	1,018	18,198,984	630	3,454,173	1,177
\$50,000,000 under \$100,000,000	304	3,159,340	611	20,923,408	392	4,105,714	695
\$100,000,000 or more	282	20,028,720	565	118,667,882	378	18,176,499	622
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>14,463</b>	<b>31,590,788</b>	<b>51,881</b>	<b>215,222,950</b>	<b>24,543</b>	<b>37,347,453</b>	<b>81,306</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 506	* 8,070	5,668	346,242	1,520	31,550	20,924
\$100,000 under \$1,000,000	5,876	639,198	23,992	7,738,033	10,568	1,480,587	34,139
\$1,000,000 under \$10,000,000	5,911	3,426,880	17,695	36,972,118	9,603	6,738,727	21,104
\$10,000,000 under \$25,000,000	1,167	2,826,239	2,489	21,526,826	1,553	4,699,692	2,867
\$25,000,000 under \$50,000,000	459	2,442,077	950	17,508,726	587	3,295,175	1,073
\$50,000,000 under \$100,000,000	283	2,994,658	567	20,006,806	364	3,894,619	635
\$100,000,000 or more	260	19,253,667	520	111,124,199	347	17,207,103	564
<b>Operating foundations</b>							
<b>Total</b>	<b>826</b>	<b>1,338,252</b>	<b>2,239</b>	<b>11,294,910</b>	<b>956</b>	<b>1,697,482</b>	<b>7,624</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 303	* 8,061	* 606	* 23,922	* 202	* 3,978	3,638
\$100,000 under \$1,000,000	* 100	* 19,053	532	202,430	* 148	* 18,069	1,912
\$1,000,000 under \$10,000,000	278	126,906	784	1,106,123	400	128,570	1,583
\$10,000,000 under \$25,000,000	77	165,615	159	811,891	104	207,377	269
\$25,000,000 under \$50,000,000	24	78,882	68	690,258	43	158,998	104
\$50,000,000 under \$100,000,000	21	164,682	44	916,602	28	211,094	60
\$100,000,000 or more	22	775,052	45	7,543,684	31	969,396	58
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>14,585</b>	<b>32,289,491</b>	<b>50,799</b>	<b>222,504,145</b>	<b>24,284</b>	<b>38,378,484</b>	<b>75,152</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 708	* 11,469	5,465	326,038	1,519	31,159	16,175
\$100,000 under \$1,000,000	5,675	612,198	22,956	7,515,440	10,209	1,454,761	32,595
\$1,000,000 under \$10,000,000	5,967	3,446,888	17,719	36,868,786	9,614	6,725,069	21,086
\$10,000,000 under \$25,000,000	1,186	2,849,058	2,535	21,721,701	1,583	4,760,946	2,930
\$25,000,000 under \$50,000,000	470	2,448,858	979	17,756,622	609	3,389,643	1,104
\$50,000,000 under \$100,000,000	298	3,107,808	593	20,528,722	383	4,022,799	666
\$100,000,000 or more	280	19,813,211	552	117,786,836	367	17,994,106	597

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Investments in securities (book value)—continued						Total assets (fair market value) [2]
	Government obligations		Corporate stock		Corporate bonds		Number of returns
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(28)	(29)	(30)	(31)	(32)	(33)	(34)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>14,095</b>	<b>31,407,755</b>	<b>49,451</b>	<b>213,658,628</b>	<b>23,697</b>	<b>37,114,052</b>	<b>71,017</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 506	* 8,070	5,061	306,784	1,317	27,180	14,154
\$100,000 under \$1,000,000	5,623	600,040	22,624	7,362,327	10,161	1,440,943	31,555
\$1,000,000 under \$10,000,000	5,815	3,370,738	17,284	36,370,756	9,391	6,642,681	20,266
\$10,000,000 under \$25,000,000	1,152	2,779,297	2,459	21,303,682	1,536	4,648,668	2,809
\$25,000,000 under \$50,000,000	457	2,408,497	940	17,328,386	583	3,279,445	1,051
\$50,000,000 under \$100,000,000	282	2,987,446	563	19,862,495	363	3,892,240	624
\$100,000,000 or more	260	19,253,667	520	111,124,199	346	17,182,895	557
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>490</b>	<b>881,736</b>	<b>1,348</b>	<b>8,845,517</b>	<b>587</b>	<b>1,264,432</b>	<b>4,135</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 202	* 3,400	* 404	* 19,254	* 202	* 3,978	2,021
\$100,000 under \$1,000,000	* 53	* 12,158	* 332	* 153,113	* 47	* 13,818	1,040
\$1,000,000 under \$10,000,000	152	76,150	435	498,030	223	82,388	819
\$10,000,000 under \$25,000,000	34	69,761	76	418,019	47	112,277	121
\$25,000,000 under \$50,000,000	13	40,361	39	428,236	26	110,198	53
\$50,000,000 under \$100,000,000	16	120,362	30	666,226	20	130,560	42
\$100,000,000 or more	20	559,544	32	6,662,638	21	811,212	40

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Total assets (fair market value) [2]— continued	Total investment assets (fair market value) [2]		Investments in securities (fair market value)			
		Number of returns	Amount	Total		Government obligations	
	Amount			Number of returns	Number of returns	Amount	Number of returns
	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All foundations</b>							
<b>Total</b>	<b>526,532,583</b>	<b>76,679</b>	<b>479,314,866</b>	<b>57,185</b>	<b>287,607,221</b>	<b>15,288</b>	<b>33,394,642</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	704,560	15,267	516,753	7,082	255,141	* 809	* 16,362
\$100,000 under \$1,000,000	14,974,466	33,569	13,076,013	25,877	8,766,393	5,976	667,676
\$1,000,000 under \$10,000,000	70,428,450	22,266	63,753,940	19,213	43,544,177	6,190	3,645,641
\$10,000,000 under \$25,000,000	48,573,013	3,100	44,066,098	2,757	28,670,923	1,244	3,068,670
\$25,000,000 under \$50,000,000	41,078,339	1,167	37,181,002	1,050	23,248,103	483	2,612,928
\$50,000,000 under \$100,000,000	47,604,925	691	43,169,106	625	27,089,031	304	3,246,529
\$100,000,000 or more	303,168,829	619	277,551,955	581	156,033,453	282	20,136,835
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>476,209,377</b>	<b>71,242</b>	<b>445,153,926</b>	<b>54,431</b>	<b>274,387,331</b>	<b>14,463</b>	<b>32,074,141</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	606,464	13,044	464,020	6,173	224,952	* 506	* 8,287
\$100,000 under \$1,000,000	14,141,871	32,272	12,605,412	25,244	8,554,033	5,876	648,623
\$1,000,000 under \$10,000,000	65,469,995	20,815	60,956,708	18,338	42,342,070	5,911	3,516,217
\$10,000,000 under \$25,000,000	44,405,196	2,850	41,659,665	2,586	27,489,395	1,167	2,900,621
\$25,000,000 under \$50,000,000	37,462,345	1,068	35,169,064	980	22,315,629	459	2,534,927
\$50,000,000 under \$100,000,000	43,586,756	631	40,266,121	577	25,792,374	283	3,080,749
\$100,000,000 or more	270,536,749	562	254,032,936	533	147,668,877	260	19,384,716
<b>Operating foundations</b>							
<b>Total</b>	<b>50,323,206</b>	<b>5,437</b>	<b>34,160,940</b>	<b>2,754</b>	<b>13,219,890</b>	<b>826</b>	<b>1,320,501</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	98,096	2,223	52,733	* 909	* 30,188	* 303	* 8,076
\$100,000 under \$1,000,000	832,595	1,298	470,602	633	212,359	* 100	* 19,053
\$1,000,000 under \$10,000,000	4,958,455	1,451	2,797,232	875	1,202,107	278	129,424
\$10,000,000 under \$25,000,000	4,167,817	250	2,406,432	171	1,181,528	77	168,048
\$25,000,000 under \$50,000,000	3,615,994	99	2,011,937	70	932,474	24	78,001
\$50,000,000 under \$100,000,000	4,018,169	60	2,902,985	48	1,296,657	21	165,780
\$100,000,000 or more	32,632,080	57	23,519,018	48	8,364,576	22	752,119
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>502,289,635</b>	<b>68,787</b>	<b>466,718,114</b>	<b>53,653</b>	<b>282,581,289</b>	<b>14,585</b>	<b>32,786,282</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	542,900	11,831	428,751	6,172	227,649	* 708	* 11,701
\$100,000 under \$1,000,000	13,702,494	30,781	12,208,011	24,261	8,287,274	5,675	623,398
\$1,000,000 under \$10,000,000	65,699,177	20,903	61,178,412	18,403	42,240,709	5,967	3,537,800
\$10,000,000 under \$25,000,000	45,450,002	2,914	42,305,769	2,637	27,786,511	1,186	2,925,548
\$25,000,000 under \$50,000,000	38,569,742	1,098	35,822,051	1,009	22,687,424	470	2,539,828
\$50,000,000 under \$100,000,000	45,734,207	664	42,027,916	606	26,547,760	298	3,195,196
\$100,000,000 or more	292,591,111	596	272,747,204	565	154,803,961	280	19,952,811

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Total assets (fair market value) [2]— continued	Total investment assets (fair market value) [2]		Investments in securities (fair market value)			
				Total		Government obligations	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>465,157,234</b>	<b>65,539</b>	<b>441,043,360</b>	<b>51,998</b>	<b>272,587,742</b>	<b>14,095</b>	<b>31,891,470</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	480,431	10,315	390,978	5,566	204,194	* 506	* 8,287
\$100,000 under \$1,000,000	13,206,150	30,096	11,901,114	23,876	8,131,994	5,623	611,240
\$1,000,000 under \$10,000,000	63,304,335	20,104	59,696,311	17,927	41,644,717	5,815	3,459,860
\$10,000,000 under \$25,000,000	43,589,175	2,797	41,122,737	2,554	27,205,033	1,152	2,854,277
\$25,000,000 under \$50,000,000	36,767,402	1,048	34,716,777	970	22,107,478	457	2,499,676
\$50,000,000 under \$100,000,000	42,825,534	622	39,823,478	573	25,649,658	282	3,073,415
\$100,000,000 or more	264,984,206	557	253,391,964	532	147,644,669	260	19,384,716
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>37,132,401</b>	<b>3,248</b>	<b>25,674,755</b>	<b>1,655</b>	<b>9,993,547</b>	<b>490</b>	<b>894,812</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	62,469	1,515	37,773	* 606	* 23,456	* 202	* 3,414
\$100,000 under \$1,000,000	496,344	685	306,897	* 385	* 155,280	* 53	* 12,158
\$1,000,000 under \$10,000,000	2,394,842	799	1,482,101	476	595,992	152	77,941
\$10,000,000 under \$25,000,000	1,860,827	117	1,183,032	83	581,477	34	71,271
\$25,000,000 under \$50,000,000	1,802,341	50	1,105,274	39	579,946	13	40,152
\$50,000,000 under \$100,000,000	2,908,673	42	2,204,438	33	898,102	16	121,782
\$100,000,000 or more	27,606,905	39	19,355,240	33	7,159,293	20	568,094

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Investments in securities (fair market value)—continued				Net worth (book value)		Non-charitable- use assets
	Corporate stock		Corporate bonds		Number of returns	Amount	
	Number of returns	Amount	Number of returns	Amount			Number of returns
	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All foundations</b>							
<b>Total</b>	<b>54,119</b>	<b>216,642,271</b>	<b>25,499</b>	<b>37,570,308</b>	<b>89,026</b>	<b>503,231,077</b>	<b>89,153</b>
Zero or unreported	0	0	0	0	* 202	* -337	* 707
\$1 under \$100,000	6,274	204,947	1,723	33,831	24,562	711,875	24,158
\$100,000 under \$1,000,000	24,524	6,740,824	10,715	1,357,893	35,949	16,236,029	35,998
\$1,000,000 under \$10,000,000	18,479	33,472,056	10,004	6,426,480	22,686	74,109,731	22,667
\$10,000,000 under \$25,000,000	2,648	20,917,352	1,657	4,684,900	3,132	48,592,758	3,134
\$25,000,000 under \$50,000,000	1,018	17,311,916	630	3,323,259	1,177	40,386,679	1,175
\$50,000,000 under \$100,000,000	611	19,860,209	392	3,982,293	695	46,291,198	693
\$100,000,000 or more	565	118,134,966	378	17,761,652	622	276,903,143	621
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>51,881</b>	<b>206,377,441</b>	<b>24,543</b>	<b>35,935,749</b>	<b>81,402</b>	<b>463,229,810</b>	<b>81,644</b>
Zero or unreported	0	0	0	0	* 202	* -337	* 707
\$1 under \$100,000	5,668	186,783	1,520	29,883	20,924	619,834	20,621
\$100,000 under \$1,000,000	23,992	6,562,875	10,568	1,342,536	34,038	15,464,965	34,086
\$1,000,000 under \$10,000,000	17,695	32,524,487	9,603	6,301,366	21,103	69,785,112	21,094
\$10,000,000 under \$25,000,000	2,489	20,103,504	1,553	4,485,269	2,863	45,072,656	2,866
\$25,000,000 under \$50,000,000	950	16,612,990	587	3,167,712	1,073	37,511,952	1,073
\$50,000,000 under \$100,000,000	567	18,935,388	364	3,776,237	635	42,769,874	633
\$100,000,000 or more	520	111,451,414	347	16,832,747	564	252,005,755	563
<b>Operating foundations</b>							
<b>Total</b>	<b>2,239</b>	<b>10,264,830</b>	<b>956</b>	<b>1,634,559</b>	<b>7,624</b>	<b>40,001,267</b>	<b>7,510</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 606	* 18,164	* 202	* 3,949	3,638	92,041	3,537
\$100,000 under \$1,000,000	532	177,949	* 148	* 15,357	1,912	771,065	1,912
\$1,000,000 under \$10,000,000	784	947,569	400	125,113	1,583	4,324,619	1,573
\$10,000,000 under \$25,000,000	159	813,849	104	199,631	269	3,520,102	268
\$25,000,000 under \$50,000,000	68	698,926	43	155,547	104	2,874,727	102
\$50,000,000 under \$100,000,000	44	924,821	28	206,056	60	3,521,324	60
\$100,000,000 or more	45	6,683,553	31	928,905	58	24,897,388	58
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>50,799</b>	<b>212,876,319</b>	<b>24,284</b>	<b>36,918,687</b>	<b>75,248</b>	<b>483,808,014</b>	<b>75,653</b>
Zero or unreported	0	0	0	0	* 202	* -337	* 707
\$1 under \$100,000	5,465	186,407	1,519	29,541	16,175	555,004	15,973
\$100,000 under \$1,000,000	22,956	6,348,432	10,209	1,315,445	32,494	15,014,301	32,595
\$1,000,000 under \$10,000,000	17,719	32,415,648	9,614	6,287,261	21,085	69,915,716	21,086
\$10,000,000 under \$25,000,000	2,535	20,316,367	1,583	4,544,596	2,926	46,097,684	2,928
\$25,000,000 under \$50,000,000	979	16,887,531	609	3,260,065	1,104	38,452,992	1,102
\$50,000,000 under \$100,000,000	593	19,448,716	383	3,903,848	666	44,778,220	665
\$100,000,000 or more	552	117,273,218	367	17,577,933	597	268,994,434	597

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Investments in securities (fair market value)—continued				Net worth (book value)		Non-charitable- use assets
	Corporate stock		Corporate bonds		Number of returns	Amount	
	Number of returns	Amount	Number of returns	Amount			Number of returns
	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>49,451</b>	<b>204,985,188</b>	<b>23,697</b>	<b>35,711,083</b>	<b>71,113</b>	<b>453,130,832</b>	<b>71,621</b>
Zero or unreported	0	0	0	0	* 202	* -337	* 707
\$1 under \$100,000	5,061	170,315	1,317	25,592	14,154	492,430	14,053
\$100,000 under \$1,000,000	22,624	6,216,615	10,161	1,304,139	31,454	14,551,097	31,555
\$1,000,000 under \$10,000,000	17,284	31,977,036	9,391	6,207,821	20,265	67,794,894	20,266
\$10,000,000 under \$25,000,000	2,459	19,912,419	1,536	4,438,337	2,805	44,409,447	2,808
\$25,000,000 under \$50,000,000	940	16,455,216	583	3,152,586	1,051	36,907,943	1,051
\$50,000,000 under \$100,000,000	563	18,802,174	363	3,774,069	624	42,120,086	623
\$100,000,000 or more	520	111,451,414	346	16,808,538	557	246,855,271	557
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>1,348</b>	<b>7,891,131</b>	<b>587</b>	<b>1,207,604</b>	<b>4,135</b>	<b>30,677,182</b>	<b>4,031</b>
Zero or unreported	0	0	0	0	0	0	0
\$1 under \$100,000	* 404	* 16,092	* 202	* 3,949	2,021	62,574	1,920
\$100,000 under \$1,000,000	* 332	* 131,817	* 47	* 11,305	1,040	463,203	1,040
\$1,000,000 under \$10,000,000	435	438,612	223	79,440	819	2,120,822	819
\$10,000,000 under \$25,000,000	76	403,948	47	106,259	121	1,688,237	120
\$25,000,000 under \$50,000,000	39	432,316	26	107,478	53	1,545,049	51
\$50,000,000 under \$100,000,000	30	646,542	20	129,779	42	2,658,133	42
\$100,000,000 or more	32	5,821,804	21	769,394	40	22,139,163	40

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Non-charitable use assets—continued	Minimum investment return		Distributable amount		Qualifying distributions	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)
<b>All foundations</b>							
<b>Total</b>	<b>544,692,513</b>	<b>88,471</b>	<b>27,145,968</b>	<b>80,743</b>	<b>25,651,219</b>	<b>83,134</b>	<b>51,495,968</b>
Zero or unreported	* 771,202	* 707	* 38,560	* 707	* 38,429	1,616	282,407
\$1 under \$100,000	798,702	23,552	39,853	19,813	35,859	19,309	1,052,330
\$100,000 under \$1,000,000	16,116,881	35,950	804,003	34,086	764,533	34,471	3,580,871
\$1,000,000 under \$10,000,000	75,039,585	22,642	3,738,136	21,013	3,566,529	22,164	8,127,518
\$10,000,000 under \$25,000,000	50,527,301	3,133	2,519,530	2,860	2,385,994	3,102	5,572,394
\$25,000,000 under \$50,000,000	42,446,380	1,175	2,114,326	1,070	2,021,979	1,166	4,302,170
\$50,000,000 under \$100,000,000	49,521,941	692	2,464,405	631	2,312,784	690	5,218,758
\$100,000,000 or more	309,470,520	620	15,427,155	563	14,525,112	616	23,359,520
<b>Nonoperating foundations</b>							
<b>Total</b>	<b>516,812,626</b>	<b>81,122</b>	<b>25,754,616</b>	<b>80,743</b>	<b>25,651,219</b>	<b>76,106</b>	<b>46,003,768</b>
Zero or unreported	* 771,202	* 707	* 38,560	* 707	* 38,429	1,414	276,258
\$1 under \$100,000	727,805	20,116	36,308	19,813	35,859	16,277	905,520
\$100,000 under \$1,000,000	15,477,372	34,086	772,028	34,086	764,533	32,665	2,901,295
\$1,000,000 under \$10,000,000	72,200,776	21,079	3,597,901	21,013	3,566,529	20,652	7,327,240
\$10,000,000 under \$25,000,000	48,249,790	2,866	2,406,218	2,860	2,385,994	2,844	4,627,088
\$25,000,000 under \$50,000,000	40,632,753	1,073	2,024,017	1,070	2,021,979	1,066	3,563,495
\$50,000,000 under \$100,000,000	46,707,728	632	2,323,695	631	2,312,784	630	4,537,955
\$100,000,000 or more	292,045,200	563	14,555,889	563	14,525,112	558	21,864,917
<b>Operating foundations</b>							
<b>Total</b>	<b>27,879,886</b>	<b>7,349</b>	<b>1,391,352</b>	<b>N/A</b>	<b>N/A</b>	<b>7,028</b>	<b>5,492,201</b>
Zero or unreported	0	0	0	N/A	N/A	* 202	* 6,149
\$1 under \$100,000	70,897	3,436	3,545	N/A	N/A	3,032	146,810
\$100,000 under \$1,000,000	639,509	1,864	31,975	N/A	N/A	1,806	679,576
\$1,000,000 under \$10,000,000	2,838,809	1,563	140,234	N/A	N/A	1,512	800,278
\$10,000,000 under \$25,000,000	2,277,511	267	113,312	N/A	N/A	258	945,306
\$25,000,000 under \$50,000,000	1,813,627	102	90,309	N/A	N/A	100	738,675
\$50,000,000 under \$100,000,000	2,814,213	60	140,711	N/A	N/A	60	680,803
\$100,000,000 or more	17,425,320	57	871,266	N/A	N/A	58	1,494,603
<b>Grantmaking foundations</b>							
<b>Total</b>	<b>534,061,468</b>	<b>75,402</b>	<b>26,643,283</b>	<b>71,157</b>	<b>25,473,042</b>	<b>76,668</b>	<b>49,431,520</b>
Zero or unreported	* 771,202	* 707	* 38,560	* 707	* 38,429	1,515	282,353
\$1 under \$100,000	672,365	15,771	33,537	13,649	30,026	16,175	965,746
\$100,000 under \$1,000,000	15,116,679	32,548	754,969	31,555	724,555	32,595	3,038,750
\$1,000,000 under \$10,000,000	72,290,514	21,086	3,608,060	20,216	3,491,513	21,086	7,745,791
\$10,000,000 under \$25,000,000	48,923,016	2,928	2,442,951	2,802	2,363,421	2,930	5,129,240
\$25,000,000 under \$50,000,000	41,348,280	1,102	2,061,630	1,049	2,007,427	1,104	4,148,250
\$50,000,000 under \$100,000,000	48,323,878	665	2,414,624	622	2,301,911	666	4,989,122
\$100,000,000 or more	306,615,534	596	15,288,953	557	14,515,760	597	23,132,269

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Non-charitable use assets—continued	Minimum investment return		Distributable amount		Qualifying distributions	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)
<b>Grantmaking-nonoperating foundations</b>							
<b>Total</b>	<b>512,812,524</b>	<b>71,419</b>	<b>25,580,945</b>	<b>71,157</b>	<b>25,473,042</b>	<b>72,330</b>	<b>45,708,775</b>
Zero or unreported	* 771,202	* 707	* 38,560	* 707	* 38,429	1,313	276,204
\$1 under \$100,000	617,915	13,851	30,814	13,649	30,026	14,154	858,825
\$100,000 under \$1,000,000	14,681,106	31,555	733,191	31,555	724,555	31,555	2,855,750
\$1,000,000 under \$10,000,000	70,639,727	20,266	3,525,630	20,216	3,491,513	20,266	7,286,927
\$10,000,000 under \$25,000,000	47,751,079	2,808	2,384,354	2,802	2,363,421	2,809	4,589,236
\$25,000,000 under \$50,000,000	40,299,398	1,051	2,009,186	1,049	2,007,427	1,051	3,532,505
\$50,000,000 under \$100,000,000	46,287,013	623	2,312,780	622	2,301,911	624	4,489,085
\$100,000,000 or more	291,765,085	557	14,546,431	557	14,515,760	557	21,820,242
<b>Grantmaking-operating foundations</b>							
<b>Total</b>	<b>21,248,944</b>	<b>3,983</b>	<b>1,062,338</b>	<b>N/A</b>	<b>N/A</b>	<b>4,338</b>	<b>3,722,745</b>
Zero or unreported	0	0	0	N/A	N/A	* 202	* 6,149
\$1 under \$100,000	54,450	1,920	2,723	N/A	N/A	2,021	106,921
\$100,000 under \$1,000,000	435,573	992	21,778	N/A	N/A	1,040	182,999
\$1,000,000 under \$10,000,000	1,650,788	819	82,430	N/A	N/A	819	458,863
\$10,000,000 under \$25,000,000	1,171,937	120	58,597	N/A	N/A	121	540,004
\$25,000,000 under \$50,000,000	1,048,882	51	52,444	N/A	N/A	53	615,745
\$50,000,000 under \$100,000,000	2,036,865	42	101,843	N/A	N/A	42	500,037
\$100,000,000 or more	14,850,449	39	742,522	N/A	N/A	40	1,312,026

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Undistributed income for 2008		Excess distributions carryover to 2009	
	Number of returns	Amount	Number of returns	Amount
	(56)	(57)	(58)	(59)
<b>All foundations</b>				
<b>Total</b>	<b>27,977</b>	<b>6,284,359</b>	<b>53,814</b>	<b>65,455,371</b>
Zero or unreported	0	0	1,313	609,705
\$1 under \$100,000	5,461	9,118	14,958	3,160,664
\$100,000 under \$1,000,000	11,807	199,739	22,084	7,893,595
\$1,000,000 under \$10,000,000	8,608	1,078,308	12,430	16,692,389
\$10,000,000 under \$25,000,000	1,174	697,634	1,692	8,770,112
\$25,000,000 under \$50,000,000	422	570,996	646	5,567,931
\$50,000,000 under \$100,000,000	260	678,868	373	6,586,750
\$100,000,000 or more	246	3,049,696	317	16,174,226
<b>Nonoperating foundations</b>				
<b>Total</b>	<b>27,977</b>	<b>6,284,359</b>	<b>53,814</b>	<b>65,455,371</b>
Zero or unreported	0	0	1,313	609,705
\$1 under \$100,000	5,461	9,118	14,958	3,160,664
\$100,000 under \$1,000,000	11,807	199,739	22,084	7,893,595
\$1,000,000 under \$10,000,000	8,608	1,078,308	12,430	16,692,389
\$10,000,000 under \$25,000,000	1,174	697,634	1,692	8,770,112
\$25,000,000 under \$50,000,000	422	570,996	646	5,567,931
\$50,000,000 under \$100,000,000	260	678,868	373	6,586,750
\$100,000,000 or more	246	3,049,696	317	16,174,226
<b>Operating foundations</b>				
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported	N/A	N/A	N/A	N/A
\$1 under \$100,000	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000	N/A	N/A	N/A	N/A
\$100,000,000 or more	N/A	N/A	N/A	N/A
<b>Grantmaking foundations</b>				
<b>Total</b>	<b>23,211</b>	<b>6,212,083</b>	<b>48,967</b>	<b>64,291,385</b>
Zero or unreported	0	0	1,212	609,026
\$1 under \$100,000	2,631	6,411	11,624	2,835,624
\$100,000 under \$1,000,000	10,327	183,549	21,081	7,746,734
\$1,000,000 under \$10,000,000	8,197	1,047,186	12,070	16,529,376
\$10,000,000 under \$25,000,000	1,147	690,265	1,661	8,605,798
\$25,000,000 under \$50,000,000	414	566,268	634	5,426,797
\$50,000,000 under \$100,000,000	255	676,001	368	6,487,132
\$100,000,000 or more	241	3,042,403	316	16,050,898

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 1. Domestic Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Type of foundation, asset size	Undistributed income for 2008		Excess distributions carryover to 2009	
	Number of returns	Amount	Number of returns	Amount
	(56)	(57)	(58)	(59)
<b>Grantmaking-nonoperating foundations</b>				
<b>Total</b>	<b>23,211</b>	<b>6,212,083</b>	<b>48,967</b>	<b>64,291,385</b>
Zero or unreported	0	0	1,212	609,026
\$1 under \$100,000	2,631	6,411	11,624	2,835,624
\$100,000 under \$1,000,000	10,327	183,549	21,081	7,746,734
\$1,000,000 under \$10,000,000	8,197	1,047,186	12,070	16,529,376
\$10,000,000 under \$25,000,000	1,147	690,265	1,661	8,605,798
\$25,000,000 under \$50,000,000	414	566,268	634	5,426,797
\$50,000,000 under \$100,000,000	255	676,001	368	6,487,132
\$100,000,000 or more	241	3,042,403	316	16,050,898
<b>Grantmaking-operating foundations</b>				
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported	N/A	N/A	N/A	N/A
\$1 under \$100,000	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000	N/A	N/A	N/A	N/A
\$100,000,000 or more	N/A	N/A	N/A	N/A

N/A—Not applicable.

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

[1] The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 2008 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement of Table 2, because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

[2] The Bill and Melinda Gates Foundation reported "other investments," valued at \$29.6 billion for both book and fair market. This amount represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown in columns 23, 25, 35, and 37 were reduced by \$29.6 billion to avoid overstating these joint assets. For additional information, see <http://www.gatesfoundation.org/annualreport/2008/Documents/2008-annual-report.pdf>.

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

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 2. Domestic Private Foundations: Income Statements and Balance Sheets, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008**

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

Item	Total	Asset size			
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000
	(1)	(2)	(3)	(4)	(5)
<b>Number of returns</b>	<b>90,850</b>	<b>1,920</b>	<b>24,562</b>	<b>36,050</b>	<b>22,687</b>
<b>Total revenue</b>	<b>49,673,467</b>	<b>1,710</b>	<b>908,518</b>	<b>3,173,339</b>	<b>7,329,320</b>
Contributions, gifts, and grants received	43,786,766	85,227	782,019	3,114,489	6,659,378
Interest on savings and temporary cash investments	2,094,348	* 1,616	9,726	91,722	324,078
Dividends and interest from securities	11,186,281	* 16,272	16,419	415,330	1,955,207
Gross rents and royalties	636,963	0	* 5,110	17,352	91,958
Net gain (less loss) from sales of assets	-9,890,106	* -101,405	4,530	-675,060	-2,352,988
Gross profit (less loss) from business activities	82,386	0	* 940	* 10,804	-543
Other income	1,776,829	0	89,774	198,701	652,229
<b>Total expenses</b>	<b>60,321,610</b>	<b>295,304</b>	<b>1,178,507</b>	<b>4,029,140</b>	<b>9,744,833</b>
Contributions, gifts, and grants paid [1]	46,833,195	273,664	837,835	2,795,256	7,117,903
Compensation of officers	1,109,818	* 2,386	41,707	106,315	292,020
Other salaries and wages	2,334,214	0	* 46,245	133,889	637,741
Pension plans and employee benefits	722,429	0	* 4,496	26,134	102,185
Legal fees	222,177	* 1,053	6,483	19,414	72,340
Accounting fees	290,461	* 2,095	20,187	66,243	87,379
Other professional fees	2,797,080	* 71	83,127	126,997	393,362
Interest	304,950	0	* 555	6,274	26,815
Taxes	816,203	* 2,123	4,517	47,136	208,078
Depreciation and depletion	491,481	* 152	8,914	11,561	74,510
Occupancy	613,870	* 382	22,289	39,165	168,827
Travel, conferences, and meetings	374,898	* 416	31,081	45,952	56,850
Printing and publications	89,799	* 3,999	3,167	5,939	12,461
Other expenses	3,321,033	8,964	67,903	598,864	494,363
<b>Excess of revenue (less loss) over expenses</b>	<b>-10,648,145</b>	<b>-293,594</b>	<b>-269,991</b>	<b>-855,801</b>	<b>-2,415,514</b>
Excess of revenue	29,739,805	0	81,756	917,983	4,257,325
Loss	-40,387,950	-293,594	-351,746	-1,773,784	-6,672,839
<b>Total assets (fair market value) [2]</b>	<b>526,532,583</b>	<b>0</b>	<b>704,560</b>	<b>14,974,466</b>	<b>70,428,450</b>
Cash (non-interest bearing accounts)	8,208,511	0	120,123	1,086,121	2,450,823
Savings and temporary cash investments [3]	48,336,609	0	203,360	2,798,393	10,266,359
Accounts receivable, net	1,253,031	0	* 8,987	70,778	201,410
Pledges receivable, net	1,031,839	0	0	* 21,438	172,115
Grants receivable	772,038	0	0	127,025	90,252
Receivables due from disqualified persons	59,736	0	* 2,140	* 2,092	38,244
Other notes and loans receivable	3,400,615	0	* 9,732	123,310	708,483
Inventories	420,128	0	* 736	* 12,460	187,895
Prepaid expenses and deferred charges	346,125	0	* 285	3,521	34,360
Investments, total (non-cash) [2]	430,978,258	0	313,393	10,277,620	53,487,581
Securities, total	287,607,221	0	255,141	8,766,393	43,544,177
Government obligations	33,394,642	0	* 16,362	667,676	3,645,641
Corporate stock	216,642,271	0	204,947	6,740,824	33,472,056
Corporate bonds	37,570,308	0	33,831	1,357,893	6,426,480
Land, buildings, and equipment (less accumulated depreciation)	10,680,753	0	* 675	182,485	1,472,720
Mortgage loans	916,495	0	0	* 51,619	270,553
Other investments [2]	131,773,789	0	57,577	1,277,123	8,200,131
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	14,602,068	0	39,517	283,479	2,175,691
Other assets	17,123,624	0	6,286	168,228	615,237
<b>Total assets (book value) [2]</b>	<b>531,375,140</b>	<b>0</b>	<b>941,290</b>	<b>16,512,989</b>	<b>75,781,842</b>
Cash (non-interest bearing accounts)	8,267,456	0	118,074	1,086,561	2,500,791
Savings and temporary cash investments [3]	48,407,340	0	221,330	2,803,912	10,292,491
Accounts receivable, net	1,252,777	0	* 8,987	70,743	201,406
Pledges receivable, net	1,037,044	0	0	* 21,438	172,115
Grants receivable	786,571	0	0	140,903	89,992
Receivables due from disqualified persons	59,736	0	* 2,140	* 2,092	38,244

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 2. Domestic Private Foundations: Income Statements and Balance Sheets, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Item	Total	Asset size			
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000
	(1)	(2)	(3)	(4)	(5)
Other notes and loans receivable	3,476,079	0	* 9,732	136,052	708,122
Inventories	410,155	0	* 736	* 12,460	186,626
Prepaid expenses and deferred charges	353,952	0	* 285	3,544	40,095
Investments, total (non-cash) [2]	436,213,961	0	530,042	11,819,867	59,095,690
Securities, total	298,491,835	0	421,822	10,097,369	48,499,324
Government obligations	32,929,040	0	* 16,131	658,251	3,553,786
Corporate stock	226,517,860	0	370,164	7,940,463	38,078,241
Corporate bonds	39,044,935	0	35,528	1,498,656	6,867,297
Land, buildings, and equipment (less accumulated depreciation)	7,354,470	0	* 1,156	150,550	1,204,566
Mortgage loans	997,259	0	0	* 76,712	270,818
Other investments [2]	129,370,398	0	107,064	1,495,236	9,120,982
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	12,568,042	0	42,628	272,516	1,864,782
Other assets	18,542,027	0	7,334	142,902	591,487
<b>Total liabilities (book value)</b>	<b>28,144,064</b>	<b>* 337</b>	<b>229,414</b>	<b>276,959</b>	<b>1,672,111</b>
<b>Net worth (book value) [2]</b>	<b>503,231,077</b>	<b>* -337</b>	<b>711,875</b>	<b>16,236,029</b>	<b>74,109,731</b>
<b>Total assets, beginning-of-year (book value) [2]</b>	<b>601,924,106</b>	<b>912,107</b>	<b>1,208,522</b>	<b>17,728,748</b>	<b>80,191,411</b>
Cash (non-interest bearing accounts)	7,724,289	* 14,869	154,268	1,044,176	2,613,205
Savings and temporary cash investments [3]	47,696,577	* 94,710	299,842	3,009,847	9,399,330
Accounts receivable, net	1,853,314	0	* 7,837	132,760	216,323
Pledges receivable, net	1,408,371	0	0	* 13,307	198,362
Grants receivable	566,394	0	0	* 109,180	26,309
Receivables due from disqualified persons	87,650	* 52	* 1,689	* 4,791	* 43,344
Other notes and loans receivable	3,258,351	0	* 9,285	134,942	580,726
Inventories	369,010	0	* 673	* 28,509	187,613
Prepaid expenses and deferred charges	364,080	* 1,647	* 323	12,334	21,349
Investments, total (non-cash) [2]	510,712,108	* 800,830	677,801	12,916,039	64,371,699
Securities, total	362,871,325	* 632,753	553,486	10,963,174	52,880,943
Government obligations	35,402,228	* 102,686	* 28,865	748,796	4,979,140
Corporate stock	285,407,083	* 476,176	483,568	8,647,496	40,985,749
Corporate bonds	42,062,013	* 53,891	41,054	1,566,882	6,916,055
Land, buildings, and equipment (less accumulated depreciation)	6,955,063	* 168,077	* 715	96,365	1,079,334
Mortgage loans	1,059,705	0	0	* 8,466	278,709
Other investments [2]	139,826,015	0	123,599	1,848,034	10,132,713
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	12,055,898	0	41,619	266,538	1,819,920
Other assets	15,828,062	0	15,187	56,325	713,231
<b>Total liabilities, beginning-of-year (book value)</b>	<b>28,384,140</b>	<b>* 4</b>	<b>202,688</b>	<b>300,719</b>	<b>1,709,574</b>
<b>Net worth, beginning-of-year (book value) [2]</b>	<b>573,436,456</b>	<b>912,103</b>	<b>1,005,833</b>	<b>17,428,029</b>	<b>78,378,327</b>

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 2. Domestic Private Foundations: Income Statements and Balance Sheets, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Item	Asset size—continued			
	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(6)	(7)	(8)	(9)
<b>Number of returns</b>	<b>3,136</b>	<b>1,177</b>	<b>695</b>	<b>622</b>
<b>Total revenue</b>	<b>4,844,067</b>	<b>4,610,424</b>	<b>4,570,631</b>	<b>24,235,459</b>
Contributions, gifts, and grants received	4,239,026	4,247,933	4,249,049	20,409,645
Interest on savings and temporary cash investments	180,358	135,756	149,474	1,201,618
Dividends and interest from securities	1,264,821	1,004,967	1,141,574	5,371,690
Gross rents and royalties	69,824	49,299	57,794	345,626
Net gain (less loss) from sales of assets	-1,231,648	-990,865	-1,098,149	-3,444,521
Gross profit (less loss) from business activities	9,125	8,705	40,993	12,361
Other income	312,559	154,629	29,897	339,040
<b>Total expenses</b>	<b>6,260,230</b>	<b>5,080,174</b>	<b>5,642,263</b>	<b>28,091,158</b>
Contributions, gifts, and grants paid [1]	4,603,494	4,018,827	4,440,373	22,745,842
Compensation of officers	155,031	99,787	105,848	306,724
Other salaries and wages	241,072	176,430	147,195	951,642
Pension plans and employee benefits	53,418	51,694	49,703	434,800
Legal fees	26,514	17,790	17,539	61,045
Accounting fees	32,922	21,587	20,076	39,971
Other professional fees	256,996	185,823	220,223	1,530,481
Interest	29,868	31,609	23,746	186,084
Taxes	112,956	88,965	87,438	264,991
Depreciation and depletion	55,032	53,945	49,783	237,585
Occupancy	52,833	58,781	41,046	230,548
Travel, conferences, and meetings	22,912	32,956	21,664	163,065
Printing and publications	7,851	4,756	8,212	43,413
Other expenses	609,331	237,223	409,416	894,969
<b>Excess of revenue (less loss) over expenses</b>	<b>-1,416,164</b>	<b>-469,750</b>	<b>-1,071,632</b>	<b>-3,855,699</b>
Excess of revenue	2,721,754	3,346,909	2,830,315	15,583,763
Loss	-4,137,917	-3,816,660	-3,901,948	-19,439,462
<b>Total assets (fair market value) [2]</b>	<b>48,573,013</b>	<b>41,078,339</b>	<b>47,604,925</b>	<b>303,168,829</b>
Cash (non-interest bearing accounts)	1,050,099	838,289	852,250	1,810,805
Savings and temporary cash investments [3]	6,345,086	4,656,306	5,278,737	18,788,367
Accounts receivable, net	102,575	93,332	298,643	477,306
Pledges receivable, net	90,183	72,001	289,901	386,201
Grants receivable	90,033	33,687	299,137	131,904
Receivables due from disqualified persons	14,131	2,871	0	258
Other notes and loans receivable	421,032	396,381	303,296	1,438,381
Inventories	58,036	102,811	42,607	15,582
Prepaid expenses and deferred charges	21,989	25,831	39,250	220,890
Investments, total (non-cash) [2]	37,721,011	32,524,696	37,890,369	258,763,587
Securities, total	28,670,923	23,248,103	27,089,031	156,033,453
Government obligations	3,068,670	2,612,928	3,246,529	20,136,835
Corporate stock	20,917,352	17,311,916	19,860,209	118,134,966
Corporate bonds	4,684,900	3,323,259	3,982,293	17,761,652
Land, buildings, and equipment (less accumulated depreciation)	1,095,600	840,397	1,133,659	5,955,216
Mortgage loans	163,513	64,511	141,018	225,282
Other investments [2]	7,790,975	8,371,684	9,526,662	96,549,636
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1,962,858	1,735,527	1,588,149	6,816,847
Other assets	695,980	596,608	722,586	14,318,701
<b>Total assets (book value) [2]</b>	<b>49,891,476</b>	<b>41,617,366</b>	<b>48,044,491</b>	<b>298,585,686</b>
Cash (non-interest bearing accounts)	1,050,292	849,270	852,250	1,810,217
Savings and temporary cash investments [3]	6,357,687	4,657,230	5,277,360	18,797,329
Accounts receivable, net	102,571	93,334	298,486	477,250
Pledges receivable, net	90,183	72,001	289,901	391,405
Grants receivable	94,080	33,558	297,122	130,918
Receivables due from disqualified persons	14,131	2,871	0	258

Footnotes at end of table.

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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**Table 2. Domestic Private Foundations: Income Statements and Balance Sheets, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2008—Continued**

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

Item	Asset size—continued			
	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(6)	(7)	(8)	(9)
Other notes and loans receivable	423,503	399,888	303,916	1,494,867
Inventories	57,964	97,878	40,427	14,063
Prepaid expenses and deferred charges	24,803	25,884	38,690	220,651
Investments, total (non-cash) [2]	39,333,926	33,288,809	38,521,494	253,624,134
Securities, total	30,237,640	24,174,116	28,188,462	156,873,101
Government obligations	2,991,854	2,520,959	3,159,340	20,028,720
Corporate stock	22,338,718	18,198,984	20,923,408	118,667,882
Corporate bonds	4,907,069	3,454,173	4,105,714	18,176,499
Land, buildings, and equipment (less accumulated depreciation)	715,172	498,438	736,368	4,048,219
Mortgage loans	163,704	64,933	196,865	224,228
Other investments [2]	8,217,410	8,551,321	9,399,800	92,478,585
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1,660,933	1,461,141	1,346,873	5,919,168
Other assets	681,403	635,503	777,973	15,705,425
<b>Total liabilities (book value)</b>	<b>1,298,718</b>	<b>1,230,687</b>	<b>1,753,294</b>	<b>21,682,543</b>
<b>Net worth (book value) [2]</b>	<b>48,592,758</b>	<b>40,386,679</b>	<b>46,291,198</b>	<b>276,903,143</b>
<b>Total assets, beginning-of-year (book value) [2]</b>	<b>52,886,558</b>	<b>44,884,902</b>	<b>52,622,794</b>	<b>351,489,063</b>
Cash (non-interest bearing accounts)	946,693	892,877	931,823	1,126,379
Savings and temporary cash investments [3]	5,833,837	4,578,997	4,439,344	20,040,671
Accounts receivable, net	118,363	130,350	190,897	1,056,785
Pledges receivable, net	72,429	85,941	183,072	855,259
Grants receivable	63,795	35,422	184,307	147,379
Receivables due from disqualified persons	22,524	398	[4]	14,853
Other notes and loans receivable	351,399	377,721	233,147	1,571,132
Inventories	37,002	94,524	5,759	14,932
Prepaid expenses and deferred charges	16,240	18,247	37,735	256,205
Investments, total (non-cash) [2]	43,275,658	36,721,376	44,627,118	307,321,587
Securities, total	33,993,466	27,282,907	33,187,806	203,376,788
Government obligations	3,579,081	2,763,876	3,638,958	19,560,826
Corporate stock	25,619,931	21,190,634	25,415,943	162,587,587
Corporate bonds	4,794,455	3,328,397	4,132,906	21,228,375
Land, buildings, and equipment (less accumulated depreciation)	718,939	468,757	666,135	3,756,741
Mortgage loans	168,963	68,283	197,842	337,443
Other investments [2]	8,394,290	8,901,429	10,575,334	99,850,615
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1,546,471	1,332,479	1,190,612	5,858,260
Other assets	602,148	616,570	598,979	13,225,622
<b>Total liabilities, beginning-of-year (book value)</b>	<b>1,223,936</b>	<b>1,491,403</b>	<b>1,616,038</b>	<b>21,839,778</b>
<b>Net worth, beginning-of-year (book value) [2]</b>	<b>51,662,623</b>	<b>43,393,499</b>	<b>51,006,756</b>	<b>329,649,285</b>

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

[1] The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return and calculated using either the cash receipts and disbursements method of accounting or the accrual method of accounting. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipts and disbursements method of accounting only.

[2] The Bill and Melinda Gates Foundation reported end-of-year "other investments," valued at \$29.6 billion for both book and market, and beginning-of-year "other investments," valued at \$38.7 billion. These amounts represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown for end-of-year "total assets (fair market value)," "investments, total (non-cash fair market value)," "other investments (fair market value)," "total assets (book value)," "investments, total (non-cash book value)," "other investments (book value)," and "net worth" were reduced by \$29.6 billion to avoid overstating these joint assets. Likewise, data shown for beginning-of-year "total assets (book value)," "investments, total (non-cash book value)," "other investments (book value)," and "net worth" were reduced by \$38.7 billion. For additional information, see <http://www.gatesfoundation.org/annualreport/2008/Documents/2008-annual-report.pdf>.

[3] This category is included with investments in Table 1. However, Table 2 shows total noncash investments, to more closely match the Form 990-PF.

[4] Less than \$500.

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

# Unrelated Business Income Tax Returns, 2008

by Jael Jackson

**T**ax-exempt organizations generally operate for charitable or other beneficial purposes, with most income exempt from tax under the Internal Revenue Code (IRC). Tax-exempt organizations are permitted to engage in income-producing activities that are considered unrelated to their exempt purposes. However, to prevent potentially unfair competition between tax-exempt organizations and taxable for-profit entities, income derived from these unrelated activities is taxable. An organization that receives \$1,000 or more in gross unrelated business income in a tax year is required to file Form 990-T, *Exempt Organization Business Income Tax Return*, which is used to determine the amount of unrelated business income tax liability.

Unrelated business income is produced from an activity that is conducted on a regular basis and is not directly related to an organization's tax-exempt mission. Income earned by an organization is treated as unrelated business income if it meets two basic requirements. First, the income is derived from a trade or business that is regularly carried on by the organization. Second, the income is earned from a trade or business that is not substantially related to the performance of the organization's exempt purpose or function. Even if profits from such activities are used by tax-exempt organizations to finance their exempt purposes, income that meets these two requirements generally is treated as unrelated business income. However, certain activities are excluded from taxation, such as business activities in which substantially all of the work is performed by volunteer labor, sales of merchandise that the organization received as a gift or contribution, and the operation of certain games of chance, as specified in the Internal Revenue Code (see "Gross unrelated business income" in the Explanation of Selected Terms for additional information).

For Tax Year 2008, some 42,066 tax-exempt organizations filed Form 990-T to report unrelated business income, nearly 7 percent fewer than filed the return for Tax Year 2007. Between Tax Years 2007 and 2008, gross unrelated business income decreased, while reported deductions remained relatively stable. Gross unrelated business income is the

total of all unrelated business income prior to deductions. For Tax Year 2008, tax-exempt organizations reported an 11.8 percent decrease in gross unrelated business income received, which declined to \$10.3 billion. This amount was largely offset by \$10.2 billion in deductions. After reducing their gross unrelated business income by allowable deductions, only about half of all organizations that were required to file Form 990-T for Tax Year 2008 reported unrelated business income tax liability. Tax-exempt organizations reported \$340.7 million in unrelated business income tax liability, a 43-percent decrease from Tax Year 2007. Figure A shows selected financial statistics from Forms 990-T filed for Tax Years 2007 and 2008.

**Figure A**

## Unrelated Business Income Tax Returns: Selected Items from Forms 990-T, Tax Years 2007 and 2008

[Money amounts are in thousands of dollars]

Item	2007	2008	Percentage change
	(1)	(2)	(3)
<b>Number of returns, total</b>	<b>45,069</b>	<b>42,066</b>	<b>-6.7</b>
With gross unrelated business income of \$10,000 or less [1]	19,938	18,244	-8.5
With gross unrelated business income over \$10,000 [1]	25,131	23,822	-5.2
With unrelated business taxable income	21,273	20,371	-4.2
Without unrelated business taxable income [2]	23,796	21,695	-8.8
<b>Gross unrelated business income</b>	<b>11,682,909</b>	<b>10,300,903</b>	<b>-11.8</b>
<b>Total deductions [3]</b>	<b>10,254,953</b>	<b>10,218,223</b>	<b>-0.4</b>
<b>Unrelated business taxable income (less deficit)</b>	<b>1,427,956</b>	<b>82,682</b>	<b>-94.2</b>
Unrelated business taxable income	2,316,677	1,209,470	-47.8
Deficit	888,721	1,126,788	26.8
<b>Unrelated business income tax</b>	<b>598,568</b>	<b>340,721</b>	<b>-43.1</b>
<b>Total tax</b>	<b>594,126</b>	<b>336,314</b>	<b>-43.4</b>

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

[2] Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.6 billion for 2007 and \$2.4 billion for 2008.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

*Jael Jackson is an economist with the Special Studies Special Projections Section. This article was prepared under the direction of Melissa Ludlum, Chief.*

# Unrelated Business Income Tax Returns, 2008

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Total tax reported on Forms 990-T, the sum of unrelated business income tax and certain additional taxes less credits fell sharply in 2008, to \$336.3 million. The additional taxes included \$2.9 million of alternative minimum tax, \$1.4 million of “proxy tax” on certain nondeductible lobbying and political expenditures, and \$0.10 million of “other” taxes.<sup>1</sup> To arrive at the total tax amount, total tax credits were subtracted from the sum of unrelated business income tax plus additional taxes. Total tax credits equaled \$8.9 million for Tax Year 2008, exceeding the amount of additional taxes reported. Tax credits included the foreign tax credit (\$6.6 million), general business credit (\$1.6 million), credit for prior-year minimum tax (\$0.16 million), and “other” credits (\$0.5 million).

## Composition of Tax Year 2008 Filers

A variety of tax-exempt organizations are required to file Form 990-T to report unrelated business income and the associated tax. Charitable organizations, which are tax-exempt under IRC section 501(c)(3), are the most common Form 990-T filers. Churches are tax-exempt under IRC section 501(c)(3) but are not required to apply for exemption. However, churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to their religious purposes. Figure B further details the types of organizations that may be required to file Form 990-T by IRC section, description of organization, and nature of activities.<sup>2</sup>

Figure C provides a composition comparison for 2007 and 2008 filers by type of tax-exempt organization, type of entity, and size of gross unrelated business income and gross unrelated business taxable income. The most common Form 990-T filers, as classified by the Internal Revenue Code, were 501(c)

(3) organizations, which represented one-third of returns filed for Tax Year 2008. Additionally, 501(c)(3) charitable organizations accounted for even higher percentages of gross unrelated business income, total unrelated business income tax, and other financial items for Tax Year 2008. Traditional Individual Retirement Accounts (IRAs), exempt under section 408(e), and social and recreational clubs, exempt under section 501(c)(7), each accounted for 15 percent of all Tax Year 2008 Forms 990-T filed.

Figure D shows financial items for Tax Year 2008, including gross unrelated business income and its components, the ratio of investment income to gross unrelated business income, total deductions, and unrelated business income tax. Charitable organizations accounted for 62 percent of the almost \$10.3 billion in gross unrelated business income reported for Tax Year 2008. They claimed 65 percent of total deductions and reported 50 percent of total unrelated business income tax.

Charitable organizations reported 50 percent of total investment income for Tax Year 2008. However, investment income represented only a small percentage, about 16 percent, of gross unrelated business income reported by charitable organizations. Generally, organizations that were organized as tax-exempt trusts derived larger percentages of their gross unrelated business income from investments. For example, traditional IRAs reported more than 92 percent of their gross unrelated business income as investment income.

## Income Information, by Entity Type

At the time of inception, a tax-exempt organization has to consider criteria, such as point of origination and membership status, to decide its organizational structure. Organizations that hold funds in trust for beneficiaries are typically organized as trusts. For

<sup>1</sup> A membership organization that was tax exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax in cases where it did not notify its members of the entire amount of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures. The proxy tax of \$1.4 million used in the total tax computation includes only proxy tax reported by Form 990-T filers with gross unrelated business income greater than the \$1,000 filing threshold. Filers that reported gross unrelated business income less than the \$1,000 threshold were not eligible for selection into the Statistics of Income (SOI) sample. Therefore, proxy tax reported by organizations that had no unrelated business income or those that had unrelated business income less than the filing threshold is not included.

<sup>2</sup> Most tax-exempt organizations with receipts more than \$25,000 are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$1,000,000 and total end-of-year assets of less than \$2,500,000). Private foundations, which are exempt under section 501(c)(3), file the information return Form 990-PF, *Return of Private Foundation* or Section 4947(a)(1) *Nonexempt Charitable Trust Treated as a Private Foundation*. Charitable remainder trusts, a type of Internal Revenue Code section 4947(a)(2) “split-interest trust,” were required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T, for tax years before 2007. Beginning with Tax Year 2007, charitable remainder trusts were required to report unrelated business income on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. Published statistical reports on charitable and other nonprofit organizations, private foundations, and split-interest trusts are available from the Tax Stats pages of the IRS Web site at <http://www.irs.gov/taxstats> and are also available on the site in a “snapshot” page that provides data highlights and products.

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**Figure B**

## Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSAs)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRAs)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRAs)	Fiduciary agent for retirement funds; subject to same rules as traditional IRAs, except contributions are not tax deductible and qualified distributions are tax free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; organizations that test for public safety. Also, organizations that prevent cruelty to children or animals or foster national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Providing funds to satisfy coal mine operators' liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income

Footnotes at end of figure.

# Unrelated Business Income Tax Returns, 2008

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## Figure B—Continued

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units
(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State Tuition Plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTES: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective for tax years beginning after June 30, 1992.

example, a voluntary employee beneficiary association (VEBA), exempt under Internal Revenue Code section 501(c)(9), provides a variety of supplemental employee benefits such as health, life, or accident insurance. For most groups, a corporate organizational structure is more beneficial, offering features such as liability protection and lower tax rates.

Tax-exempt organizations' unrelated business taxable income is subject to the same tax rates as income reported by for-profit filers with similar organizational structures. Generally, organizations that, based on their structures, classify themselves as tax-exempt trusts pay taxes on their unrelated business income at the same rates as estate and trust filers, while all other exempt organizations, which are structured more like corporations, pay taxes at the corporate rate. Nearly 81 percent of all Tax Year 2008 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate. Tax-exempt trusts accounted for the additional 19 percent of Forms 990-T filed for the year, which is a slightly smaller percentage than the previous year. (See Figure E.)

Traditional IRAs, voluntary employees' beneficiary associations, and pension, profit-sharing, and stock bonus plans account for the majority of the 7,977 tax-exempt trusts that file Form 990-T. For Tax Year 2008, these organizations represented more than 79 percent of all trusts that filed the return. The remaining 34,089 Tax Year 2008 Form 990-T filers were organized as corporations.

Corporate filers reported a relatively modest decline, 4 percent, in gross unrelated business income between Tax Years 2007 and 2008. Trust filers reported a more significant decrease of 53 percent. Overall, trusts reported 85 percent of their gross unrelated business income as investment income, compared to less than 10 percent for corporations. Corporate filers reported the majority of gross unrelated business income, total deductions, positive unrelated business taxable income, and unrelated business income tax. These corporate filers reported \$9.5 billion in gross unrelated business income, \$9.8 billion in total deductions, and \$226 million in unrelated business income tax.

Investment income represented 85 percent of gross unrelated income reported by trusts; however, the amount reported, \$718 million in investment income, represents a decrease of 56 percent over the previous year. Of the \$1.7 billion in investment income reported for Tax Year 2008, corporate filers reported the majority, \$908.8 million. This represents a significant departure from Tax Years 2005 through 2007, when trusts accounted for the majority of all investment income reported on Form 990-T, despite representing only 20 percent of all Form 990-T filers.

### Summary

The \$10 billion in gross unrelated business income reported by tax-exempt organizations for Tax Year 2008 represented a 12-percent decrease from Tax

# Unrelated Business Income Tax Returns, 2008

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**Figure C**

## Unrelated Business Income Tax Returns: Forms 990-T Filers, by Size of Gross Unrelated Business Income, Gross Unrelated Business Taxable Income, Type of Entity, and Type of Organization, Tax Year 2007 and 2008

Category	Item	2007 Number of returns	2007 Percentage of total	2008 Number of returns	2008 Percentage of total	2007-2008 Returns percentage change
		(1)	(2)	(3)	(4)	(5)
<b>All Forms 990-T</b>	<b>All returns</b>	<b>45,069</b>	<b>100</b>	<b>42,066</b>	<b>100</b>	<b>-6.7</b>
<b>Type of organization</b>	<b>Total</b>	<b>45,069</b>	<b>100</b>	<b>42,066</b>	<b>100</b>	<b>-6.7</b>
	501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,312	31.8	14,057	33.4	-1.8
	501(c)(4) Civic leagues and social welfare organizations	1,646	3.7	1,356	3.2	-17.6
	501(c)(5) Labor, agricultural, and horticultural organizations	2,172	4.8	2,171	5.2	-0.05
	501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,722	12.7	5,352	12.7	-6.5
	501(c)(7) Social and recreational clubs	6,596	14.6	6,102	14.5	-7.5
	501(c)(19) War veterans' posts or organizations	1,770	3.9	1,986	4.7	12.2
	408(e) Traditional Individual Retirement Accounts	7,939	17.6	6,279	14.9	-20.9
	Other [1]	4,912	10.9	4,763	11.3	-3.0
<b>Type of entity</b>	<b>All returns, by type of organization</b>	<b>45,069</b>	<b>100</b>	<b>42,066</b>	<b>100</b>	<b>-6.7</b>
	Corporation	34,708	77	34,089	81	-1.8
	Trust	10,361	23	7,977	19	-23.0
<b>Size of gross unrelated business income</b>	<b>All returns, by size of gross unrelated business income</b>	<b>45,069</b>	<b>100</b>	<b>42,066</b>	<b>100</b>	<b>-6.7</b>
	With gross unrelated business income of \$10,000 or less	19,938	44.2	18,244	43.4	-8.5
	With gross unrelated business income over \$10,000	25,131	55.8	23,822	56.6	-5.2
<b>Unrelated business taxable income</b>	<b>Total</b>	<b>45,069</b>	<b>100</b>	<b>42,066</b>	<b>100</b>	<b>-6.7</b>
	With unrelated business taxable income	21,273	47.2	20,371	48.4	-4.2
	Without unrelated business taxable income	23,796	52.8	21,695	51.6	-8.8

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(19), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408(a); Qualified State Tuition Plans, exempt under section 529(a); and Coverdell Education Savings Accounts, exempt under section 530(a). See Figure B for additional information on the types of organizations that are required to file Form 990-T.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income and unrelated business taxable income (less deficit).

Year 2007. Total unrelated business income tax liability decreased at an even higher rate, 43 percent, to \$340.7 million.

As in previous years, charitable organizations, tax exempt under Internal Revenue Code section 501(c)(3), were the most common Form 990-T filers, representing nearly one-third of all organizations that filed the return for Tax Year 2008. These organizations reported 62 percent of all gross unrelated business income for the year, claimed nearly 65 percent of deductions, and accounted for a little less than half of all unrelated business income tax liability.

Nearly 81 percent of all Tax Year 2008 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate, with tax-exempt

trusts accounting for the remainder of filers. Filers classified as corporations reported the majority of gross unrelated business income, total deductions, and unrelated business income tax for Tax Year 2008. Tax-exempt trusts accounted for larger proportions of total investment income and net unrelated business taxable income.

### Data Sources and Limitations

To report unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2008, Internal Revenue Code sections 220(e), 401(a), 408(e), 408A, and 530(a) trusts' required reporting period was Calendar Year 2008, and the Form 990-T filing deadline was April 15, 2009. For all other organizations, the

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**Figure D**

## Unrelated Business Income Tax Returns: Selected Items for Tax-Exempt Organizations, by Subsection Code, Tax Year 2008

Item	Subsection code								
	All	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(19)	408(e)	Other [1]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	42,066	14,057	1,356	2,171	5,352	6,102	1,986	6,279	4,763
Gross unrelated business income (UBI)	10,300,903	6,418,708	540,059	265,624	1,009,264	649,284	219,486	49,205	1,149,273
Total investment income [2]	1,627,016	805,439	24,531	22,027	36,426	90,016	11,207	45,522	591,848
Investment income to gross UBI ratio (percentage)	15.8	12.5	4.5	8.3	3.6	13.9	5.1	92.5	51.5
Total deductions	10,218,223	6,614,711	527,916	260,643	1,014,260	601,135	219,557	16,393	963,608
Unrelated business taxable income (less deficit)	82,682	-196,003	12,143	4,982	-4,995	48,149	-71	32,812	185,665
Unrelated business taxable income	1,209,470	572,933	42,439	25,560	78,893	93,699	11,243	33,650	351,053
Deficit	1,126,788	768,936	30,296	20,578	83,888	45,550	11,314	838	165,388
Unrelated business income tax	340,721	172,052	13,565	6,712	22,050	24,268	2,301	9,088	90,684
Total tax	336,314	167,022	13,228	6,716	23,356	23,894	2,297	9,082	90,719

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Accounts, exempt under section 408(a), Qualified State Tuition Plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a). See Figure B for additional information on the types of organizations that are required to file Form 990-T.

[2] Total investment income includes net capital gain income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code sections 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily are not taxed, unless the investments were purchased with borrowed funds, i.e. debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

**Figure E**

## Unrelated Business Income Tax Returns: Selected Items for Tax-Exempt Corporate and Trust Entities, Tax Years 2007 and 2008

[Money amounts are in thousands of dollars]

Item	2007 Type of entity			2008 Type of entity		
	All	Corporations	Trusts	All	Corporations	Trusts
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	45,069	34,708	10,361	42,066	34,089	7,977
Gross unrelated business income (UBI)	11,682,909	9,882,871	1,800,038	10,300,903	9,456,750	844,153
Total investment income [1]	3,067,541	1,443,069	1,624,472	1,674,016	908,832	718,183
Investment income to gross UBI ratio (percentage)	26.3	14.6	90.2	15.8	9.6	85.1
Total deductions	10,254,953	9,575,530	679,423	10,218,223	9,767,613	450,610
Unrelated business taxable income (less deficit)	1,427,956	307,341	1,120,615	82,682	-310,862	393,542
Unrelated business taxable income	2,316,677	1,147,111	1,169,566	1,209,470	765,338	444,131
Deficit	888,721	839,770	48,951	1,126,788	1,076,200	50,589
Unrelated business income tax	598,568	348,930	249,638	340,721	225,850	114,871
Total tax	594,126	348,074	246,052	336,314	222,206	114,108

[1] Total investment income includes net capital gain income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code sections 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily are not taxed, unless the investments were purchased with borrowed funds, i.e., debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

required reporting period was any accounting period beginning in Calendar Year 2008 and, thus, ending between December 2008 and November 2009, for full-year return filers. The associated required due

dates for filing Tax Year 2008 Forms 990-T generally fell between May 2009 to April 2010, but extensions of time to file beyond this period were routinely granted to many organizations. Corresponding to the

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required filing dates, the SOI Tax Year 2008 study sample was drawn from Forms 990-T processed by IRS throughout Calendar Years 2009 and 2010. Because of the various accounting periods of the organizations filing a Tax Year 2008 return, the financial activities covered in this article span the period January 2008 through November 2009, although 58 percent of Form 990-T filers had Calendar Year 2008 accounting periods.

The population from which the Form 990-T sample was drawn consisted of Tax Year 2008 Form 990-T records posted to the IRS Business Master File system during 2009 and 2010. Generally, returns filed after Calendar Year 2010 were not included in the sample. However, in some cases, late-filed returns that were considered to be large income-size cases (over \$500,000 or more of gross unrelated business income) were added after the close of the sampling period. A sample of 6,966 returns was selected from a population of 42,283. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 6,958 returns, and the estimated population size was 42,066. Rejected returns included those that had gross unrelated business income less than the \$1,000 filing threshold; were filed for a part-year 2008 accounting period, and a full-year 2008 return was also filed; or were filed for a part-year accounting period that began in a year other than 2008.

The Tax Year 2008 Statistics of Income (SOI) Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special “integrated” sample. The stratified random sample was designed to represent the entire population of Form 990-T filers reporting unrelated business income. The integrated sample was designed to gather information on “related” (tax exempt) and “unrelated” (taxable) income and expenses for IRC section 501(c)(3) nonprofit charitable organizations that filed both Form 990 (or Form 990-EZ) and Form 990-T. This integrated sampling program ensured that the SOI sample of Forms 990-T included any unrelated business income tax returns (with gross unrelated business income of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ

information returns were selected for the separate SOI sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross unrelated business income, and selected using Bernoulli sampling into rates ranging from 3.65 percent to 100 percent. IRC section 501(c)(3) returns not selected randomly were then matched to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly selected Forms 990-T that also had counterparts in the Forms 990/990-EZ sample, formed the “integrated” IRC section 501(c)(3) portion of the Form 990-T sample.<sup>3</sup>

The information presented in this article was obtained from returns as originally filed with the Internal Revenue Service. The amount of total tax liability originally reported on Forms 990-T, as stated in these statistics, may not necessarily be the amount ultimately paid to IRS. Changes in tax liability assessments can be made after the original return is filed, either by the taxpayer on an amended return, by the IRS after examination, or by litigation. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure F shows CVs for selected financial data estimates derived from the Form 990-T stratified random sample. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in SOI Sampling Methodology and Data Limitations, located near the back of this issue of the *SOI Bulletin* or at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=97210,00.html>.

<sup>3</sup> For additional information on the Forms 990 and 990-T integrated sample design, see Harte, James M., and Cecelia H. Hilgert, “Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations,” *Statistics of Income: Compendium of Studies of Tax-Exempt Organizations, 1989–1998*, 2002.

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**Figure F**

## Unrelated Business Income Tax Returns: Coefficients of Variation by Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2008

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income	Total deductions		Unrelated business taxable income (less deficit)		Unrelated business taxable income [2]		Total tax	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All organizations</b>	<b>0.16</b>	<b>0.21</b>	<b>0.16</b>	<b>0.32</b>	<b>0.19</b>	<b>31.30</b>	<b>0.33</b>	<b>1.12</b>	<b>0.33</b>	<b>0.98</b>
501(c)(2) Title-holding corporations for exempt organizations [1]	27.79	7.09	27.79	6.82	29.72	39.79	36.47	14.21	36.47	7.55
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	2.78	0.32	2.78	0.39	3.14	7.42	5.03	1.16	4.99	1.04
501(c)(4) Civic leagues and social welfare organizations	12.05	1.76	12.05	1.99	13.48	25.97	21.37	3.53	21.27	2.34
501(c)(5) Labor, agricultural, and horticultural organizations	9.70	4.17	9.70	4.47	11.03	72.98	16.28	9.12	16.28	7.53
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5.93	1.63	5.93	1.84	7.03	138.84	10.30	3.75	10.09	2.97
501(c)(7) Social and recreational clubs	5.71	2.67	5.74	3.15	6.34	17.77	7.55	5.93	7.62	5.92
501(c)(8) Fraternal beneficiary societies and associations	15.47	7.12	15.47	7.64	18.00	278.56	25.36	25.89	25.36	22.76
501(c)(9) Voluntary employees' beneficiary associations	16.25	2.27	16.26	2.59	19.80	4.89	21.47	3.72	21.47	3.14
501(c)(10) Domestic fraternal beneficiary societies and associations	25.96	16.85	26.57	17.89	29.20	86.72	43.00	38.81	43.00	38.81
401(a) Qualified pension, profit-sharing, or stock bonus plans	22.40	3.15	22.72	4.31	22.75	5.39	24.33	4.72	24.20	4.92
408(e) Traditional Individual Retirement Accounts	6.09	8.48	6.10	8.62	6.23	11.91	5.79	11.55	5.78	11.77
Other [3]	6.88	2.29	6.89	3.06	7.45	19.19	11.64	7.64	11.95	6.91

[1] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[2] Includes data from returns with positive amounts of unrelated business taxable income only.

[3] This category includes organizations described under sections 501(c)(11)-(19), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); Roth Individual Retirement Accounts, exempt under section 408(a), Qualified State Tuition Plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a).

NOTE: For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see Figure B of this article.

### Explanation of Selected Terms

This section provides definitions to help the reader understand the terms contained in the article and in Tables 1 through 7, found at the end of the article. In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are shown in Figure B.

*Advertising income*—Gross income realized by a tax-exempt organization from the sale of advertising in a periodical was gross income from an unrelated

trade or business activity involving the “exploitation of an exempt activity,” namely, the circulation and subscriber base of the periodical developed by producing and distributing the mission-related content of that periodical. Advertising income was reported separately from other types of “exploited exempt activity income.” (See the explanation of exploited exempt activity income.) Internal Revenue Code sections 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of “exploited exempt activity income,” as part of gross receipts from sales and services. All other organizations reported this income separately.

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*Capital gain net income*—Generally, organizations required to file Form 990-T (except organizations tax-exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of property. However, capital gain net income on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in Internal Revenue Code sections 1245, 1250, 1252, 1254, and 1255) were considered taxable. Also, any gain or loss passed through from a partnership or S corporation, or any gain or loss on the disposition of S corporation stock by a “qualified tax-exempt” (defined in the explanation of income (less loss) from partnerships and S corporations), was taxed as a capital gain or loss. (See the explanation of Investment income (less loss) for information regarding investment income of sections 501(c)(7), (9), and (17) organizations.)

*Charitable contributions*—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, except the limit on the deduction was determined in relation to unrelated business taxable income computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not the donated income was directly connected with the carrying on of a trade or business.

*Cost of sales and services*—Cost of sales and services may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated. Cost of sales and services was subtracted from gross receipts from sales and services in com-

puting gross profit (less loss) from sales and services, which is a component of gross unrelated business income.

*Deductions directly connected with unrelated business income*—These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to carrying on an unrelated trade or business. Allowable deductions included those allocable to rental of personal property; those allocable to unrelated debt-financed income; those allocable to investment income of Internal Revenue Code sections 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from “controlled organizations” (see definition of Income from controlled organizations); those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs and maintenance; bad debts; interest; taxes and licenses; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss deduction”; and “other deductions.” Tax-exempt organizations with gross unrelated business income above \$10,000 were required to report each deduction component separately. Organizations with gross unrelated business income between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as “allocable to”) and a single total for all other types of deductions (both deductions directly connected with unrelated business income and those not directly connected, each defined elsewhere in this section), except for two items that were required to be reported separately: the “net operating loss deduction” (directly connected) and the “specific deduction” (not directly connected), both also defined below.

*Deductions not directly connected with unrelated business income*—The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with unrelated business income were reported separately, when applicable, only by tax-exempt organizations

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with gross unrelated business income above \$10,000. (See, also, the explanations of Set-asides, Excess exempt expenses, Contributions, and the Specific deduction.)

*Excess exempt expenses*—The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited exempt activity income, except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess expenses could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of one type of commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity, unless both types commercially exploited the same exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited exempt activity income, except advertising*—In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types

of exploited exempt activity income (see the explanation of Advertising income). Internal Revenue Code sections 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as part of gross receipts from sales and services. All other organizations reported this income separately.

*Gross profit (less loss) from sales and services*—This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross unrelated business income*—This was the total gross unrelated business income prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross unrelated business income. The components of gross unrelated business income were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships and S corporations; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code sections 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)

A tax-exempt organization’s income was treated as unrelated business income if it was from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. Soliciting, selling, or publishing commercial

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advertising, for example, is identified as a trade or business, even though the advertising is published in an exempt organization's periodical that contains editorial material that is related to the organization's exempt purpose.

*Income from controlled organizations*—When an exempt organization controlled another organization, the entire amount of gross annuities, interest, rents, and royalties (termed “specified payments”) received from the controlled organization were included in the gross unrelated business income of the controlling organization. They were included only to the extent that the specified payments were claimed as a deduction from the controlled organization's own unrelated business income (in the case of an exempt controlled organization) or the “equivalent” of unrelated business income (in the case of a nonexempt controlled organization). The equivalent of unrelated business income was computed as if the nonexempt controlled organization were exempt and had the same exempt purpose as the controlling organization. “Control” meant: (a) for a stock corporation, the ownership (by vote or value) of more than 50 percent of the stock; (b) for a partnership, ownership of more than 50 percent of the profits or capital interests; or (c) for any other organization, ownership of more than 50 percent of the beneficial interests. All deductions “directly connected” with a Form 990-T filer's gross controlled-organization income were allowed. The rules for debt-financed property did not apply to passive income (generally, investment income) from controlled organizations. (See the definition of Unrelated debt-financed income.)

*Income (less loss) from partnerships and S corporations*—If an organization was a partner in any partnership that carried on an unrelated trade or business, this income item included the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income. If an organization was a “qualified tax-exempt” that held stock in an S corporation, this income item included the income or loss from the stock interest. The stock interest was treated as an unrelated trade or business, and all items of income, loss, or deduction were taken into account in computing unrelated business taxable income. A “qualified tax-exempt” was an organization described in Internal Revenue Code section 401(a) (qualified stock bonus, pension, or profit-

sharing plan) or section 501(c)(3), and exempt from tax under section 501(a).

*Investment income (less loss)*—This income was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) from investment property of sections 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations' investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from controlled organizations, Rental income, and Unrelated debt-financed income.)

*Net capital loss (trusts only)*—If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Tax-exempt corporations were not allowed to deduct any excesses of capital losses over capital gains.) Tax-exempt trusts reported the net capital loss deduction on Form 990-T as a component of gross unrelated business income, and it was subtracted when computing total gross unrelated business income.

*Net gain (less loss), sales of noncapital assets*—This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

*Net operating loss deduction*—The net operating loss carryover or carryback (as described in Internal Revenue Code section 172) was allowed as a deduction (limited to the current-year excess of receipts over deductions, prior to applying the net operating

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loss deduction) in computing unrelated business taxable income. However, the net operating loss carryover or carryback (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A “net operating loss” represented the excess of deductions over receipts for a specified year for which an organization reported an overall deficit from its unrelated trade or business activities. The net operating loss deduction statistics in this article represent only net operating loss carryovers from prior years because carrybacks from future years would be reported in a later year on an amended return, not on the return as initially filed (which served as the basis for the statistics).

*Other deductions*—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other income (less loss)*—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

*Proxy tax*—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization’s members. The proxy tax was required

to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization’s unrelated business activities.

*Rental income*—For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation described above, gross rents from real property were generally excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were not included in gross unrelated business income. Any rents not covered by the explanation of “rental income” had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from controlled organizations and Unrelated debt-financed income.)

*Set-asides*—This deduction from investment income was allowed to social and recreational clubs (Internal Revenue Code section 501(c)(7)), voluntary employees’ beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)). The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (sections 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the “qualified asset account” limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of

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disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific deduction*—The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. The amount deducted was considered “not directly connected” with gross unrelated business income and was allowed to all organizations that had positive taxable income after all other types of deductions were taken. This deduction provided the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under which some organizations were exempted from filing a return and paying the unrelated business income tax. (See, also, the explanation of Deductions not directly connected with unrelated business income.)

*Total deductions*—Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. It excluded cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income. (See the explanation of Cost of sales and services.)

*Total tax*—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying and political expenditures, the “alternative minimum tax,” and “other” taxes.

*Unrelated business activity*—A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization’s charitable, educational, or other purpose that is the basis for the organization’s tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activ-

ity contributes importantly depends in each case on the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum’s own collection and also works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be “related” because it contributes importantly to the achievement of the museum’s exempt educational purpose by making works of art familiar to a broader segment of the public, thereby enhancing the public’s understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be “unrelated” because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum’s exempt educational purposes.

*Unrelated business income*—See definition of gross unrelated business income.

*Unrelated business income tax*—This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for the 2008 Tax Year, as shown in the following schedules. Trusts that were eligible for the maximum 28 percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

## Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	+ 15%	\$ 0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	—	35%	0

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## Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$2,200	+ 15%	\$ 0
2,200	5,150	\$330 + 25%	2,200
5,150	7,850	1,067.50 + 28%	5,150
7,850	10,700	1,823 + 33%	7,850
10,750	—	2,764 + 35%	10,700

*Unrelated business taxable income (less deficit) (referenced as Net unrelated business taxable income)*—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax. (See, also, explanations of Deductions directly connected with unrelated business income and Deductions not directly connected with unrelated business income.)

*Unrelated debt-financed income*—Gross income from investment property for which acquisition indebtedness was outstanding at any time during the tax year was subject to the unrelated business income

tax. The percentage of investment income to be included as gross unrelated business income was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income (generally, investment income) from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code sections 501(c)(7), (9), and (17) organizations reported all debt-financed income as "Investment income (less loss)." All other organizations reported debt-financed income separately.

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**Table 1. Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2008**

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income	Total deductions [1, 2]		Unrelated business taxable income (less deficit) [3]	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All organizations</b>	<b>42,066</b>	<b>10,300,903</b>	<b>41,806</b>	<b>10,218,223</b>	<b>34,234</b>	<b>82,682</b>
220(e) Archer Medical Savings Accounts	0	0	0	0	0	0
401(a) Qualified pension, profit-sharing, or stock bonus plans	417	140,835	410	73,997	412	66,838
408(e) Traditional Individual Retirement Accounts	6,279	49,205	6,245	16,393	5,780	32,812
408(A) Roth Individual Retirement Accounts	171	8,569	171	760	138	7,809
501(c)(2) Title-holding corporations for exempt organizations [6]	311	53,541	311	51,092	270	2,449
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,057	6,418,708	13,970	6,614,711	11,331	-196,003
501(c)(4) Civic leagues and social welfare organizations	1,356	540,059	1,356	527,916	999	12,143
501(c)(5) Labor, agricultural, and horticultural organizations	2,171	265,624	2,171	260,643	1,731	4,982
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,352	1,009,264	5,352	1,014,260	3,836	-4,995
501(c)(7) Social and recreational clubs	6,102	649,284	6,035	601,135	4,987	48,149
501(c)(8) Fraternal beneficiary societies and associations	1,027	85,478	1,027	84,635	784	843
501(c)(9) Voluntary employees' beneficiary associations	550	434,174	550	245,523	372	188,651
501(c)(10) Domestic fraternal beneficiary societies and associations	306	26,104	273	27,352	241	-1,248
501(c)(11) Teachers' retirement fund associations	0	0	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	278	75,961	278	71,789	218	4,172
501(c)(13) Cemetery companies	d	d	d	d	d	d
501(c)(14) State-chartered credit unions	1,637	312,529	1,637	395,367	1,392	-82,837
501(c)(15) Mutual insurance companies	0	0	0	0	0	0
501(c)(16) Corporations organized to finance crop operations	0	0	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0	0	0
501(c)(18) Employee-funded pension trusts	0	0	0	0	0	0
501(c)(19) War veterans' posts or organizations	1,986	219,486	1,953	219,557	1,683	-71
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	0	0	0	0	0	0
501(c)(25) Title-holding companies with no more than 35 shareholders	0	0	0	0	0	0
501(c)(26) High-risk health insurance plans	0	0	0	0	0	0
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d	d	d
529(a) Qualified State Tuition Plans	d	d	d	d	d	d
530(a) Coverdell Education Savings Accounts	0	0	0	0	0	0

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2008

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**Table 1. Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2008—Continued**

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Unrelated business taxable income [4]		Total tax [5]	
	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)
<b>All organizations</b>	<b>20,371</b>	<b>1,209,470</b>	<b>20,311</b>	<b>336,314</b>
220(e) Archer Medical Savings Accounts	0	0	0	0
401(a) Qualified pension, profit-sharing, or stock bonus plans	379	73,196	381	23,408
408(e) Traditional Individual Retirement Accounts	5,577	33,650	5,577	9,082
408(A) Roth Individual Retirement Accounts	138	7,809	138	2,231
501(c)(2) Title-holding corporations for exempt organizations [6]	179	6,222	179	1,667
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	5,276	572,933	5,254	167,022
501(c)(4) Civic leagues and social welfare organizations	439	42,439	441	13,228
501(c)(5) Labor, agricultural, and horticultural organizations	811	25,560	811	6,716
501(c)(6) Business leagues, chambers of commerce, and real estate boards	1,752	78,893	1,821	23,356
501(c)(7) Social and recreational clubs	3,577	93,699	3,540	23,894
501(c)(8) Fraternal beneficiary societies and associations	427	6,632	427	1,139
501(c)(9) Voluntary employees' beneficiary associations	343	229,327	343	55,179
501(c)(10) Domestic fraternal beneficiary societies and associations	125	676	125	101
501(c)(11) Teachers' retirement fund associations	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	156	10,245	156	2,416
501(c)(13) Cemetery companies	d	d	d	d
501(c)(14) State-chartered credit unions	361	16,659	326	4,515
501(c)(15) Mutual insurance companies	0	0	0	0
501(c)(16) Corporations organized to finance crop operations	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0
501(c)(18) Employee-funded pension trusts	0	0	0	0
501(c)(19) War veterans' posts or organizations	797	11,243	757	2,297
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	0	0	0	0
501(c)(25) Title-holding companies with no more than 35 shareholders	0	0	0	0
501(c)(26) High-risk health insurance plans	0	0	0	0
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d
529(a) Qualified State Tuition Plans	d	d	d	d
530(a) Coverdell Education Savings Accounts	0	0	0	0

d—Data deleted to avoid disclosure of information for specific tax payers. However, data are included in appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 7,832 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax, but it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.4 million.

[6] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[7] Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt, beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTE: Detail may not add to totals because of rounding. For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see the Appendix to the most recent Unrelated Business Income Tax (UBIT) article listed under Publications and Papers on the Exempt Organizations' UBIT Statistics page of the IRS website (<http://www.irs.gov/taxstats/charitablestats/article/0,,id=97210,00.html>).

# Unrelated Business Income Tax Returns, 2008

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**Table 2. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2008**

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

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total</b>	<b>42,066</b>	<b>10,300,903</b>	<b>41,806</b>	<b>10,218,223</b>	<b>34,234</b>	<b>82,680</b>	<b>20,371</b>	<b>1,209,470</b>	<b>20,311</b>	<b>336,314</b>
\$1,000 under \$10,001 [6]	18,244	72,435	18,038	78,195	15,020	-5,760	10,961	21,848	10,828	3,911
\$10,001 under \$100,000 [6]	14,115	626,961	14,067	670,683	11,420	-43,722	5,696	100,350	5,726	18,096
\$100,000 under \$500,000	6,584	1,443,769	6,577	1,480,969	5,304	-37,200	2,510	178,709	2,504	44,754
\$500,000 under \$1,000,000	1,445	1,004,654	1,445	1,002,336	1,158	2,318	598	118,019	601	35,851
\$1,000,000 under \$5,000,000	1,359	2,818,907	1,359	2,842,342	1,074	-23,435	476	306,245	504	95,261
\$5,000,000 or more	319	4,334,178	319	4,143,698	259	190,479	130	484,298	148	138,440

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 7,832 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.4 million.

[6] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

# Unrelated Business Income Tax Returns, 2008

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**Table 3. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2008**

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

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit)		Total tax [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>42,066</b>	<b>10,300,903</b>	<b>41,806</b>	<b>10,218,223</b>	<b>34,234</b>	<b>82,680</b>	<b>20,311</b>	<b>336,314</b>
Deficit	13,863	4,350,805	13,863	5,477,595	13,863	-1,126,790	56	1,736
Zero [4]	7,832	2,113,431	7,832	2,113,430	[4] 0	[4] 0	193	1,404
\$1 under \$1,000	5,277	52,590	5,277	50,184	5,277	2,405	5,225	361
\$1,000 under \$10,000	8,613	269,359	8,407	237,568	8,613	31,790	8,424	5,292
\$10,000 under \$100,000	5,140	940,611	5,093	774,649	5,140	165,962	5,083	29,835
\$100,000 under \$500,000	956	747,465	949	541,987	956	205,478	947	61,238
\$500,000 under \$1,000,000	198	480,242	198	341,382	198	138,861	197	44,982
\$1,000,000 or more	187	1,346,401	187	681,428	187	664,973	186	191,467

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.4 million.

[4] The Zero category includes 7,832 returns with equal amounts of gross unrelated business income and total deductions.

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

# Unrelated Business Income Tax Returns, 2008

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**Table 4. Unrelated Business Income Tax Returns: Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2008**

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

Type of entity and size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income	Total tax [3]	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>ALL ENTITIES</b>							
<b>Total</b>	<b>20,371</b>	<b>3,836,668</b>	<b>20,110</b>	<b>2,627,198</b>	<b>1,209,470</b>	<b>20,062</b>	<b>333,174</b>
\$1,000 under \$10,001 [4]	10,961	39,262	10,755	17,414	21,848	10,760	3,599
\$10,001 under \$100,000 [4]	5,696	246,889	5,647	146,539	100,350	5,668	17,786
\$100,000 under \$500,000	2,510	563,163	2,503	384,455	178,709	2,457	44,532
\$500,000 under \$1,000,000	598	417,428	598	299,409	118,019	580	35,684
\$1,000,000 under \$5,000,000	476	960,356	476	654,111	306,245	470	94,474
\$5,000,000 or more	130	1,609,570	130	1,125,271	484,298	127	137,100
<b>TAX-EXEMPT CORPORATIONS</b>							
<b>Total</b>	<b>13,594</b>	<b>3,207,610</b>	<b>13,407</b>	<b>2,442,272</b>	<b>765,338</b>	<b>13,287</b>	<b>219,902</b>
\$1,000 under \$10,001 [4]	5,184	23,781	5,045	10,920	12,860	4,983	1,931
\$10,001 under \$100,000 [4]	5,101	227,444	5,053	144,955	82,489	5,073	13,140
\$100,000 under \$500,000	2,280	509,246	2,280	372,721	136,525	2,228	32,639
\$500,000 under \$1,000,000	525	365,389	525	290,426	74,963	507	22,557
\$1,000,000 under \$5,000,000	400	804,516	400	606,517	197,999	394	65,459
\$5,000,000 or more	104	1,277,234	104	1,016,733	260,501	102	84,177
<b>TAX-EXEMPT TRUSTS</b>							
<b>Total</b>	<b>6,777</b>	<b>629,057</b>	<b>6,703</b>	<b>184,926</b>	<b>444,131</b>	<b>6,776</b>	<b>113,272</b>
\$1,000 under \$10,001 [4]	5,777	15,482	5,711	6,494	8,988	5,777	1,668
\$10,001 under \$100,000 [4]	595	19,445	595	1,584	17,861	595	4,646
\$100,000 under \$500,000	229	53,917	223	11,733	42,184	229	11,893
\$500,000 under \$1,000,000	73	52,038	73	8,983	43,055	73	13,127
\$1,000,000 under \$5,000,000	76	155,840	76	47,594	108,246	76	29,015
\$5,000,000 or more	26	332,336	26	108,538	223,798	25	52,923

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$7.3 million, 99 percent of which was attributable to tax-exempt corporations.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive unrelated business taxable income, total proxy tax was \$1.4 million.

[4] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

# Unrelated Business Income Tax Returns, 2008

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**Table 5. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2008**

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

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All activities and groupings</b>	<b>42,066</b>	<b>10,300,903</b>	<b>41,806</b>	<b>10,218,223</b>	<b>34,234</b>	<b>82,680</b>
Agriculture, forestry, hunting, and fishing	210	43,249	210	23,326	163	19,923
Mining	445	66,940	438	33,824	407	33,115
Utilities	53	14,450	53	15,947	45	-1,497
Construction	64	37,904	64	33,440	45	4,463
Manufacturing	124	73,990	117	60,410	120	13,580
Wholesale trade	80	31,963	80	18,707	62	13,256
Retail trade	1,429	898,197	1,389	903,274	1,230	-5,077
Transportation and warehousing	d	d	d	d	d	d
Information	664	237,129	664	240,196	471	-3,067
Finance and insurance, total	13,611	1,845,355	13,512	1,584,600	11,723	260,756
Unrelated debt-financed activities, other than rental of real estate	874	91,692	874	66,287	819	25,405
Investment activities of Code sections 501(c)(7), (9), and (17) organizations [6]	3,181	559,489	3,148	343,096	2,529	216,394
Passive income activities with controlled organizations	248	227,521	248	186,075	191	41,446
Other finance and insurance	9,308	966,653	9,242	989,142	8,184	-22,489
Real estate and rental and leasing, total	7,518	972,826	7,444	1,007,783	6,364	-34,958
Rental of personal property	370	43,021	370	46,756	277	-3,736
Other real estate and rental and leasing	7,148	929,805	7,074	961,027	6,087	-31,222
Professional, scientific, and technical services	8,308	2,071,936	8,308	2,130,362	5,879	-58,427
Management of companies and enterprises	d	d	d	d	d	d
Administrative and support and waste management and remediation services	822	574,094	822	607,320	563	-33,227
Educational services	22	29,458	22	32,720	20	-3,262
Healthcare and social assistance	1,008	1,694,940	1,008	1,666,953	810	27,987
Arts, entertainment, and recreation	3,911	811,322	3,911	902,221	2,973	-90,898
Accommodation and food services	2,937	655,434	2,904	721,765	2,566	-66,331
Other services	575	133,206	575	145,034	532	-11,828
Exploited exempt activities	210	82,152	210	81,377	192	775
<b>Not allocable</b>	<b>48</b>	<b>2,251</b>	<b>48</b>	<b>1,881</b>	<b>48</b>	<b>370</b>

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2008

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**Table 5. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2008—Continued**

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

Primary unrelated business activity or industrial grouping	Unrelated business taxable income [4]		Total tax [5]	
	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)
<b>All activities and groupings</b>	<b>20,371</b>	<b>1,209,470</b>	<b>20,311</b>	<b>336,314</b>
Agriculture, forestry, hunting, and fishing	112	24,301	112	7,654
Mining	402	33,893	402	7,461
Utilities	12	1,467	12	387
Construction	43	4,837	43	1,415
Manufacturing	102	29,461	102	9,983
Wholesale trade	51	19,338	51	4,487
Retail trade	624	67,910	597	22,260
Transportation and warehousing	d	d	d	d
Information	211	16,659	193	4,823
Finance and insurance, total	9,576	522,337	9,558	137,269
Unrelated debt-financed activities, other than rental of real estate	674	40,494	676	11,315
Investment activities of Code sections 501(c)(7), (9), and (17) organizations [6]	2,318	252,120	2,310	59,460
Passive income activities with controlled organizations	147	57,372	148	16,424
Other finance and insurance	6,437	172,351	6,424	50,070
Real estate and rental and leasing, total	3,341	123,804	3,354	34,379
Rental of personal property	171	6,857	173	1,828
Other real estate and rental and leasing	3,170	116,947	3,181	32,551
Professional, scientific, and technical services	2,374	124,271	2,462	37,030
Management of companies and enterprises	d	d	d	d
Administrative and support and waste management and remediation services	269	12,762	245	3,992
Educational services	* 10	* 2,224	* 10	* 755
Healthcare and social assistance	405	134,774	430	42,511
Arts, entertainment, and recreation	1,347	31,509	1,315	6,152
Accommodation and food services	996	26,633	958	6,036
Other services	301	8,201	267	1,940
Exploited exempt activities	145	6,289	148	1,929
<b>Not allocable</b>	<b>48</b>	<b>370</b>	<b>48</b>	<b>114</b>

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

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 7,832 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.4 million.

[6] Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts. See Table 1 for separate data on each of these organizations.

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

# Unrelated Business Income Tax Returns, 2008

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**Table 6. Unrelated Business Income Tax Returns: Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2008**

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

Size of gross unrelated business income	Gross unrelated business income		Sources of gross unrelated business income			
	Number of returns	Amount	Gross profit (less loss) from sales and services		Capital gain net income	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>42,066</b>	<b>10,300,903</b>	<b>16,572</b>	<b>6,002,611</b>	<b>935</b>	<b>224,976</b>
\$1,000 under \$10,001 [1]	18,244	72,435	3,868	16,278	308	270
<b>\$10,001 or more, total [1]</b>	<b>23,822</b>	<b>10,228,469</b>	<b>12,704</b>	<b>5,986,332</b>	<b>627</b>	<b>224,706</b>
\$10,001 under \$100,000	14,115	626,961	6,555	260,782	282	10,297
\$100,000 under \$500,000	6,584	1,443,769	4,028	767,476	181	23,863
\$500,000 under \$1,000,000	1,445	1,004,654	965	567,170	58	14,254
\$1,000,000 under \$5,000,000	1,359	2,818,907	913	1,604,011	74	57,443
\$5,000,000 or more	319	4,334,178	243	2,786,893	32	118,849

Size of gross unrelated business income	Sources of gross unrelated business income—continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets [2]		Income (less loss) from partnerships and S corporations	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b>	**	**	<b>** 398</b>	<b>** 14,111</b>	<b>8,188</b>	<b>455,688</b>
\$1,000 under \$10,001 [1]	**	**	** 101	** 98	6,097	16,343
<b>\$10,001 or more, total [1]</b>	<b>**</b>	<b>**</b>	<b>** 296</b>	<b>** 14,013</b>	<b>2,091</b>	<b>439,346</b>
\$10,001 under \$100,000	**	**	** 68	** 619	1,013	18,549
\$100,000 under \$500,000	**	**	** 103	** 1,712	508	42,015
\$500,000 under \$1,000,000	**	**	** 42	** 1,049	192	27,291
\$1,000,000 under \$5,000,000	**	**	** 56	** 2,689	260	104,164
\$5,000,000 or more	**	**	** 27	** 7,945	118	247,327

Size of gross unrelated business income	Sources of gross unrelated business income—continued					
	Rental income [3]		Unrelated debt-financed income		Investment income (less loss) [4]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b>	<b>4,707</b>	<b>354,843</b>	<b>3,664</b>	<b>507,356</b>	<b>5,089</b>	<b>438,996</b>
\$1,000 under \$10,001 [1]	1,306	6,333	1,232	6,361	2,626	7,902
<b>\$10,001 or more, total [1]</b>	<b>3,401</b>	<b>348,509</b>	<b>2,432</b>	<b>500,995</b>	<b>2,463</b>	<b>431,094</b>
\$10,001 under \$100,000	2,169	70,479	1,414	53,075	1,129	17,757
\$100,000 under \$500,000	861	86,625	697	108,617	909	52,122
\$500,000 under \$1,000,000	164	42,137	139	57,731	263	47,857
\$1,000,000 under \$5,000,000	165	98,628	143	145,154	140	136,661
\$5,000,000 or more	42	50,640	39	136,418	22	176,697

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2008

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**Table 6. Unrelated Business Income Tax Returns: Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2008—Continued**

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

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income—continued							
	Income from controlled organizations [5]		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total</b>	<b>918</b>	<b>109,166</b>	<b>912</b>	<b>205,311</b>	<b>8,292</b>	<b>1,392,621</b>	<b>5,429</b>	<b>596,056</b>
\$1,000 under \$10,001 [1]	241	558	104	622	3,016	13,647	1,351	4,223
<b>\$10,001 or more, total [1]</b>	<b>677</b>	<b>108,609</b>	<b>807</b>	<b>204,689</b>	<b>5,276</b>	<b>1,378,973</b>	<b>4,077</b>	<b>591,834</b>
\$10,001 under \$100,000	331	10,737	409	9,614	3,211	110,808	2,204	64,283
\$100,000 under \$500,000	213	19,760	182	16,799	1,373	219,369	1,264	105,710
\$500,000 under \$1,000,000	41	9,461	85	32,254	306	138,822	270	66,735
\$1,000,000 under \$5,000,000	72	42,055	108	82,980	325	367,168	266	178,070
\$5,000,000 or more	20	26,596	23	63,042	61	542,806	73	177,036

\*\* Data in adjacent variable columns are combined to avoid disclosure of information about specific taxpayers.

[1] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 or more" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

[2] Property other than capital assets generally included property of a business nature, in contrast to personal property and investment property, which were capital assets.

[3] Income from real property and personal property leased with real property.

[4] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[5] Annuities, interest, rents, and royalties.

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

# Unrelated Business Income Tax Returns, 2008

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**Table 7. Unrelated Business Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2008**

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

Item	All		Size of gross unrelated business income			
			\$1,000 under \$10,001 [3]		\$10,001 under \$100,000 [3]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>42,066</b>	<b>N/A</b>	<b>18,244</b>	<b>N/A</b>	<b>14,115</b>	<b>N/A</b>
<b>Total deductions [1,2]</b>	<b>41,806</b>	<b>10,218,223</b>	<b>18,038</b>	<b>78,195</b>	<b>14,067</b>	<b>670,683</b>
<b>Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [3]:</b>						
<b>Total deductions [2,4]</b>	<b>18,038</b>	<b>78,195</b>	<b>18,038</b>	<b>78,195</b>	<b>N/A</b>	<b>N/A</b>
Net operating loss deduction	1,336	2,963	1,336	2,963	N/A	N/A
Specific deduction	12,375	11,569	12,375	11,569	N/A	N/A
<b>Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]:</b>						
<b>Total deductions [2,5]</b>	<b>23,768</b>	<b>10,140,028</b>	<b>N/A</b>	<b>N/A</b>	<b>14,067</b>	<b>670,683</b>
<b>Deductions directly connected with UBI</b>	<b>22,483</b>	<b>9,543,706</b>	<b>N/A</b>	<b>N/A</b>	<b>13,073</b>	<b>634,138</b>
Allocable to rental income [6]	2,055	247,531	N/A	N/A	1,339	49,055
Allocable to unrelated debt-financed income [6]	2,235	533,954	N/A	N/A	1,289	66,533
Allocable to investment income [6,7]	776	30,801	N/A	N/A	* 168	* 1,766
Allocable to income from controlled organizations [6]	390	85,884	N/A	N/A	189	5,964
Allocable to exploited exempt activity income, except advertising [6]	726	168,394	N/A	N/A	373	8,701
Direct advertising costs [6]	4,802	998,295	N/A	N/A	2,917	80,819
Compensation of officers, directors, and trustees	1,860	56,890	N/A	N/A	826	11,896
Salaries and wages	10,511	1,919,000	N/A	N/A	5,056	134,462
Repairs and maintenance	7,217	135,336	N/A	N/A	3,462	19,778
Bad debts	781	40,997	N/A	N/A	153	943
Interest	2,570	127,424	N/A	N/A	1,058	12,277
Taxes and licenses paid deduction	10,391	194,903	N/A	N/A	5,424	22,988
Depreciation	7,254	271,654	N/A	N/A	3,267	19,045
Depletion	136	10,492	N/A	N/A	90	496
Contributions to deferred compensation plans	1,132	16,101	N/A	N/A	308	239
Contributions to employee benefit programs	5,339	439,622	N/A	N/A	2,000	9,140
Net operating loss deduction	3,084	198,537	N/A	N/A	1,756	16,069
Other deductions	14,627	4,067,892	N/A	N/A	7,703	173,976
<b>Deductions not directly connected with UBI</b>	<b>11,926</b>	<b>596,322</b>	<b>N/A</b>	<b>N/A</b>	<b>7,076</b>	<b>36,545</b>
Specific deduction	9,787	9,431	N/A	N/A	5,994	5,738
Charitable contributions	2,053	99,993	N/A	N/A	** 1,137	** 4,291
Set-asides [7]	198	157,162	N/A	N/A	**	**
Excess exempt-activity expenses [8]	2,428	329,737	N/A	N/A	1,301	26,516

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2008

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**Table 7. Unrelated Business Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2008—Continued**

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

Item	Size of gross unrelated business income—continued							
	\$100,000 under \$500,000		\$500,000 under \$1,000,000		\$1,000,000 under \$5,000,000		\$5,000,000 or more	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Number of returns</b>	<b>6,584</b>	<b>N/A</b>	<b>1,445</b>	<b>N/A</b>	<b>1,359</b>	<b>N/A</b>	<b>319</b>	<b>N/A</b>
<b>Total deductions [1,2]</b>	<b>6,577</b>	<b>1,480,969</b>	<b>1,445</b>	<b>1,002,336</b>	<b>1,359</b>	<b>2,842,342</b>	<b>319</b>	<b>4,143,698</b>
<b>Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [3]:</b>								
<b>Total deductions [2,4]</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Net operating loss deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Specific deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]:</b>								
<b>Total deductions [2,5]</b>	<b>6,577</b>	<b>1,480,969</b>	<b>1,445</b>	<b>1,002,336</b>	<b>1,359</b>	<b>2,842,342</b>	<b>319</b>	<b>4,143,698</b>
<b>Deductions directly connected with UBI</b>	<b>6,377</b>	<b>1,402,159</b>	<b>1,397</b>	<b>952,095</b>	<b>1,325</b>	<b>2,661,751</b>	<b>311</b>	<b>3,893,564</b>
Allocable to rental income [6]	481	60,459	92	30,508	114	73,308	29	34,202
Allocable to unrelated debt-financed income [6]	650	112,016	131	59,414	131	154,795	34	141,196
Allocable to investment income [6,7]	367	4,648	156	5,758	76	11,172	* 9	* 7,458
Allocable to income from controlled organizations [6]	107	13,337	26	8,753	51	32,276	17	25,555
Allocable to exploited exempt activity income, except advertising [6]	156	11,866	80	27,822	96	69,616	21	50,389
Direct advertising costs [6]	1,236	157,467	284	104,927	308	255,563	57	399,519
Compensation of officers, directors, and trustees	693	15,990	177	8,775	128	11,863	36	8,366
Salaries and wages	3,598	327,909	862	212,547	785	566,093	210	677,989
Repairs and maintenance	2,603	29,212	524	15,651	502	27,289	127	43,406
Bad debts	302	1,984	104	2,155	158	11,699	65	24,226
Interest	973	16,924	271	11,166	209	38,933	59	48,124
Taxes and licenses paid deduction	3,340	51,988	778	27,428	659	41,638	190	50,862
Depreciation	2,592	55,116	625	38,349	606	84,602	163	74,542
Depletion	* 25	* 2,054	* 8	* 848	* 9	* 2,746	* 4	* 4,349
Contributions to deferred compensation plans	496	1,920	182	1,893	125	5,255	21	6,793
Contributions to employee benefit programs	1,999	30,181	577	28,056	594	124,767	170	247,478
Net operating loss deduction	815	30,754	217	24,835	238	64,875	58	62,003
Other deductions	4,545	478,334	1,068	343,215	1,038	1,085,263	274	1,987,106
<b>Deductions not directly connected with UBI</b>	<b>3,269</b>	<b>78,810</b>	<b>743</b>	<b>50,241</b>	<b>664</b>	<b>180,592</b>	<b>174</b>	<b>250,134</b>
Specific deduction	2,569	2,484	605	594	488	483	131	131
Charitable contributions	574	8,574	** 157	** 17,751	167	15,851	74	66,660
Set-asides [7]	92	14,940	**	**	42	60,442	8	68,645
Excess exempt-activity expenses [8]	717	52,812	165	31,895	204	103,815	42	114,698

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

\*\* Data in adjacent items are combined to avoid disclosure of information about specific taxpayers.

N/A—Not applicable.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in all rows under the heading "Total deductions."

[4] Excludes \$63.2 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

[5] Excludes \$2.32 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

[6] This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

[7] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[8] Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

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

# Personal Wealth, 2007

by Brian Raub and Joseph Newcomb

In 2007, there were an estimated 2.3 million adults with gross assets of \$2 million or more, a level of wealth that qualified them for the top 1 percent of the United States adult population.<sup>1</sup> Together, these top wealth holders owned \$13.2 trillion in assets and held \$1.2 trillion in debt, making their combined net worth \$12 trillion.

## Background: The Estate Multiplier Technique

The distribution and composition of personal wealth in the United States are topics of great interest among researchers and policy planners. Unfortunately, these issues are difficult to research, because there are few sources of data on the wealth holdings of the general population, especially the very rich. Federal estate tax returns (Form 706) provide a unique source from which to study the nation's wealthiest individuals. The estate tax return contains a complete listing of a decedent's assets and debts, as well as a demographic profile of the decedent and information on the costs of administering the estate. A decedent's estate has up to 9 months to file an estate tax return, but use of a 6-month extension is common. It is, therefore, necessary to combine returns filed over a number of calendar years in order to capture data representative of all estate tax decedents dying in a single year.

The estate multiplier technique is used to estimate the wealth of living individuals from Federal estate tax return data. This technique assumes that estate tax returns, taken as a whole, represent a random sample of the living wealthy population and thus provide a means of producing reasonable estimates of personal wealth. Estimates of the wealth holdings of the living population are derived by applying a multiplier, based on appropriate mortality rates, to this sample. The multiplier is equivalent to a sampling weight where the probabilities of selection include the probability of being a decedent and also that of being included in the Statistics of Income sample of estate tax returns.

*Brian Raub and Joseph Newcomb are economists with the Special Studies Special Projects Section. This article was prepared under the direction of Melissa R. Ludlum, Chief.*

Mathematically, this is represented as

$$MULT = 1 / (p \cdot r)$$

where:

*p* = probability of selection to the estate tax sample,

*r* = mortality rate appropriate to wealthy individuals,

Some smoothing of the multipliers was employed to constrain both tails of the net worth distribution.

The more difficult computation is determining the probability of being a decedent. Mortality rates for the general population, by age and sex, are available from the National Center for Health Statistics. However, there is much evidence that the wealthy have mortality rates significantly lower than those of the entire population. Research has demonstrated that individuals who are economically or socially better off also live longer, on average, and are healthier. Factors such as access to better health services, better diet and nutrition, and fewer work-related risks seem to contribute to this phenomenon. If mortality and wealth are inversely related, then mortality rates unadjusted for wealth level will be too low and, thus, undervalue wealth. Therefore, it is important to determine a mortality rate appropriate to the wealthy decedents in the estate tax return sample.

There have been numerous attempts to quantify differences between the mortality of the general population and that of the very wealthy, looking at factors such as education, income, and occupation. In years prior to 2001, SOI calculated mortality rates for its Personal Wealth estimates by adjusting mortality rates for the entire population using mortality differentials derived using the National Longitudinal Mortality Study (NLMS) sponsored by the National Institutes of Health. Beginning with the 2001 estimate, however, estate multipliers have been calculated using mortality rates for holders of large dollar value annuity policies obtained from the Society of Actuaries (SOA). This data source has several advantages relative to using the NLMS mortality differentials. First, the annuitant mortality rates are available for every year, in contrast to the NLMS

<sup>1</sup> Estimate of the adult population of the United States was obtained from the U.S. Bureau of the Census. See <http://www.census.gov>.

differentials, which are updated on a biennial cycle. Second, use of this source is consistent with other recent academic research within and outside the IRS.

## Valuation Measures

The level of wealth to which these estimates apply is \$2 million or more in gross estate, the Federal estate tax filing threshold in effect for 2007 U.S. decedents. “Gross estate” is a Federal estate tax concept of wealth that does not conform to typical definitions of wealth, primarily because it includes the face value of life insurance in the wealth of the decedent. Therefore, three measures of wealth are used in this article: “gross assets” (or “gross estate”), “total assets,” and “net worth.” “Gross assets” reflects the gross value of all assets, including the full face value of life insurance, reduced by the value of any policy loans, but excluding any reduction for other indebtedness. This measure defines the individuals included in the top wealth holder group. “Total assets” provides a lower wealth value, but is still essentially a gross measure. Total assets differs from gross assets in that the cash, or equity, value of life insurance (i.e., the value of insurance immediately before the policyholder’s death) replaces the “at death” value of life insurance included in gross assets.<sup>2</sup> “Net worth” equals “total assets” minus debts.

## Demographic Profile

In 2007, there were an estimated 1.3 million male and almost 1 million female top wealth holders with assets of \$2 million or more, as shown in Figure A. This figure also reveals that the age distribution of male top wealth holders differed considerably from that of their female cohorts. Only 23.8 percent of male top wealth holders were age 70 or older, while 31.4 percent of female top wealth holders were included in this age group. In contrast, male top wealth holders were more likely than their female counterparts to be under age 50—only 21.3 percent of female top wealth holders were under age 50, and 30.2 percent of male top wealth holders were under age 50. The percentages of male and female top wealth holders who were between ages 50 and 70

were fairly similar, at 46 percent and 47.2 percent, respectively.

Male wealthholders in 2007 were more likely to be married, and women were far more likely to be widowed. Figure B shows that, of the estimated 1.3 million men with assets of \$2 million or more, 70.7 percent were married, while only 6.4 percent were widowed. For females with the same level of wealth, the distribution of marital status differed considerably—only 50.4 percent were married, while 26.7 percent were widowed. An identical

### Figure A

#### Top Wealth Holders [1], by Age and Sex, 2007

[Numbers are in thousands]

Age	Males	Percent of total	Females	Percent of total
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>1,320</b>	<b>100.0</b>	<b>970</b>	<b>100.0</b>
Under 50	398	30.2	207	21.3
50 under 60	300	22.7	226	23.3
60 under 70	308	23.3	232	23.9
70 under 80	179	13.6	165	17.0
80 under 90	111	8.4	110	11.3
90 and older	24	1.8	30	3.1

[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

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

### Figure B

#### Top Wealth Holders [1], by Marital Status and Sex, 2007

[Numbers are in thousands]

Marital status	Males	Percent of total	Females	Percent of total
	(1)	(2)	(3)	(4)
<b>Total</b>	<b>1,320</b>	<b>100.0</b>	<b>970</b>	<b>100.0</b>
Married	933	70.7	489	50.4
Widowed	85	6.4	259	26.7
Single	185	14.0	118	12.2
Other [2]	117	8.9	104	10.7

[1] Top wealth holders are defined as individuals with gross assets of at least \$2.0 million.

[2] Includes individuals who were separated or divorced or those for whom marital status could not be determined.

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

<sup>2</sup> Estimates of the equity value of life insurance included in total assets were approximated, based on the face value reported on Federal estate tax returns and on the decedent’s age. A ratio of the equity value to the face value was developed, using data from wealthy respondents to the 2004 Board of Governors of the Federal Reserve System’s Surveys of Consumer Finances (SCF). A simple regression was used to predict the values used in the Statistics of Income estimates.

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percentage, 22.9 percent, of both male and female top wealth holders were classified as single or “other,” a category that includes those who were separated or divorced or for whom a marital status could not be determined.

Taken together, Figures A and B show that, in 2007, female top wealth holders tended to be older than their male counterparts and were more often widowed. This finding is consistent with the increased likelihood of a male being the first to die in a traditional marriage—a function of the greater average longevity of women relative to men and the fact that U.S. males are, on average, older at the time of first marriage than U.S. females.<sup>3</sup>

### Assets, Debts, and Net Worth by Age and Sex

Figure C shows that the mean and median values of total assets and net worth of top wealth holders varied by sex and age. For males, median total assets were higher for older age groups into the 70-under-80 category, where asset values peaked at more than \$3 million before declining slightly for men in their 80s and 90s. Median net worth followed a similar pattern, with the gap between median total assets and median net worth closing for older top wealth holders. Mean values followed a similar trend, though with significantly higher values, indicating a significant influence of the largest values on the mean.

The pattern for female top wealth holders was somewhat similar to that for males, although mean assets and net worth were actually higher for women age 80 and older than for younger women. Although female top wealth holders had lower mean and median net worth than their male counterparts, women under age 60 had higher median net worth than men with the same level of wealth, suggesting males carried higher levels of debt than their female counterparts.

The differences in the debt levels of top wealth holders by sex and age is shown directly in Figure D. Men under age 50 reported the highest debt ratio, 26.2 percent, a level more than twice the 12.1 percent debt ratio for women in the same age group. Among older top wealth holders, the ratio for men and women was far less disproportionate. Overall, the

debt-to-assets ratio declined with age, for both sexes. For those age 80 and older, for the ratio was under 2 percent for both men and women.

Another way of looking at the data is to examine the share of wealth held by fixed percentages of the population, as shown in Figure E. For both men and women, more than 75 percent of top wealth holders had net worth of less than 3 million. For points below the 75<sup>th</sup> percentile, females held slightly more wealth than their male counterparts; greater levels of debt were held by men, as shown in Figure D. Above the 75<sup>th</sup> percentile, however, men held more wealth than their female counterparts, with a widening gap above the 95<sup>th</sup> percentile. At the 95<sup>th</sup> percentile, male top wealth holders had a net worth of \$14.2 million, just above the \$13.4 million net worth for females. At the 99<sup>th</sup> percentile, however, the net worth for males was almost \$47.3 million compared to \$36.4 million for women.

### Components of Wealth

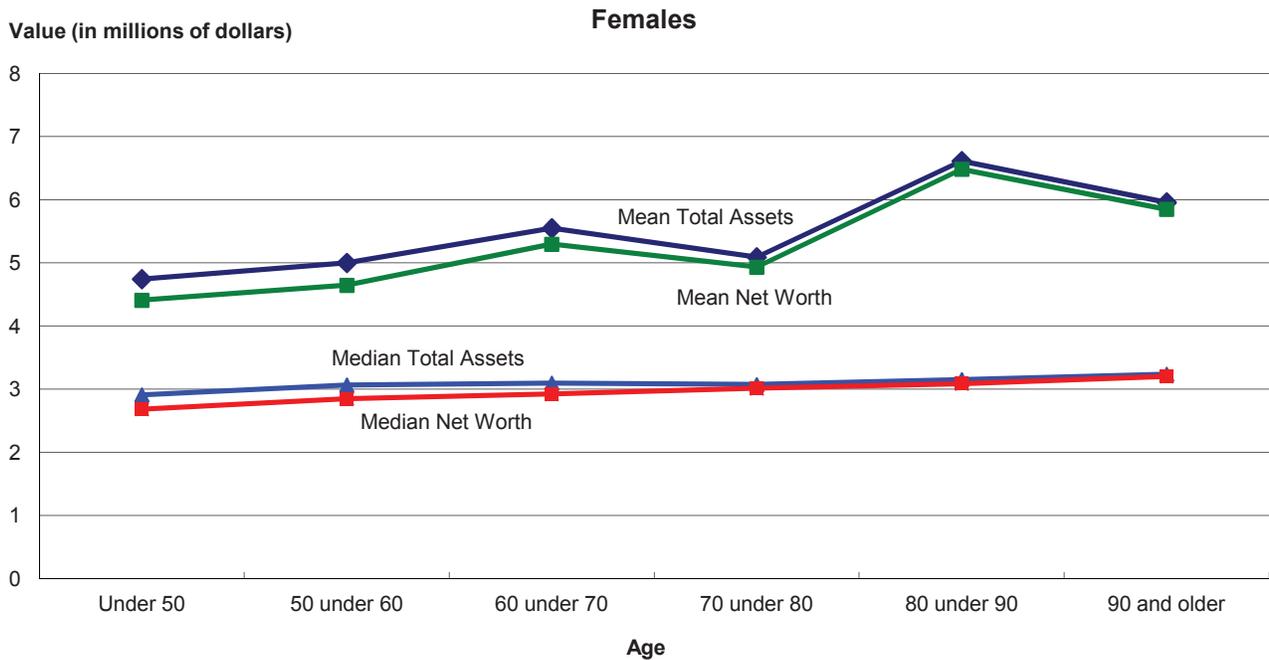
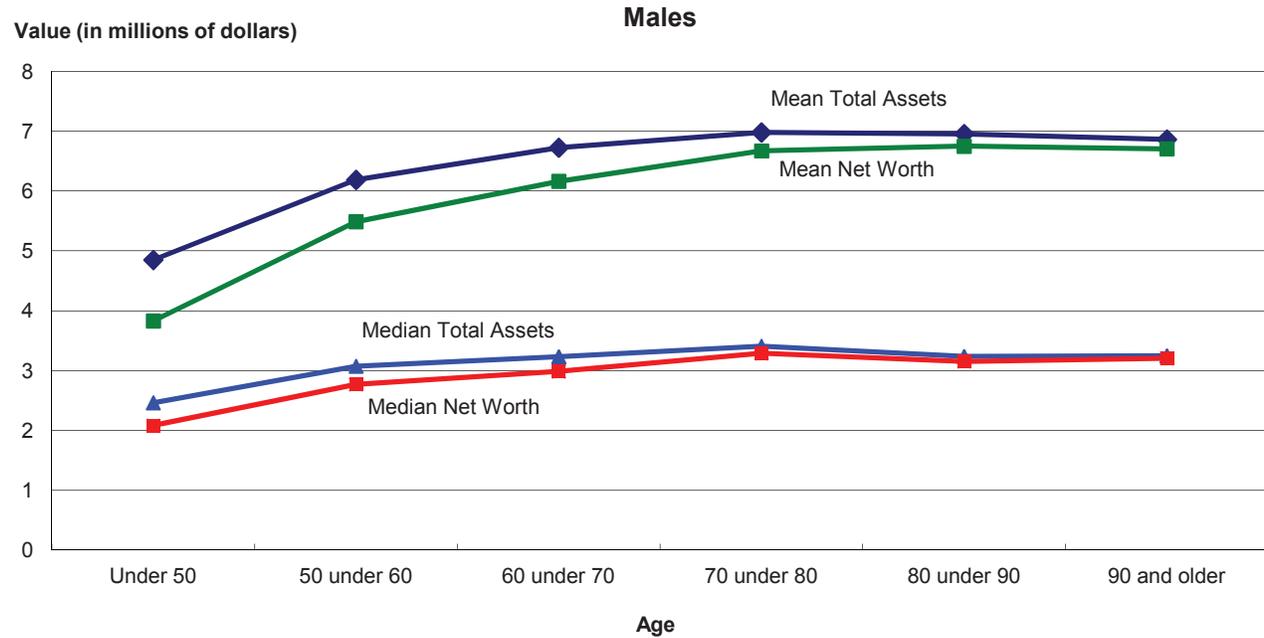
As shown in Figures F, G, H, and I, the asset portfolio allocation of top wealth holders in 2007 differed significantly by level of net worth and age. Figure F shows that, broadly speaking, male top wealth holders in the net worth categories less than \$5 million held greater shares of their assets in real estate and retirement assets than their more wealthy cohorts. Top wealth holders with net worth of less than \$2 million held the largest share of their portfolio in personal residences, at 21.9 percent, with other real estate holdings accounting for another 18.1 percent of the portfolio. The share of the portfolio held in real estate declined considerably for each progressive wealth class, with the wealthiest individuals holding just 5.8 percent in the personal residence and 10.1 percent in other real estate.

Conversely, publicly traded stock, closely held stock, limited partnerships, other financial assets, and business assets all made up larger portions of the portfolio for the wealthiest of the male top wealth holders. Together, publicly traded stock and closely held stock accounted for 35.5 percent of the asset portfolio for those with \$10 million or more in net worth but progressively smaller shares for those in the lower net worth categories. For male top wealth

<sup>3</sup> According to the U.S. Census Bureau, in 2009 U.S. males were an average of 28.4 years old at the time of first marriage, while U.S. females averaged 26.5 years old. See [www.census.gov](http://www.census.gov).

Figure C

Top Wealth Holders [1], Mean and Median Total Assets and Net Worth, by Sex and Age, 2007



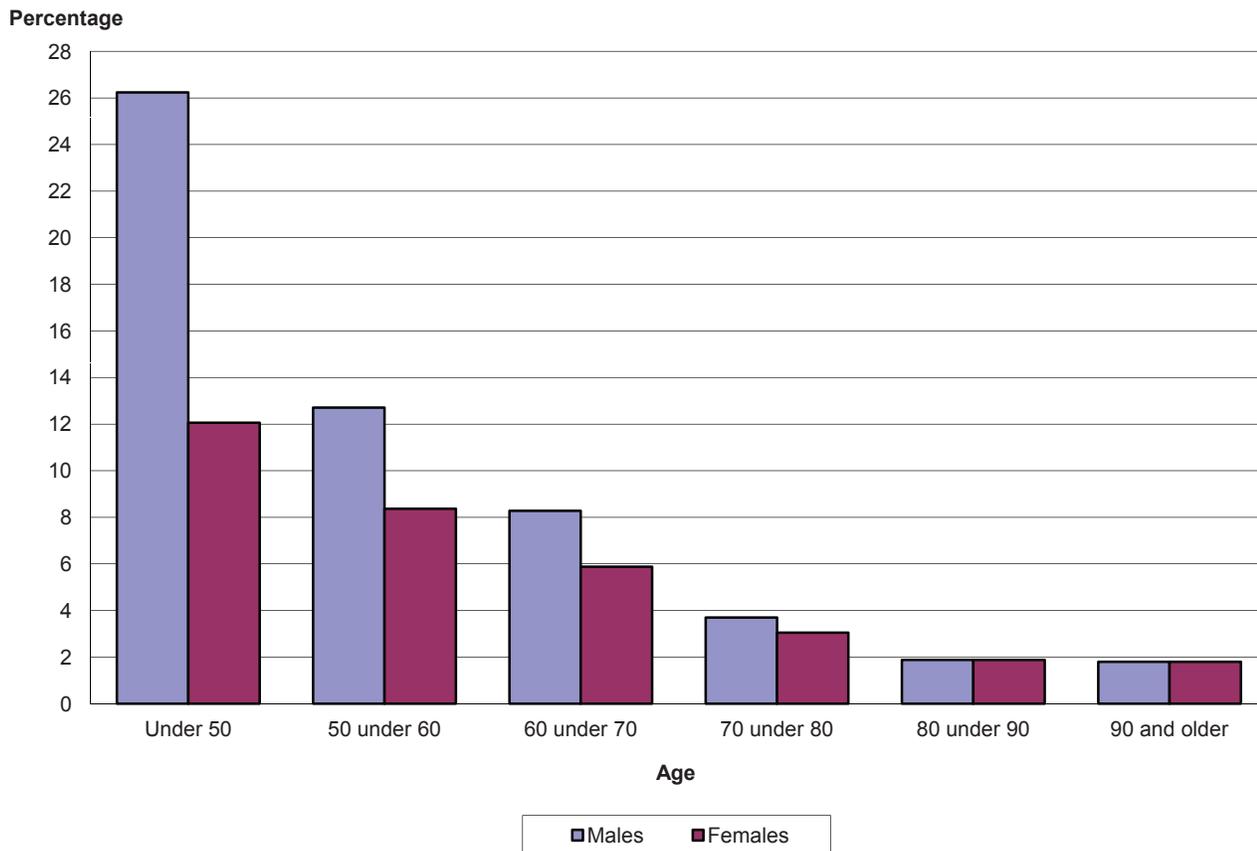
[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

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## Figure D

### Top Wealth Holders [1], Debts and Mortgages as a Percentage of Total Assets, by Sex and Age, 2007



[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

holders with less than \$2 million in net worth, stock accounted for only 14 percent of the portfolio. The pattern was similar for limited partnerships, a category which includes hedge funds and private equity funds. While this asset category made up 5.6 percent of the portfolio of the wealthiest men, it made up only 0.8 percent of the portfolios for top wealth holders in the lowest wealth category, those with less than \$2 million in net worth. This result was likely due in part to the fact that hedge funds and private equity funds often restrict access to only the wealthiest investors.

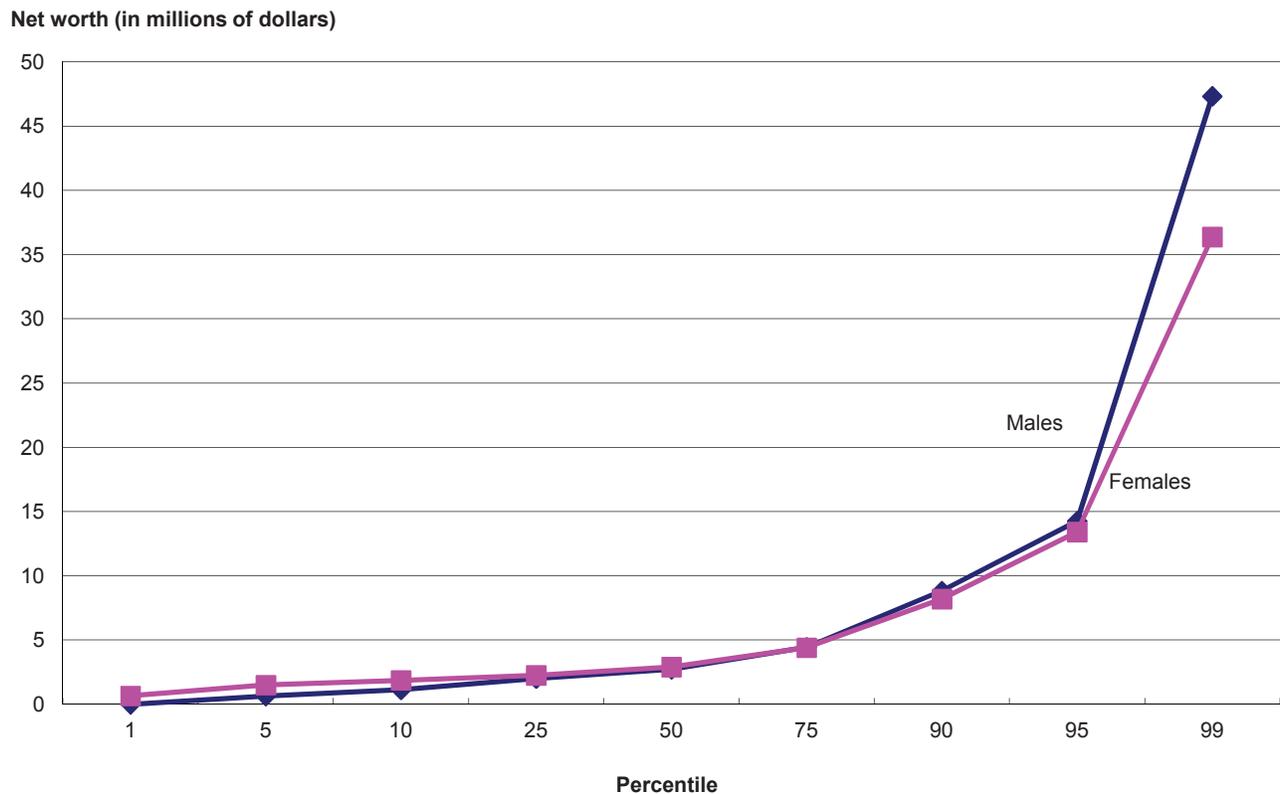
Figure G shows the asset portfolio of female top wealth holders by size of net worth. The pattern of portfolio allocation by size of net worth is broadly similar to that for male top wealth holders. Com-

pared to their male cohorts, however, female top wealth holders had smaller portions of their portfolio dedicated to closely held stock and business assets and larger portions allocated to publicly traded stock and other financial assets (including bonds).

Figure H shows the portfolio allocation of male top wealth holders by age. Men under 50 held a relatively diversified portfolio, with personal residences, other real estate, publicly traded stock, closely held stock, cash, other financial assets, retirement assets, and business assets each accounting for between 7.4 and 17.3 percent of the total. In contrast, men 70 or older, those above traditional retirement age, held asset portfolios increasingly concentrated in publicly traded stock, cash, and other financial assets. For men 90 or older, these three asset categories

**Figure E**

**Top Wealth Holders [1], Net Worth Distribution, 1st-99th Percentiles, by Sex, 2007**



[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

combined for 66.9 percent of the asset portfolio. This pattern suggests that male top wealth holders transitioned to holding more of their portfolios in safer, more liquid assets, which produce more current income as they aged.

Figure I shows the asset portfolio allocation by age for female top wealth holders. The pattern was similar to the asset allocation pattern for male top wealth holders, although female top wealth holders held a smaller portion of their portfolio in closely held stock, retirement assets, and business assets than their male counterparts. Like male top wealth holders, female top wealth holders over 90 had a significantly different portfolio allocation compared to female top wealth holders between ages 70 and 90.

**Top Wealth Holders by State**

Figure J shows the States with the largest number of individuals with net worth of \$2 million or more.<sup>4</sup> California, the nation’s most populous State in 2007, also had the largest number of residents with net worth of at least \$2 million, 329,000.<sup>5</sup> New York had the second largest number of such residents, 160,000, followed by Florida and Texas, with 155,000 and 100,000, respectively.

Another way to look at the concentration of residents with net worth of at least \$2 million by State is to focus on the number of such residents as a percentage of the adult population, shown in Figure K. This approach eliminates distortions caused by the widely varied population sizes of the States. Using

<sup>4</sup> While the size of the underlying sample of estate tax returns makes estimates of wealth derived using the estate multiplier technique fairly robust, estimates of wealth by State can be subject to significant year-to-year fluctuations. This is especially true for individuals at the extreme tail of the net worth distribution and for States with relatively small decedent populations.

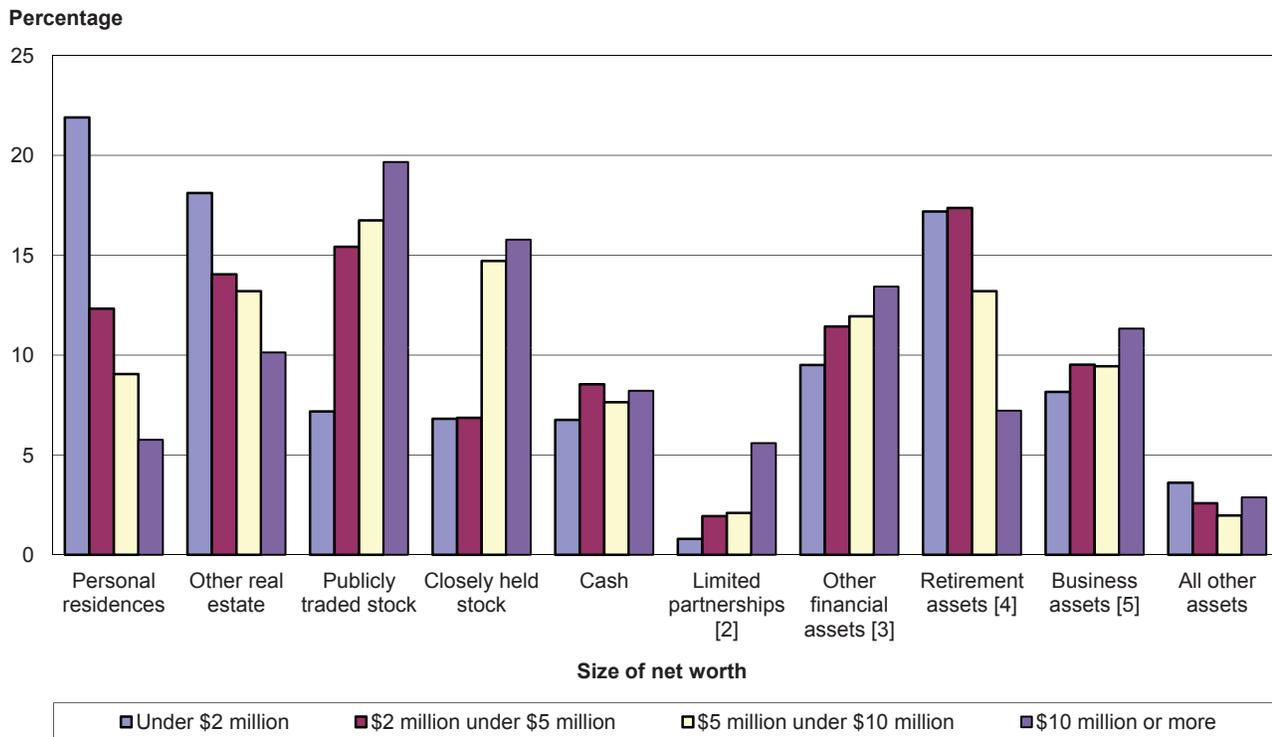
<sup>5</sup> See Footnote 1.

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**Figure F**

**Male Top Wealth Holders [1], Selected Assets as a Percentage of Total Assets, by Size of Net Worth, 2007**



[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.  
 [2] Includes hedge funds and private equity.  
 [3] Includes all government bonds, bonds issued by corporations and foreign governments, mortgages and notes, cash value life insurance, and diversified mutual funds.  
 [4] Includes Individual Retirement Accounts, annuities, and self-employed or Keogh plans.  
 [5] Includes noncorporate businesses and farms.

this measure, the smallest state in the U.S. by size of population, Wyoming, led the nation with 1.5 percent of residents having net worth of \$2 million or more. Three New England States—Connecticut, New Hampshire, Vermont—ranked second through fourth with 1.2 percent to 1.3 percent of residents with this level of wealth. Five States—California, Florida, Massachusetts, New Jersey, and New York—ranked in the top 10 in both the number of residents with net worth of at least \$2 million and the per capita number of such residents. California, with the largest population of all the States and the fifth highest concentration of residents with net worth of at least \$2 million, was home to 17.9 percent of all top wealth

holders, despite accounting for only 11.9 percent of the U.S. adult population.

The concentration of residents with at least \$2 million in net worth, by State, is shown in Figure L. This figure separates the States (including the District of Columbia) into three groups by per capita number of residents with net worth of at least \$2 million. States in the top third were concentrated primarily in the West and Northeast regions of the nation.<sup>6</sup>

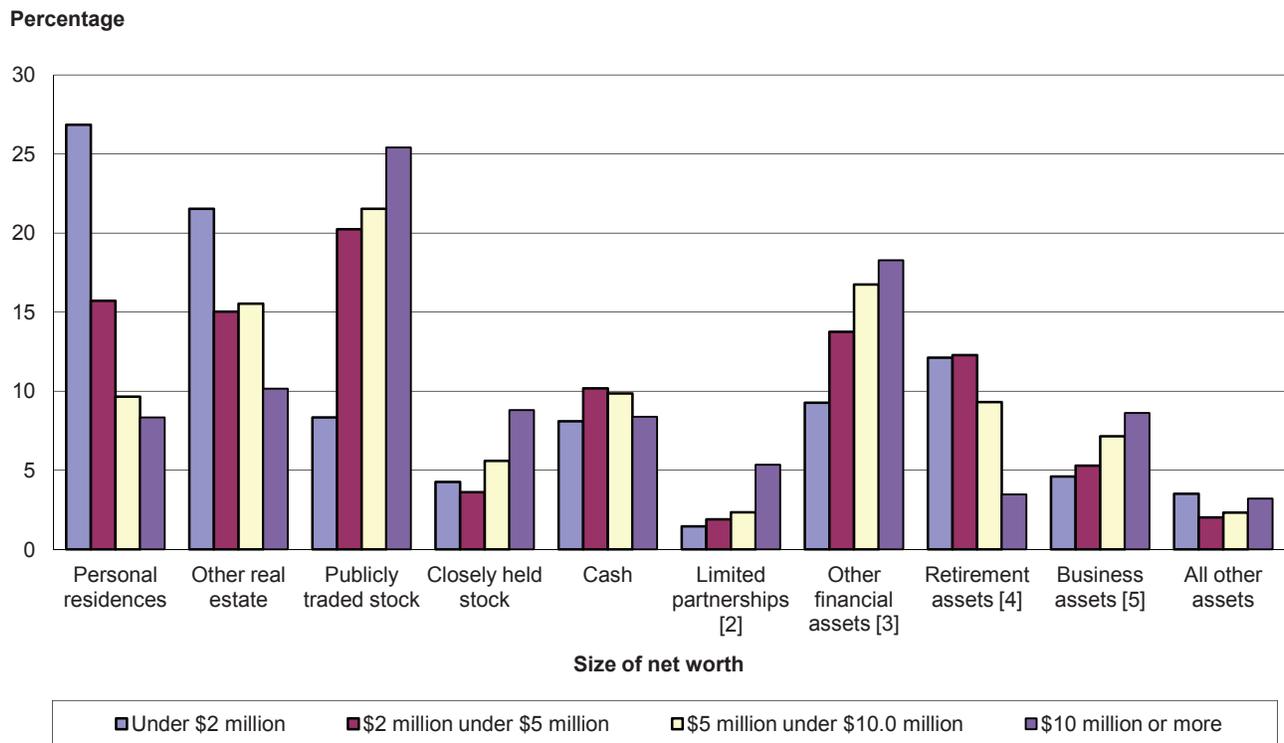
### Top Wealth Holders, 2001–2007

Figure M shows the number of top wealth holders by size of net worth from 2001 through 2007. The overall number of top wealth holders with net worth

<sup>6</sup> Regions and divisions of the United States are assigned using the classification system of the U.S. Bureau of the Census. See [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf).

Figure G

Female Top Wealth Holders [1], Selected Assets as a Percentage of Total Assets, by Size of Net Worth, 2007



[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.  
 [2] Includes hedge funds and private equity.  
 [3] Includes all government bonds, bonds issued by corporations and foreign governments, mortgages and notes, cash value life insurance, and diversified mutual funds.  
 [4] Includes Individual Retirement Accounts, annuities, and self-employed or Keogh plans.  
 [5] Includes noncorporate businesses and farms.

greater than \$2.0 million in constant 2007 (i.e., inflation-adjusted) dollars grew by a total of 12.1 percent between 2001 and 2007, equivalent to an annual rate of growth of 1.9 percent.<sup>7</sup> Over the same period, the population of the United States grew by a total of 7.3 percent.

Looking at the growth in the number of top wealth holders by size of estate category, 52 percent of the total increase in the number of top wealth holders over this period came from top wealth holders with net worth between \$2 million and \$3.5 million. A little more than 4 percent of the increase came from those who had a net worth of \$20 million or more. This category grew by 14.1 percent over 6 years, equivalent to an annual rate of 2.2 percent.

Figure N compares the total constant-dollar value of assets held by top wealth holders with \$2 million or more in net worth in 2001, 2004, and 2007. The total assets held by top wealth holders grew by 30.4 percent over this period, equivalent to an annual rate of 4.5 percent per year. Over this period, average total assets increased from \$5.8 million to \$6.7 million. The growth in assets per top wealth holder was 16.2 percent between 2001 and 2007, equivalent to 2.5 percent annual growth.

Between 2001 and 2007, the economy experienced significant changes. According to the National Bureau of Economic Research and the Bureau of Economic Analysis, the United States was in recession between March 2001 and November 2001,

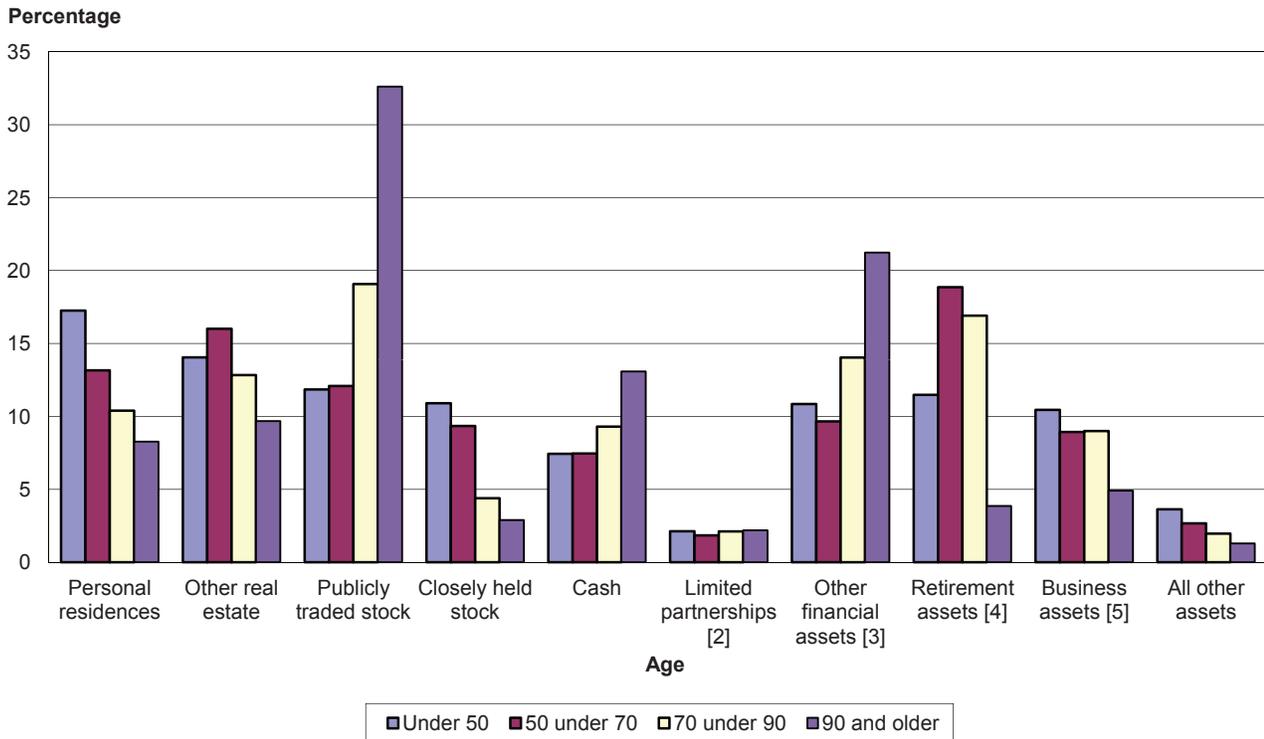
<sup>7</sup> Annualized growth rate derived from the exponential formula for growth.

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## Figure H

Male Top Wealth Holders [1], Selected Assets as a Percentage of Total Assets, by Age, 2007



- [1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.
- [2] Includes hedge funds and private equity.
- [3] Includes all government bonds, bonds issued by corporations and foreign governments, mortgages and notes, cash value life insurance, and diversified mutual funds.
- [4] Includes Individual Retirement Accounts, annuities, and self-employed or Keogh plans.
- [5] Includes noncorporate businesses and farms.

before experiencing consistent growth between 2002 and 2007.<sup>8,9</sup> The value of stocks, measured broadly by the Dow Jones U.S. Total Stock Market Index, increased 22.6 percent between January 2001 and December 2007.<sup>10</sup> The value of residential real estate, measured by the Standard and Poor's/Case-Shiller Home Price Index increased 73.8 percent between the first quarter of 2001 and the second quarter of 2006 before falling 10.3 percent by the end of 2007.<sup>11</sup> Despite these changes, the portfolio allocation of top wealth holders was relatively consistent in 2001, 2004, and 2007. One interesting trend appears

to be a shift from publicly traded stock to closely held stock and business assets. While the share of the portfolio held in publicly traded stock dropped from 27.3 percent in 2001 to 20.1 percent in 2007, closely held stock increased from 10.8 percent of assets to 12.3 percent of assets, and business assets climbed from 6.6 percent to 10 percent.

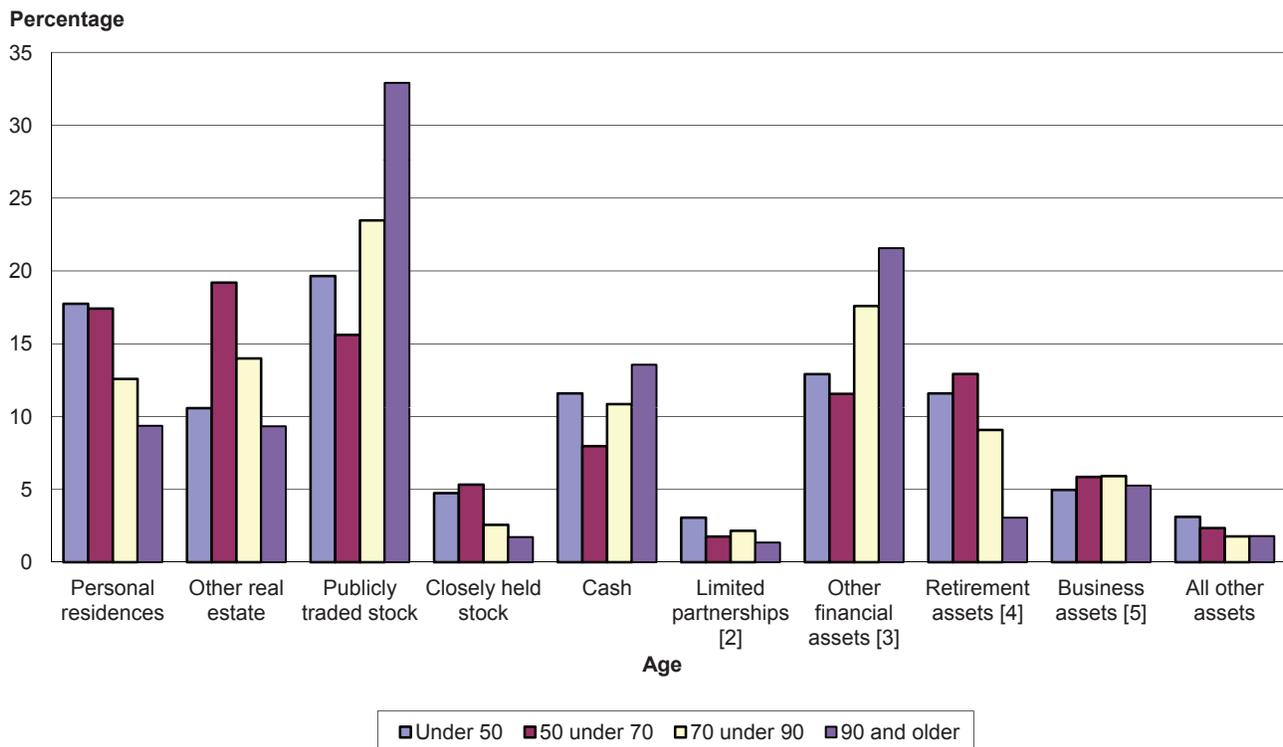
### Summary

An estimated 2.3 million U.S. adults in 2007 had gross assets of \$2 million or more. These top wealth holders combined to hold over \$12 trillion in net

<sup>8</sup> Business cycle data obtained from the National Bureau of Economic Research at <http://www.nber.org/cycles.html>.  
<sup>9</sup> Data on economic growth obtained from the Bureau of Economic Analysis. See <http://www.bea.gov/national/index.htm#gdp>.  
<sup>10</sup> See [www.dowjones.com](http://www.dowjones.com).  
<sup>11</sup> See [www.standardandpoors.com](http://www.standardandpoors.com).

**Figure I**

**Female Top Wealth Holders [1], Selected Assets as a Percentage of Total Assets, by Age, 2007**



[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

[2] Includes hedge funds and private equity.

[3] Includes all government bonds, bonds issued by corporations and foreign governments, mortgages and notes, cash value life insurance, and diversified mutual funds.

[4] Includes Individual Retirement Accounts, annuities, and self-employed or Keogh plans.

[5] Includes noncorporate businesses and farms.

worth. More than 1.3 million top wealth holders were men, while just under 1 million were women. Most wealthy individuals of both sexes were married, although a significantly higher proportion of wealthy females were widowed compared to widowed wealthy males. Although the median net worth of male and female top wealth holders was similar, men had a significantly higher average net worth, reflecting the impact of a relatively small number of extremely wealthy men.

The asset portfolios of top wealth holders varied considerably by sex, age, and relative wealth. Women's portfolios contained a greater proportion held in personal residences and publicly traded stock than those of men. Conversely, men's portfolios were made up of proportionately more closely held stock and business assets. For top wealth holders of both sexes, the wealthiest individuals held propor-

tionately more of their assets in stock and less in real estate than their less wealthy counterparts. Additionally, the value of the personal residence made up a smaller percentage of the portfolios held by older top wealth holders than in the portfolios held by younger individuals. Men in each age and wealth class had a higher ratio of debts to assets than did their female counterparts.

In 2007, California had the largest number of individuals with net worth of \$2 million or more, while Wyoming had the highest per capita population of these very wealthy residents.

Between 2001 and 2007, there was an increase of 12.1 percent in the number of individuals with net worth of \$2 million or more in inflation-adjusted dollars. This increase outpaced the 7.3-percent increase in the overall adult population of the United States. Despite significant changes in the economy between

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**Figure J**

## States with the Largest Number of Residents with Net Worth of \$2 Million or More, 2007

[Numbers are in thousands]

State	Number of residents with net worth of \$2 million or more	Total adult population [1]	Percentage of adult population
	(1)	(2)	(3)
California	329	27,169	1.2
New York	160	14,884	1.1
Florida	155	14,208	1.1
Texas	100	17,281	0.6
Illinois	83	9,653	0.9
New Jersey	71	6,622	1.1
Pennsylvania	57	9,646	0.6
Massachusetts	51	5,017	1.0
Ohio	50	8,715	0.6
Virginia	49	5,886	0.8

[1] Statistics on U.S. adult population (age 18 and older) in 2007, by State, were obtained from the U.S. Bureau of the Census, available online at <http://www.census.gov/popest/states>.

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

2001 and 2007, the portfolio allocation of top wealth holders stayed relatively consistent.

### Data Sources and Limitations

The Statistics of Income (SOI) Division collects data from an annual sample of Federal estate tax returns that is used primarily for policy and budget purposes. The sample follows a 3-year cycle that is designed mainly to enable year-of-death estimates, with each cycle concentrating on decedents who died in the first year, or focus year, of the cycle. While the annual samples are adequate for producing filing-year estimates, year-of-death estimates are advantageous because filing extensions and other filing delays mean that returns filed in any given calendar year typically represent decedents who died in many different years. Thus, estate tax return data for a single filing year may reflect different economic and tax law conditions. Year-of-death estimates, in contrast, include decedents who died under identical estate tax law and similar economic conditions.

Returns are selected using a stratified random sample with three stratifying variables: year of death (focus year versus non-focus years), total gross estate plus certain adjusted taxable gifts made during a decedent's lifetime, and age at death. The gross estate plus gifts variable is divided into five categories: \$2

million under \$2.5 million, \$2.5 million under \$5 million, \$5 million under \$10 million, and \$10 million or more. Age at death is also divided into five categories: under 40, 40 under 50, 50 under 65, 65 under 75, and 75 and older. Sample rates vary from 3 percent to 100 percent, with more than half the strata selected with certainty, i.e., at the 100-percent rate.

SOI has combined Federal estate tax returns filed in 2007, 2008, and 2009 to produce the estimates of wealth for 2007 presented here. One of the strengths of estimates derived from SOI samples of estate tax returns is the large sample upon which the estimates are based. The 2007 sample includes more than 17,821 returns.

While the sample size and richness of available data make the estimation techniques used in this study attractive, there are limitations to be noted. First, and most important, estate tax returns provide a presumably random sample, stratified by age, not of the total population, but of living persons with gross estates at or above the estate tax filing threshold. Sample rates are approximated by appropriate mortality rates; however, determining appropriate mortality rates for use in calculating sample

**Figure K**

## States with the Highest Concentration of Residents with Net Worth of \$2 Million or More, 2007

[Numbers are in thousands]

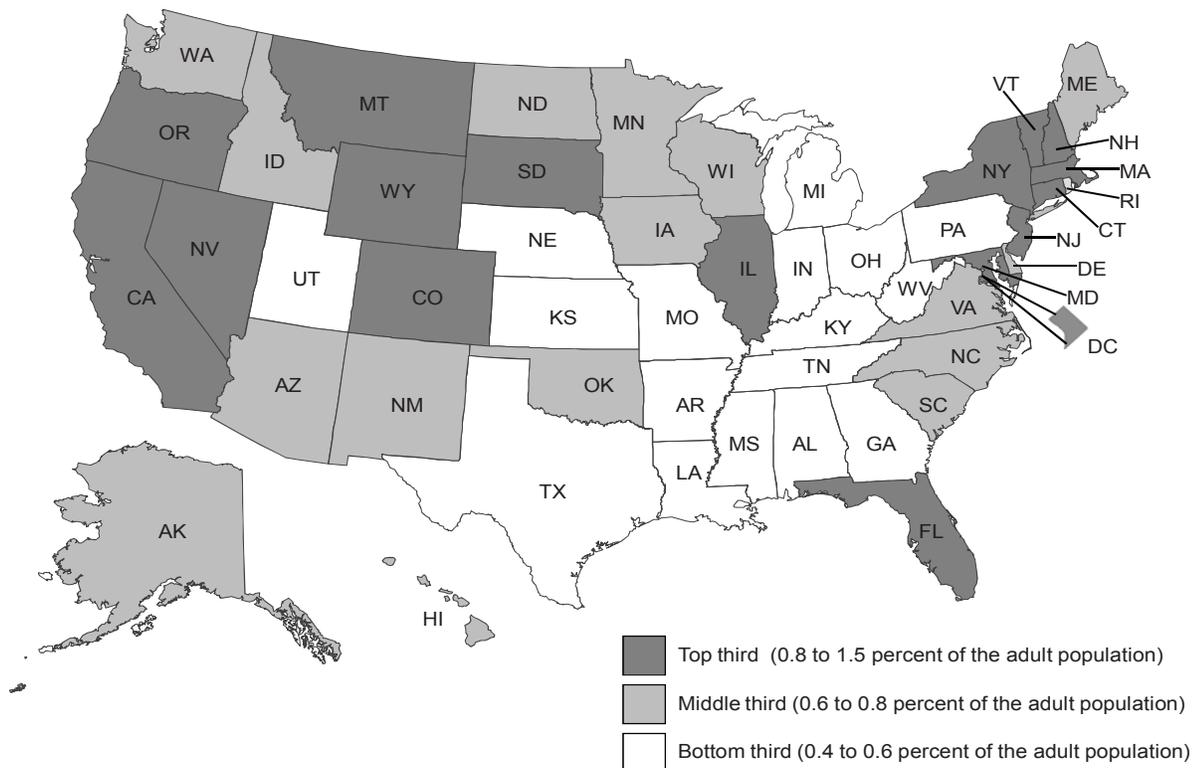
State	Number of residents with net worth of \$2 million or more	Total adult population [1]	Percentage of adult population
	(1)	(2)	(3)
Wyoming	6	397	1.5
Connecticut	36	2,682	1.3
New Hampshire	13	1,018	1.3
Vermont	6	490	1.2
California	329	27,169	1.2
South Dakota	7	599	1.2
Florida	155	14,208	1.1
New Jersey	71	6,622	1.1
New York	160	14,884	1.1
Massachusetts	51	5,017	1.0

[1] Statistics on U.S. adult population (age 18 and older) in 2007, by State, were obtained from the U.S. Bureau of the Census, available online at <http://www.census.gov/popest/states>.

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

Figure L

Concentration of Residents with Net Worth of \$2 Million or More, by State, 2007



weights is by no means a straightforward exercise. The Appendix to this article discusses the estate multiplier technique and recent innovations in calculating sample weights for SOI's personal wealth estimates.

Second, while estate tax returns are generally prepared by professionals and are, therefore, likely to be more accurate in detail than survey responses, the values reported are used to compute tax liability, so there is a natural tendency for the values to be somewhat conservative. This is especially true for hard-to-value assets, such as businesses and certain types of real estate. It should also be noted that the estate tax data used for these estimates are pre-audit figures. An SOI study based on the results of IRS audits of estate tax returns filed in 1992 estimated that detected under-valuation of assets was about 1.2 percent of total asset holdings. In addition, it is common to claim substantial discounts when valuing ownership interests of less than 50 percent in small companies,

partnerships, and other, non-liquid assets. Increasingly, estate planning techniques are used to fracture ownership interests in a variety of business and financial assets to take advantage of these discounts.

Third, while estate tax returns report assets that are owned outright, total wealth might ideally include wealth to which a person has an income interest but not necessarily actual title. Examples of the latter include defined-benefit pension plans and Social Security benefits.

Finally, the wealth of some individuals near death may differ somewhat from that of the general population in the same age cohort. For some, portfolios may have been altered or simplified to ensure the uninterrupted continuation of an ongoing business or to simplify the task of executing the estate. For others, wealth will have been reduced through expenses related to a final illness. In many cases, effective estate planning may also have reduced the value of the estate reportable for tax purposes.

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## Figure M

### Number of Top Wealth Holders with Net Worth of \$2 Million or More, by Size of Net Worth, Selected Years 2001–2007

[Numbers are in thousands]

Size of net worth, in constant 2007 dollars [1]	2001	2004	2007	Percentage growth, 2001–2007	Total increase, 2001–2007	Percentage of total increase, 2001–2007
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>1,641</b>	<b>1,673</b>	<b>1,840</b>	<b>12.1</b>	<b>199</b>	<b>100.0</b>
\$2.0 million under \$3.5 million	905	971	1,008	11.4	103	52.0
\$3.5 million under \$5.0 million	284	291	364	28.1	80	40.1
\$5.0 million under \$10.0 million	291	266	286	-1.9	-5	-2.7
\$10.0 million under \$20.0 million	103	90	116	12.7	13	6.6
\$20.0 million or more	58	54	66	14.1	8	4.1

[1] Net worth was converted to constant 2007 dollars using the Gross Domestic Product Chain-type Price Index produced by the Bureau of Economic Analysis. See

## Figure N

### Top Wealth Holders with Net Worth of \$2 Million or More, Selected Assets as a Percentage of Total Assets, Selected Years 2001–2007

[All money amounts are in millions of constant 2007 dollars [1]]

Selected asset	2001		2004		2007	
	Amount	Percent of total assets	Amount	Percent of total assets	Amount	Percent of total assets
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total assets</b>	<b>9,455,161</b>	<b>100.0</b>	<b>9,395,778</b>	<b>100.0</b>	<b>12,329,724</b>	<b>100.0</b>
Personal residences	700,528	7.4	845,930	9.0	1,064,322	8.6
Other real estate	818,280	8.7	1,121,223	11.9	1,448,345	11.7
Publicly traded stock	2,582,905	27.3	2,045,755	21.8	2,481,548	20.1
Closely held stock	1,018,267	10.8	1,040,649	11.1	1,512,642	12.3
Cash	767,599	8.1	844,553	9.0	983,008	8.0
Other financial assets [2]	1,360,087	14.4	1,350,246	14.4	1,636,273	13.3
Retirement assets [3]	802,912	8.5	796,989	8.5	1,082,106	8.8
Business assets [4]	622,915	6.6	753,957	8.0	1,226,819	10.0
All other assets	781,669	8.3	596,477	6.3	894,661	7.3

[1] Money amounts were converted to constant 2007 dollars using the Gross Domestic Product Chain-type Price Index produced by the Bureau of Economic Analysis. See <http://research.stlouisfed.org/fred2/series/GDPCTPI>.

[2] Includes all government bonds, bonds issued by corporations and foreign governments, mortgages and notes, cash value life insurance, and diversified mutual funds.

[3] Includes Individual Retirement Accounts, annuities, and self-employed or Keogh plans.

[4] Includes noncorporate businesses and farms.

**Table 1. Personal Wealth 2007: Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth**

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

Size of net worth	Total assets [1]		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>2,290</b>	<b>13,221,799</b>	<b>1,792</b>	<b>1,124,478</b>	<b>2,290</b>	<b>12,097,321</b>	<b>1,745</b>	<b>1,247,026</b>
Under \$2.0 million [2]	449	860,731	403	390,799	449	469,932	353	181,133
\$2.0 million under \$3.5 million	1,008	2,810,250	744	196,440	1,008	2,613,810	754	413,215
\$3.5 million under \$5.0 million	364	1,607,665	275	96,621	364	1,511,044	275	193,726
\$5.0 million under \$10.0 million	286	2,091,670	222	141,875	286	1,949,794	220	195,830
\$10.0 million under \$20.0 million	116	1,687,934	95	97,133	116	1,590,801	90	134,600
\$20.0 million or more	66	4,163,549	54	201,609	66	3,961,939	54	128,522

Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>1,367</b>	<b>1,659,926</b>	<b>676</b>	<b>1,577,715</b>	<b>1,720</b>	<b>2,553,437</b>	<b>857</b>	<b>795,869</b>
Under \$2.0 million [2]	258	208,138	126	56,760	265	63,121	65	8,777
\$2.0 million under \$3.5 million	567	435,218	225	140,964	764	467,856	386	118,128
\$3.5 million under \$5.0 million	223	236,360	116	115,070	301	311,686	163	81,409
\$5.0 million under \$10.0 million	185	310,222	110	242,341	231	384,644	136	119,129
\$10.0 million under \$20.0 million	82	195,331	57	203,913	99	361,193	66	134,899
\$20.0 million or more	52	274,657	42	818,667	59	964,936	40	333,526

Size of net worth	Federal bonds		Corporate and foreign bonds		Bond funds		Diversified mutual funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>537</b>	<b>199,619</b>	<b>560</b>	<b>119,639</b>	<b>268</b>	<b>25,575</b>	<b>920</b>	<b>138,501</b>
Under \$2.0 million [2]	50	1,461	52	3,472	34	1,734	145	8,255
\$2.0 million under \$3.5 million	257	40,894	265	31,168	127	8,525	405	38,639
\$3.5 million under \$5.0 million	99	22,496	100	18,301	52	4,309	147	19,322
\$5.0 million under \$10.0 million	80	37,824	86	25,614	32	3,346	129	25,374
\$10.0 million under \$20.0 million	32	26,274	36	12,984	15	2,965	57	18,889
\$20.0 million or more	19	70,669	21	28,099	8	4,696	37	28,023

Size of net worth	Cash assets		Mortgages and notes		Cash value life insurance		Noncorporate business assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total</b>	<b>2,232</b>	<b>1,043,064</b>	<b>554</b>	<b>308,641</b>	<b>806</b>	<b>122,032</b>	<b>632</b>	<b>903,434</b>
Under \$2.0 million [2]	426	58,799	81	12,805	189	33,771	110	39,852
\$2.0 million under \$3.5 million	987	257,348	206	56,212	347	48,223	218	96,866
\$3.5 million under \$5.0 million	357	136,754	92	36,191	126	17,375	106	64,239
\$5.0 million under \$10.0 million	282	173,928	90	57,361	89	13,463	104	121,835
\$10.0 million under \$20.0 million	115	150,898	51	55,565	34	5,804	54	114,668
\$20.0 million or more	66	265,338	34	90,506	20	3,396	40	465,974

Footnotes at end of table.

# Personal Wealth, 2007

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**Table 1. Personal Wealth 2007: Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth—Continued**

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

Size of net worth	Farm assets		Private equity and hedge funds		Other limited partnerships	
	Number	Amount			Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>Total</b>	<b>251</b>	<b>395,810</b>	<b>365</b>	<b>368,721</b>	<b>103</b>	<b>193,504</b>
Under \$2.0 million [2]	36	32,184	31	8,796	8	1,555
\$2.0 million under \$3.5 million	110	120,849	131	45,623	28	6,071
\$3.5 million under \$5.0 million	48	64,898	67	31,914	16	5,068
\$5.0 million under \$10.0 million	31	60,466	66	39,188	18	7,442
\$10.0 million under \$20.0 million	15	40,439	38	50,988	16	20,856
\$20.0 million or more	11	76,973	32	192,212	16	152,512

Size of net worth	Retirement assets		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>Total</b>	<b>1,736</b>	<b>1,197,148</b>	<b>191</b>	<b>103,943</b>	<b>2,044</b>	<b>268,196</b>
Under \$2.0 million [2]	351	114,505	27	1,612	396	24,000
\$2.0 million under \$3.5 million	756	417,949	49	2,750	888	63,753
\$3.5 million under \$5.0 million	277	213,195	32	3,081	329	32,272
\$5.0 million under \$10.0 million	218	227,687	36	4,573	258	41,402
\$10.0 million under \$20.0 million	85	113,464	23	8,658	110	35,546
\$20.0 million or more	48	110,348	24	83,269	64	71,223

[1] Total assets is the sum of all assets owned by the individual before subtracting debts, mortgages, and liens owed to others. It differs from gross assets, which is a Federal estate tax concept of wealth, in that it includes the cash value of life insurance instead of the full face value of life insurance minus indebtedness.

[2] Includes individuals with zero or negative net worth.

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

**Table 2. Personal Wealth 2007: Male Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth**

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

Size of net worth	Total assets [1]		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>1,320</b>	<b>8,062,977</b>	<b>1,038</b>	<b>872,850</b>	<b>1,320</b>	<b>7,190,127</b>	<b>985</b>	<b>656,699</b>
Under \$2.0 million [2]	324	613,092	284	325,369	324	287,723	252	117,898
\$2.0 million under \$3.5 million	526	1,502,230	385	134,813	526	1,367,417	377	192,820
\$3.5 million under \$5.0 million	190	846,527	146	62,021	190	784,506	140	91,968
\$5.0 million under \$10.0 million	169	1,257,007	131	107,010	169	1,149,997	131	114,668
\$10.0 million under \$20.0 million	71	1,029,068	58	67,473	71	961,595	53	68,834
\$20.0 million or more	41	2,815,052	35	176,164	41	2,638,888	32	70,510

Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>801</b>	<b>978,024</b>	<b>455</b>	<b>1,142,747</b>	<b>964</b>	<b>1,445,410</b>	<b>417</b>	<b>405,784</b>
Under \$2.0 million [2]	184	144,801	98	46,276	193	42,054	37	4,154
\$2.0 million under \$3.5 million	307	232,863	142	95,870	388	215,697	170	53,118
\$3.5 million under \$5.0 million	118	121,207	70	77,869	154	143,539	74	30,589
\$5.0 million under \$10.0 million	110	175,414	78	193,956	133	205,132	77	59,125
\$10.0 million under \$20.0 million	51	119,681	39	155,875	60	197,680	36	73,017
\$20.0 million or more	32	184,059	28	572,901	36	641,308	23	185,781

Size of net worth	Federal bonds		Corporate and foreign bonds		Bond funds		Diversified mutual funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>262</b>	<b>96,283</b>	<b>275</b>	<b>63,602</b>	<b>138</b>	<b>14,250</b>	<b>511</b>	<b>69,797</b>
Under \$2.0 million [2]	28	584	32	2,185	21	1,221	105	5,283
\$2.0 million under \$3.5 million	116	15,106	115	13,725	63	4,075	200	18,382
\$3.5 million under \$5.0 million	47	8,497	44	6,075	21	1,432	73	8,748
\$5.0 million under \$10.0 million	43	17,816	52	15,398	19	1,694	75	10,980
\$10.0 million under \$20.0 million	18	14,721	20	6,647	9	1,927	35	9,766
\$20.0 million or more	11	39,559	13	19,572	5	3,900	22	16,638

Size of net worth	Cash assets		Mortgages and notes		Cash value life insurance		Noncorporate business assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total</b>	<b>1,287</b>	<b>596,284</b>	<b>341</b>	<b>182,819</b>	<b>552</b>	<b>86,839</b>	<b>418</b>	<b>650,929</b>
Under \$2.0 million [2]	309	39,756	61	9,843	144	26,332	88	32,012
\$2.0 million under \$3.5 million	514	123,808	117	37,438	222	31,695	131	62,757
\$3.5 million under \$5.0 million	187	69,182	52	20,630	80	11,376	64	44,615
\$5.0 million under \$10.0 million	166	93,431	59	33,311	66	10,434	72	83,268
\$10.0 million under \$20.0 million	70	90,941	30	24,525	25	4,282	36	82,229
\$20.0 million or more	41	179,166	22	57,072	15	2,719	27	346,048

Footnotes at end of table.

# Personal Wealth, 2007

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**Table 2. Personal Wealth 2007: Male Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth—Continued**

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

Size of net worth	Farm assets		Private equity and hedge funds		Other limited partnerships	
	Number	Amount			Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>Total</b>	<b>165</b>	<b>267,923</b>	<b>61</b>	<b>139,586</b>	<b>208</b>	<b>220,582</b>
Under \$2.0 million [2]	30	26,622	6	1,186	20	5,322
\$2.0 million under \$3.5 million	69	80,214	15	2,177	70	29,271
\$3.5 million under \$5.0 million	29	42,992	9	2,873	34	12,514
\$5.0 million under \$10.0 million	20	37,164	12	5,682	42	21,952
\$10.0 million under \$20.0 million	10	27,022	8	14,806	22	28,233
\$20.0 million or more	7	53,908	10	112,862	20	123,290

Size of net worth	Retirement assets		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>Total</b>	<b>1,033</b>	<b>806,245</b>	<b>92</b>	<b>74,511</b>	<b>1,184</b>	<b>164,665</b>
Under \$2.0 million [2]	260	88,513	17	939	287	18,111
\$2.0 million under \$3.5 million	402	253,772	18	1,033	468	38,409
\$3.5 million under \$5.0 million	148	132,069	13	1,375	172	18,976
\$5.0 million under \$10.0 million	134	151,743	18	2,897	151	22,943
\$10.0 million under \$20.0 million	56	85,157	11	4,027	66	19,696
\$20.0 million or more	32	94,991	15	64,239	39	46,529

[1] Total assets is the sum of all assets owned by the individual before subtracting debts, mortgages, and liens owed to others. It differs from gross assets, which is a Federal estate tax concept of wealth, in that it includes the cash value of life insurance instead of the full face value of life insurance minus indebtedness.

[2] Includes individuals with zero or negative net worth.

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

**Table 3. Personal Wealth 2007: Female Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth**

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

Size of net worth	Total assets [1]		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>970</b>	<b>5,158,822</b>	<b>754</b>	<b>251,629</b>	<b>970</b>	<b>4,907,194</b>	<b>760</b>	<b>590,327</b>
Under \$2.0 million [2]	125	247,639	119	65,430	125	182,209	102	63,235
\$2.0 million under \$3.5 million	482	1,308,020	359	61,627	482	1,246,393	377	220,395
\$3.5 million under \$5.0 million	175	761,139	129	34,600	175	726,538	135	101,757
\$5.0 million under \$10.0 million	117	834,663	91	34,866	117	799,797	89	81,162
\$10.0 million under \$20.0 million	46	658,866	37	29,660	46	629,206	36	65,765
\$20.0 million or more	26	1,348,496	20	25,445	26	1,323,051	22	58,012

Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>566</b>	<b>681,902</b>	<b>221</b>	<b>434,968</b>	<b>755</b>	<b>1,108,027</b>	<b>440</b>	<b>390,085</b>
Under \$2.0 million [2]	74	63,337	28	10,484	72	21,068	28	4,623
\$2.0 million under \$3.5 million	260	202,355	83	45,094	377	252,159	216	65,011
\$3.5 million under \$5.0 million	105	115,153	46	37,201	146	168,148	90	50,820
\$5.0 million under \$10.0 million	75	134,808	31	48,385	98	179,512	59	60,004
\$10.0 million under \$20.0 million	31	75,650	19	48,038	39	163,513	29	61,882
\$20.0 million or more	20	90,599	14	245,766	23	323,628	18	147,745

Size of net worth	Federal bonds		Corporate and foreign bonds		Bond funds		Diversified mutual funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>276</b>	<b>103,336</b>	<b>285</b>	<b>56,037</b>	<b>130</b>	<b>11,326</b>	<b>409</b>	<b>68,704</b>
Under \$2.0 million [2]	22	878	20	1,287	12	513	39	2,971
\$2.0 million under \$3.5 million	141	25,789	151	17,443	65	4,450	205	20,257
\$3.5 million under \$5.0 million	53	14,000	56	12,227	31	2,877	74	10,573
\$5.0 million under \$10.0 million	37	20,007	35	10,216	13	1,652	54	14,395
\$10.0 million under \$20.0 million	14	11,553	16	6,336	7	1,038	22	9,123
\$20.0 million or more	8	31,110	8	8,527	3	796	14	11,385

Size of net worth	Cash assets		Mortgages and notes		Cash value life insurance		Noncorporate business assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total</b>	<b>944</b>	<b>446,781</b>	<b>213</b>	<b>125,822</b>	<b>254</b>	<b>35,193</b>	<b>213</b>	<b>252,505</b>
Under \$2.0 million [2]	117	19,043	20	2,963	46	7,439	22	7,839
\$2.0 million under \$3.5 million	473	133,540	89	18,774	125	16,528	86	34,109
\$3.5 million under \$5.0 million	169	67,572	40	15,561	46	5,999	41	19,624
\$5.0 million under \$10.0 million	115	80,497	31	24,051	22	3,029	32	38,567
\$10.0 million under \$20.0 million	45	59,957	20	31,040	9	1,522	18	32,440
\$20.0 million or more	26	86,172	12	33,435	5	677	13	119,926

Footnotes at end of table.

# Personal Wealth, 2007

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**Table 3. Personal Wealth 2007: Female Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Size of Net Worth—Continued**

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

Size of net worth	Farm assets		Private equity and hedge funds		Other limited partnerships	
	Number	Amount			Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>Total</b>	<b>86</b>	<b>127,887</b>	<b>42</b>	<b>53,918</b>	<b>156</b>	<b>148,139</b>
Under \$2.0 million [2]	6	5,563	3	370	11	3,474
\$2.0 million under \$3.5 million	41	40,635	13	3,894	61	16,352
\$3.5 million under \$5.0 million	19	21,906	7	2,195	33	19,399
\$5.0 million under \$10.0 million	11	23,302	5	1,760	24	17,236
\$10.0 million under \$20.0 million	6	13,416	8	6,050	15	22,755
\$20.0 million or more	4	23,065	6	39,650	12	68,922

Size of net worth	Retirement assets		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>Total</b>	<b>703</b>	<b>390,903</b>	<b>99</b>	<b>29,432</b>	<b>860</b>	<b>103,531</b>
Under \$2.0 million [2]	91	25,992	10	673	108	5,889
\$2.0 million under \$3.5 million	354	164,177	31	1,717	420	25,343
\$3.5 million under \$5.0 million	129	81,126	18	1,705	156	13,296
\$5.0 million under \$10.0 million	84	75,944	18	1,676	106	18,459
\$10.0 million under \$20.0 million	29	28,307	12	4,631	44	15,850
\$20.0 million or more	16	15,356	9	19,030	25	24,694

[1] Total assets is the sum of all assets owned by the individual before subtracting debts, mortgages, and liens owed to others. It differs from gross assets, which is a Federal estate tax concept of wealth, in that it includes the cash value of life insurance instead of the full face value of life insurance minus indebtedness.

[2] Includes individuals with zero or negative net worth.

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

**Table 4. Personal Wealth 2007: Male Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Age**

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

Age	Total assets [1]		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>1,320</b>	<b>8,062,977</b>	<b>1,038</b>	<b>872,850</b>	<b>1,320</b>	<b>7,190,127</b>	<b>985</b>	<b>656,699</b>
Under 50	398	1,935,223	345	407,818	398	1,527,405	292	185,841
50 under 60	300	1,863,368	248	210,287	300	1,653,081	234	162,691
60 under 70	308	2,071,358	232	172,736	308	1,898,622	241	162,922
70 under 80	179	1,249,365	121	55,202	179	1,194,163	130	88,538
80 under 90	111	775,736	74	22,986	111	752,750	74	47,280
90 and older	24	167,927	18	3,821	24	164,106	14	9,427

Age	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>801</b>	<b>978,024</b>	<b>455</b>	<b>1,142,747</b>	<b>964</b>	<b>1,445,410</b>	<b>417</b>	<b>405,784</b>
Under 50	213	244,935	144	368,329	257	304,924	72	60,463
50 under 60	189	233,310	126	266,083	213	285,036	86	76,914
60 under 70	215	255,087	107	318,794	236	333,508	103	98,372
70 under 80	110	156,650	52	123,648	144	237,684	78	74,932
80 under 90	64	74,852	23	56,066	93	226,662	62	75,943
90 and older	11	13,190	4	9,826	20	57,597	16	19,160

Age	Federal bonds		Corporate and foreign bonds		Bond funds		Diversified mutual funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>262</b>	<b>96,283</b>	<b>275</b>	<b>63,602</b>	<b>138</b>	<b>14,250</b>	<b>511</b>	<b>69,797</b>
Under 50	57	20,825	63	15,955	33	4,275	134	11,065
50 under 60	52	12,706	50	11,348	28	3,666	116	15,298
60 under 70	61	23,643	68	15,293	34	2,216	125	16,968
70 under 80	46	18,333	49	10,199	25	2,131	75	12,806
80 under 90	36	15,661	37	8,567	15	1,542	49	10,114
90 and older	9	5,115	9	2,241	4	419	11	3,547

Age	Cash assets		Mortgages and notes		Cash value life insurance		Noncorporate business assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total</b>	<b>1,287</b>	<b>596,284</b>	<b>341</b>	<b>182,819</b>	<b>552</b>	<b>86,839</b>	<b>418</b>	<b>650,929</b>
Under 50	385	122,494	97	37,768	148	26,487	131	190,143
50 under 60	290	131,440	74	41,503	133	21,991	113	180,058
60 under 70	301	156,334	87	49,195	130	19,629	97	171,962
70 under 80	177	101,547	49	34,505	78	10,664	52	70,165
80 under 90	110	67,346	29	16,992	51	6,585	23	34,315
90 and older	24	17,123	5	2,855	12	1,483	3	4,286

Footnotes at end of table.

# Personal Wealth, 2007

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**Table 4. Personal Wealth 2007: Male Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Age—Continued**

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

Age	Farm assets		Private equity and hedge funds		Other limited partnerships	
	Number	Amount			Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>Total</b>	<b>165</b>	<b>267,923</b>	<b>61</b>	<b>139,586</b>	<b>208</b>	<b>220,582</b>
Under 50	40	63,038	16	40,121	49	38,662
50 under 60	38	58,193	13	59,591	45	52,882
60 under 70	42	62,635	19	16,513	51	60,149
70 under 80	26	49,025	9	12,909	37	42,223
80 under 90	15	30,100	3	9,302	23	19,700
90 and older	3	4,932	1	1,150	4	6,966

Age	Retirement assets		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>Total</b>	<b>1,033</b>	<b>806,245</b>	<b>92</b>	<b>74,511</b>	<b>1,184</b>	<b>164,665</b>
Under 50	293	136,369	19	17,313	343	46,217
50 under 60	254	200,316	23	14,877	275	35,466
60 under 70	258	252,574	24	9,597	285	45,967
70 under 80	139	158,059	14	23,483	162	21,865
80 under 90	78	53,716	10	7,929	98	13,064
90 and older	10	5,211	2	1,313	21	2,086

[1] Total assets is the sum of all assets owned by the individual before subtracting debts, mortgages, and liens owed to others. It differs from gross assets, which is a Federal estate tax concept of wealth, in that it includes the cash value of life insurance instead of the full face value of life insurance minus indebtedness.

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

# Personal Wealth, 2007

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**Table 5. Personal Wealth 2007: Female Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Age**

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

Age	Total assets [1]		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>970</b>	<b>5,158,822</b>	<b>754</b>	<b>251,629</b>	<b>970</b>	<b>4,907,194</b>	<b>760</b>	<b>590,327</b>
Under 50	207	987,658	172	69,782	207	917,876	157	121,485
50 under 60	226	1,131,380	183	80,078	226	1,051,301	197	163,183
60 under 70	232	1,289,846	176	58,311	232	1,231,535	191	151,039
70 under 80	165	840,010	116	25,856	165	814,155	128	92,084
80 under 90	110	730,545	84	14,327	110	716,217	72	49,517
90 and older	30	179,383	24	3,274	30	176,109	16	13,019

Age	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total</b>	<b>566</b>	<b>681,902</b>	<b>221</b>	<b>434,968</b>	<b>755</b>	<b>1,108,027</b>	<b>440</b>	<b>390,085</b>
Under 50	93	90,664	55	49,135	155	218,404	68	68,024
50 under 60	148	176,833	64	93,194	171	201,691	90	55,894
60 under 70	163	219,009	57	151,505	179	240,612	99	73,825
70 under 80	95	116,156	28	39,798	131	195,890	88	78,192
80 under 90	54	65,137	14	95,589	94	188,166	74	90,419
90 and older	12	14,104	3	5,747	26	63,265	21	23,731

Age	Federal bonds		Corporate and foreign bonds		Bond funds		Diversified mutual funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total</b>	<b>276</b>	<b>103,336</b>	<b>285</b>	<b>56,037</b>	<b>130</b>	<b>11,326</b>	<b>409</b>	<b>68,704</b>
Under 50	57	22,615	51	13,619	31	3,058	79	12,230
50 under 60	53	12,656	62	8,725	21	1,592	90	16,005
60 under 70	62	21,665	63	13,564	29	2,421	108	17,778
70 under 80	52	21,822	59	9,260	29	1,991	70	12,497
80 under 90	40	18,839	39	8,259	16	1,567	50	8,201
90 and older	13	5,739	11	2,609	5	697	12	1,993

Age	Cash assets		Mortgages and notes		Cash value life insurance		Noncorporate business assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total</b>	<b>944</b>	<b>446,781</b>	<b>213</b>	<b>125,822</b>	<b>254</b>	<b>35,193</b>	<b>213</b>	<b>252,505</b>
Under 50	201	104,502	46	37,983	49	7,602	48	53,003
50 under 60	218	77,585	48	27,356	72	10,263	65	73,192
60 under 70	224	100,115	52	20,168	65	8,636	50	60,800
70 under 80	163	77,074	39	21,531	38	4,984	33	29,113
80 under 90	108	67,522	22	15,149	23	2,962	14	33,674
90 and older	30	19,983	6	3,636	6	746	3	2,723

Footnotes at the end of table.

# Personal Wealth, 2007

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**Table 5. Personal Wealth 2007: Female Top Wealth Holders with Gross Assets of \$2 Million or More, Type of Property by Age—Continued**

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

Age	Farm assets		Private equity and hedge funds		Other limited partnerships	
	Number	Amount			Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>Total</b>	<b>86</b>	<b>127,887</b>	<b>42</b>	<b>53,918</b>	<b>156</b>	<b>148,139</b>
Under 50	12	20,259	14	18,913	31	30,556
50 under 60	19	31,485	11	18,058	38	35,438
60 under 70	23	29,849	9	6,445	35	30,650
70 under 80	17	23,397	5	4,726	30	28,465
80 under 90	12	17,532	3	5,036	18	19,460
90 and older	3	5,364	1	741	5	3,569

Age	Retirement assets		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>Total</b>	<b>703</b>	<b>390,903</b>	<b>99</b>	<b>29,432</b>	<b>860</b>	<b>103,531</b>
Under 50	149	82,253	14	6,210	175	27,142
50 under 60	185	97,372	23	3,471	204	27,386
60 under 70	179	113,528	30	6,705	210	21,534
70 under 80	119	65,118	16	3,183	148	14,728
80 under 90	62	29,232	12	4,534	97	9,751
90 and older	10	3,400	3	5,328	25	2,991

[1] Total assets is the sum of all assets owned by the individual before subtracting debts, mortgages, and liens owed to others. It differs from gross assets, which is a Federal estate tax concept of wealth, in that it includes the cash value of life insurance instead of the full face value of life insurance minus indebtedness.

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

# Personal Wealth, 2007

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**Table 6. Personal Wealth 2007: Top Wealth Holders with Net Worth of \$2 Million or More, Net Worth and Selected Assets, by State of Residence [1]**

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

State of residence	Net worth		Financial assets [2]		All real estate		All other assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>	<b>1,841</b>	<b>11,627,389</b>	<b>1,838</b>	<b>7,717,780</b>	<b>1,654</b>	<b>2,517,681</b>	<b>1,717</b>	<b>2,125,608</b>
Alabama	17	94,464	17	64,325	15	15,528	17	18,471
Alaska	3	11,579	3	5,771	3	5,106	3	1,990
Arizona	34	196,438	34	133,345	31	44,913	33	27,809
Arkansas	8	91,058	8	74,872	7	7,759	7	11,299
California	329	1,941,513	329	1,065,188	309	695,097	313	373,498
Colorado	32	243,210	32	157,834	28	55,906	32	42,854
Connecticut	36	286,124	36	161,460	33	59,829	35	79,002
Delaware	5	23,788	5	13,901	5	7,220	5	3,868
District of Columbia	3	30,140	3	19,368	3	7,872	3	4,550
Florida	155	1,105,649	154	794,189	141	220,374	142	165,857
Georgia	41	213,487	41	136,792	38	51,713	40	39,947
Hawaii	7	75,601	6	59,625	7	14,136	6	5,193
Idaho	8	52,888	8	29,276	8	13,079	8	13,759
Illinois	83	493,809	82	341,867	71	96,546	74	79,853
Indiana	25	115,056	25	78,994	23	19,293	25	20,825
Iowa	14	56,740	14	33,933	12	7,180	14	17,932
Kansas	11	58,061	11	41,217	9	5,117	10	18,979
Kentucky	15	76,777	15	59,639	13	12,692	14	11,828
Louisiana	16	129,584	16	72,946	16	12,462	16	50,582
Maine	8	39,673	8	29,178	7	6,208	7	5,388
Maryland	43	331,467	43	258,916	39	52,855	38	47,311
Massachusetts	51	394,752	51	224,853	47	91,625	47	94,228
Michigan	39	217,591	39	172,217	36	35,426	36	26,174
Minnesota	24	158,224	24	122,584	21	21,208	24	23,054
Mississippi	9	37,101	9	23,631	7	8,049	8	7,735
Missouri	26	145,218	26	108,147	21	21,486	24	24,687
Montana	7	34,794	7	12,293	6	7,721	7	16,212
Nebraska	6	36,643	6	27,189	4	2,779	6	8,862
Nevada	16	226,904	16	182,611	16	27,701	16	27,983
New Hampshire	13	68,492	13	55,387	13	11,563	12	7,426
New Jersey	71	332,456	70	226,036	66	82,963	64	41,877
New Mexico	10	40,482	10	27,870	9	8,703	10	5,642
New York	159	1,201,654	159	745,976	140	282,891	137	232,301
North Carolina	45	240,370	45	163,984	39	45,844	43	41,824
North Dakota	4	13,673	4	8,242	2	1,419	4	5,602
Ohio	50	237,826	49	183,944	42	32,159	43	29,850
Oklahoma	17	76,728	17	55,465	14	8,039	16	16,296
Oregon	24	90,338	24	55,558	21	25,820	24	13,254
Pennsylvania	57	323,679	57	258,500	49	47,157	50	30,045
Rhode Island	6	29,640	6	17,799	6	11,282	6	2,550
South Carolina	25	189,396	25	131,276	22	25,411	24	44,296
South Dakota	7	78,126	7	63,034	7	6,967	7	10,938
Tennessee	26	116,288	26	75,553	23	26,225	25	21,083
Texas	100	662,518	100	433,598	85	81,725	97	186,430
Utah	9	49,879	9	29,225	9	9,857	9	13,138
Vermont	6	23,205	6	16,859	6	4,793	6	2,163
Virginia	49	269,648	48	179,718	43	49,129	44	54,210
Washington	41	359,004	41	255,554	39	73,910	41	56,829
West Virginia	5	27,085	5	23,048	4	4,026	5	1,457
Wisconsin	32	165,770	32	125,819	29	27,188	31	22,696
Wyoming	6	45,258	6	25,710	5	13,995	6	10,560
Other areas [3]	8	67,541	8	53,467	7	9,733	7	5,410

[1] While the size of the underlying sample of estate tax returns makes estimates of wealth derived using the estate multiplier technique fairly robust, estimates of wealth by State can be subject to significant year-to-year fluctuations. This is especially true for individuals at the extreme tail of the net worth distribution and for States with relatively small decedent populations.

[2] Includes all stocks, bonds, mutual funds, cash, and cash management accounts.

[3] Includes U.S. territories and possessions.

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

# Projections of Federal Tax Return Filings: Calendar Years 2011–2018

by Brett Collins

**P**rojections of tax return filings prepared by the Internal Revenue Service (IRS) research staff show that a grand total of 239.3 million tax returns are expected to be filed with the IRS during Calendar Year (CY) 2012. This number represents an increase of 1 percent from the estimated CY 2011 filings of 236.8 million returns.

After CY 2012, the grand total return filings are projected to grow at an average annual rate of 1 percent and are expected to reach 253.5 million returns by 2018. The average rate of growth is derived mainly by projected trends for the major return categories that comprise grand total filings, including individual income tax returns and business tax returns such as employment tax returns, corporation tax returns, partnership returns, and estate tax returns.

In addition, the projections for total electronic returns continue to show a steady increase over the forecast horizon. This growth of electronic filing furthers IRS's strategic goal to improve taxpayer service. For example, according to the most recent forecast, total individual electronic returns are estimated to be 77 percent of all individual income tax returns filed in CY 2011 and are projected to constitute 84 percent of all returns in CY 2018.

## Trend in Grand Total Returns

Table 1 shows the most current forecasts for the major form types for Calendar Years 2011 to 2018.\* In preparing these forecasts, partial-year data through late summer 2011 were used to derive estimates for the year.\*\* Various elements that may affect IRS workload are carefully considered during the estimation process. These include economic and demographic trends, recent filing patterns, enacted legislation, and administrative changes. The total number of returns filed consists of two filing mediums—paper

and electronic. The “grand total” category includes a wide variety of tax forms, such as individual, fiduciary, corporation, employment, partnership, exempt organization, government entity, political organization, estate, gift, excise, estimated tax vouchers, and other forms, as described in Table 1.

“Total primary returns” include the three major tax return categories that represent the bulk of the forms processed by IRS submissions processing operations. Individual income tax returns generate 60 percent of the grand total. Employment tax returns generate 13 percent, and individual estimated tax payment vouchers made up 10 percent. In 2010, these three categories constituted approximately 83 percent of total return filings.

Figure A presents a list of the growth rates of selected tax return form types from 2011 to 2012 and the average annual change over the period from 2012 to 2018. In CY 2012, approximately 239.3 million returns are projected to be filed. This is a 1-percent increase over the estimated 2011 filings of 236.8 million. The increase in the grand total is reflected in the 4.3-percent projected increase in electronic filings from 132.3 million returns in 2011 to 138.0 million returns in 2012. Higher electronic filings are projected to result in the overall increase in total returns, despite an expected drop in paper filings, from 104.5 million returns in CY 2011 to 101.3 million returns in CY 2012, a decrease of 3.1 percent.

Figure A also shows an average annual growth rate over the period 2012–2018. The grand total's average annual growth rate is expected to be 1 percent, reaching 253.5 million returns in 2018. Over this forecast horizon, this growth rate in grand total return filings represents a general shift among taxpayers from paper filing to electronic filing. According to current trends, paper filings are expected to continue declining by an average annual rate of 1.3 percent to a total of 93.8 million paper returns by 2018. Meanwhile, electronic filings (“e-filed” returns) are expected to increase at an average rate of 2.5 percent, reaching 159.8 million returns in 2018.

*Brett Collins is an economist with Forecasting and Data Analysis, Office of Research. This article was prepared under the direction of Michael Sebastiani, Chief.*

\* Most of the values in Table 1 are reported in *Calendar Year Return Projections for the United States and IRS Campuses: 2011–2018*, IRS Document 6186, October 2011, National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury.

\*\* Throughout the year, the Forecasting and Data Analysis (FDA) group under the IRS National Headquarters Office of Research publishes forecasts of a large number of tax return filings and other IRS workload categories. These projections provide a foundation for IRS workload estimates/resource requirements contained in budget submissions and also help with other major IRS planning and analysis efforts.

# Projections of Federal Tax Return Filings: Calendar Years 2011–2018

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**Figure A**

## Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2011–2018

Type of return	Estimated 2011	Projected 2012	Percentage increase over 2011	Projected 2018	Average annual percentage increase 2012–2018
	(1)	(2)	(3)	(4)	(5)
<b>Grand total</b>	<b>236,791,500</b>	<b>239,271,700</b>	<b>1.0</b>	<b>253,537,500</b>	<b>1.0</b>
Paper grand total	104,522,300	101,313,700	-3.1	93,776,300	-1.3
Electronic grand total	132,269,300	137,958,000	4.3	159,761,200	2.5
<b>Individual, total</b>	<b>143,261,000</b>	<b>145,436,600</b>	<b>1.5</b>	<b>156,420,300</b>	<b>1.2</b>
Forms 1040, 1040-A, and 1040-EZ	142,396,100	144,565,800	1.5	155,478,100	1.2
Total individual paper returns	31,652,800	29,698,800	-6.2	24,365,400	-3.2
Form 1040	21,427,600	19,672,000	-8.2	15,081,500	-4.3
Form 1040-A	5,304,000	5,173,700	-2.5	4,640,400	-1.8
Form 1040-EZ	4,921,200	4,853,100	-1.4	4,643,400	-0.7
Total individual electronic returns	110,743,300	114,867,000	3.7	131,112,700	2.2
Online filing	39,325,200	41,522,300	5.6	47,974,300	2.4
Practitioner electronic filing	71,418,100	73,344,700	2.7	83,138,400	2.1
Forms 1040NR/NR-EZ/C/EZ-T	625,600	630,200	0.7	683,600	1.4
Forms 1040-PR and 1040-SS	239,300	240,600	0.5	258,600	1.2
Electronic Forms 1040-PR and 1040-SS	93,500	94,300	0.9	105,100	1.8
<b>Individual estimated tax, Form 1040-ES, total</b>	<b>23,281,000</b>	<b>23,287,500</b>	<b>0.0</b>	<b>22,872,800</b>	<b>-0.3</b>
Form 1040-ES, paper	23,179,000	23,180,400	0.0	22,751,500	-0.3
Form 1040-ES, electronic (credit card)	102,000	107,100	5.0	121,300	2.1
<b>Partnership, Forms 1065/1065B, total</b>	<b>3,511,600</b>	<b>3,589,900</b>	<b>2.2</b>	<b>4,098,300</b>	<b>2.2</b>
Paper partnership returns	1,739,700	1,533,800	-11.8	1,341,200	-2.2
Electronic partnership returns	1,771,900	2,056,100	16.0	2,757,100	5.0
<b>Corporation, total</b>	<b>6,765,000</b>	<b>6,837,900</b>	<b>1.1</b>	<b>7,405,700</b>	<b>1.3</b>
Paper corporation returns, total	3,816,100	3,692,500	-3.2	3,364,300	-1.5
Electronic corporation returns, total	2,948,900	3,145,400	6.7	4,041,400	4.3
Forms 1120 and 1120-A, total	1,915,800	1,880,400	-1.8	1,756,200	-1.1
Forms 1120/1120-A, electronic	641,600	724,500	12.9	942,400	4.5
Form 1120-F, total	33,400	34,200	2.4	39,300	2.3
Form 1120-F, electronic	4,100	6,000	46.3	13,700	14.8
Form 1120-FSC	200	100	-50.0	0	-100.0
Form 1120-H	236,800	244,800	3.4	293,000	3.0
Form 1120-RIC	13,600	13,900	2.2	15,800	2.2
Form 1120-S, total	4,540,200	4,638,200	2.2	5,267,200	2.1
Form 1120-S, electronic	2,303,100	2,414,900	4.9	3,085,300	4.2
Forms 1120L/ND/PC/REIT/SF	15,500	16,100	3.9	19,500	3.2
Form 1120-C	9,500	10,200	7.4	14,600	6.2
<b>Employment, total</b>	<b>29,592,800</b>	<b>29,653,000</b>	<b>0.2</b>	<b>30,065,000</b>	<b>0.2</b>
Paper employment returns	22,301,800	22,075,800	-1.0	21,456,300	-0.5
Electronic employment returns	7,290,900	7,577,200	3.9	8,608,600	2.1
Forms 940, 940-EZ, and 940-PR, total	5,692,100	5,737,400	0.8	5,983,800	0.7
Forms 940, 940-EZ, and 940-PR, paper	4,287,100	4,270,500	-0.4	4,244,100	-0.1
Form 940, e-file/online/XML	1,405,000	1,466,900	4.4	1,739,600	2.9
Forms 941, 941PR/SS/E, total	23,387,400	23,416,900	0.1	23,652,600	0.2
Forms 941, 941PR/SS/E, paper	17,508,200	17,313,800	-1.1	16,792,100	-0.5
Form 941, e-file/online/XML	5,879,200	6,103,100	3.8	6,860,500	2.0
Forms 943, 943PR, and 943SS	215,500	212,600	-1.3	197,500	-1.2
Forms 944, 944PR/SS, total	193,900	185,000	-4.6	145,400	-3.9
Forms 944, 944PR/SS, paper	187,100	177,900	-4.9	137,000	-4.3
Form 944, e-file	6,700	7,200	7.5	8,400	2.6
Form 945	102,000	99,200	-2.7	83,800	-2.8
Form CT-1	1,800	1,800	0.0	1,800	0.0
<b>Exempt organization, total</b>	<b>1,457,100</b>	<b>1,499,500</b>	<b>2.9</b>	<b>1,681,400</b>	<b>1.9</b>
Paper exempt organization, total	774,200	763,400	-1.4	785,300	0.5
Electronic exempt organization, total	682,900	736,000	7.8	896,000	3.3
Form 990, total	401,700	407,700	1.5	448,100	1.6

Footnotes at end of figure.

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**Figure A—Continued**

## Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2011–2018—Continued

Type of return	Estimated 2011	Projected 2012	Percentage increase over 2011	Projected 2018	Average annual percentage increase 2012–2018
	(1)	(2)	(3)	(4)	(5)
<b>Exempt organization, total—continued</b>					
Form 990, electronic	113,900	129,700	13.9	175,500	5.2
Form 990-EZ, total	222,500	228,100	2.5	264,500	2.5
Form 990-EZ, electronic	73,600	83,900	14.0	114,200	5.3
Form 990-N	479,800	503,700	5.0	574,500	2.2
Form 990-PF, total	117,000	120,300	2.8	130,000	1.3
Form 990-PF, electronic	15,600	18,700	19.9	31,800	9.3
Form 990-T	112,200	115,100	2.6	136,300	2.9
Form 4720	2,800	2,900	3.6	3,000	0.6
Form 5227	121,100	121,600	0.4	124,800	0.4
<b>Supplemental documents, total</b>	<b>23,538,400</b>	<b>23,540,400</b>	<b>0.0</b>	<b>25,225,600</b>	<b>1.2</b>
Form 1040-X	6,072,700	5,773,800	-4.9	5,869,700	0.3
Form 4868, total	10,504,800	10,685,000	1.7	11,593,800	1.4
Form 4868, paper	6,436,200	6,473,600	0.6	6,519,200	0.1
Form 4868, electronic	4,068,600	4,211,400	3.5	5,074,600	3.2
Credit card	50,600	52,300	3.4	63,100	3.2
E-file	4,018,100	4,159,000	3.5	5,011,500	3.2
Form 1120-X	3,900	4,000	2.6	4,700	2.7
Form 5558	605,000	628,100	3.8	766,800	3.4
Form 7004, total	5,772,900	5,861,300	1.5	6,344,100	1.3
Form 7004, electronic	2,715,800	3,197,000	17.7	4,168,800	4.5
Form 8868, total	579,100	588,300	1.6	646,500	1.6
Form 8868, electronic	127,000	144,100	13.5	209,500	6.4

NOTES: For form and category definitions, see text and footnotes to Table 1, at the end of this article. Detail may not add to total due to rounding.

## Changes in Estate Tax

### Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

Enacted in December 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated the estate tax for persons who died in 2010. Furthermore, for a death in 2011 or 2012, the estate tax exclusion amount is \$5 million, and the highest marginal Federal estate tax rate is 35 percent. Under the current law, as of January 1, 2013, the generation-skipping tax rate is scheduled to revert to 55 percent, which is the pre-2001 rate. In addition, the generation-skipping tax exemption is scheduled to drop to approximately \$1.4 million. Beginning this year, the unused estate tax exemption of a spouse becomes “portable,” as taxpayers can now claim a spouse’s unused exemption on Form 706, the Federal estate tax return. The filing volume of Form 706 is expected to increase, since some estates will file in order to take advantage of the exemption’s

portability, even though they are not otherwise required to file.

As shown in Table 1, total estate tax returns were 23,014 in 2010 and are projected to decline to approximately 8,600 returns in 2011 (a 63-percent decrease), primarily as a result of the new exclusion amounts.

### Changes in Form 990 and Their Impact on Grand Total

#### Form 990 and New Form 990-N

The IRS has revised filing requirements to file Form 990 series returns, beginning with Tax Year 2008 and continuing over a 3-year period. Some filers will be allowed to file Form 990-EZ in lieu of Form 990. For Tax Year 2008 (returns filed in 2009), organizations with gross receipts less than \$1 million and total assets less than \$2.5 million may file Form 990-EZ. For Tax Year 2009 (returns filed in 2010), organizations with gross receipts less than \$500,000 and total

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assets less than \$1.25 million may file Form 990-EZ. The Form 990-EZ filing thresholds will be adjusted permanently to gross receipts less than \$200,000 and total assets less than \$500,000, beginning in Tax Year 2010.

Table 1 shows a total of 261,016 Form 990 returns, *Return of Organization Exempt From Income Tax*, filed in 2010. In 2011, this total is expected to grow to 401,700 returns, an increase of approximately 141,000 returns. However, filers of Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, are expected to file 222,500 returns in 2011, down by more than 148,400 from 370,902 Forms 990-EZ filed in 2010.

## Trend in Individual Tax Returns

“Individual, total” returns include paper and electronic portions of the major individual tax returns. These are Forms 1040 and 1040-A, *U.S. Individual Income Tax Return*; 1040EZ, *Income Tax Return for Single and Joint Filers with No Dependents*; Form 1040NR, *U.S. Non-Resident Alien Income Tax Return*; Form 1040-PR, *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia—Puerto Rico*; and Form 1040-SS, *U.S. Self-Employment Tax Return*. This category excludes Form 1040X, *Amended U.S. Individual Income Tax Return*, which is included under the “Supplemental documents” heading.

The “Individual, total” category constitutes the majority volume of tax return filings and is expected to rise to 143.3 million returns in 2011 from 141.5 million in 2010. After 2011, the “Individual, total” series is expected to grow at an average annual rate of 1.2 percent through 2018. This projected growth is tied mainly to the expected increase in U.S. employment over the same period. At this rate, the projected number of total individual returns filed will be 156.4 million by 2018.

## Trend in Individual Estimated Tax Returns

Form 1040-ES, *U.S. Estimated Tax for Individuals*, is used by individual taxpayers who need to make advance tax payments. Such filers are typically those who expect their tax withholding to be less than 90 percent of their Federal tax liability for the year, due to additional income, such as earnings from self-employment, interest, dividends, rents, and alimony. Individual taxpayers who make estimated tax payments

often file more than one voucher (Form 1040-ES) during the course of the year, usually one per quarter.

Though filing volumes of Form 1040-ES are declining, the form still represents the third largest share of the 2011 grand total. In 2011, approximately 23.3 million individual estimated tax vouchers are expected to be filed, a decrease of 0.4 percent from the 23.4 million vouchers filed in 2010. A total of 22.9 million returns are projected to be filed in 2018, implying an average annual growth rate of -0.3 percent from 2012 to 2018.

## Trend in Business and Other Tax Returns

### Employment Tax Returns

Paper and electronic versions of several business related tax forms fall under the heading of “Employment, total” returns. These forms include: Form 940 series, *Employer’s Annual Federal Unemployment (FUTA) Tax Return*; Form 941 series, *Employer’s Quarterly Federal Tax Return*; Form 943 series, *Employer’s Annual Federal Tax Return for Agricultural Employees*; Form 944, *Employer’s Annual Federal Tax Return* (an annualized version of Form 941); Form 945, *Annual Return of Withheld Federal Income Tax*; and Form CT-1, *Employer’s Annual Railroad Tax Return*.

In 2011, the employment tax returns constitute the second largest share of the grand total and are projected to maintain this status through 2018, growing at a 0.2-percent annual rate from 2012 to 2018. The projected filings of Forms 940 and 941 comprise the bulk of employment tax return volume. Their projected growth over the 2011-2018 forecast period is tied mainly to the expected trends in the U.S. employment and real gross domestic product.

### Corporation Tax Returns

Corporation income tax returns include a number of form types. The vast majority of these returns are filed on Form 1120, *U.S. Corporation Income Tax Return*, or Form 1120S, *U.S. Income Tax Return for an S Corporation* (returns filed by qualifying corporations electing to be taxed through shareholders). The remainder of corporation income tax returns are filed by entities such as homeowners’ associations (Form 1120H), foreign corporations (Form 1120F), and real estate investment trusts (Form 1120REIT), among others. Amended returns (Form 1120X) are

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not included under corporation income tax returns, but are instead listed under “Supplemental documents.” In CY 2011, the projected number of corporation returns filed is 6.8 million, a 0.9-percent increase over CY 2010. It is expected that these returns will continue to grow over the forecast horizon, reaching 7.4 million returns by CY 2018, as shown in Table 1.

## Partnership Returns

Form 1065, *U.S. Partnership Return of Income*, is filed by a partnership to report income, deductions, tax credits, or losses. The projected number of these returns in CY 2011 is 3.5 million. This number, an increase of 2.2 percent over CY 2010, is projected to continue growth at the same average rate of 2.2 percent per year, reaching 4.1 million by CY 2018. Form 1065B, *U.S. Large Partnership Return of Income*, is also included in partnership returns. This form was introduced in CY 1999, and a relatively small number of Form 1065B returns have been filed to date.

## Estate Tax Returns

Analysts using these data are advised to monitor legislation in this area. (See “Changes in Estate Tax” above.)

## Trends in Electronic Filing (e-file)

### Individual Returns

As Table 1 indicates, 98.6 million individual income tax returns were filed electronically in 2010, and 110.7 million electronic returns are estimated to be filed in 2011, a 12.3-percent increase over the prior year. The projection for 2012 is 114.9 million returns, which also represents a substantial 3.7-percent growth rate. From 2012 through 2018, the growth rate of individual e-filed returns is expected to stabilize at an average annual rate of 2.2 percent, resulting in a total of 131.1 million e-filed returns in 2018. The projected e-file pattern for individual returns in 2010-2013 is stronger growth in the initial forecast years, followed by a somewhat dampened growth in the later years. This is the typical growth pattern for technology adoption and diffusion. Higher e-file growth will also be supported by a recent e-file mandate on tax return preparers, which was introduced under the Worker, Homeowner, and Business Assistance Act, signed into law in November 2009. The

Act requires preparers who expect to file more than 10 individual tax returns (including Forms 1040, 1040A, 1040EZ, and 1041) to file them electronically beginning in CY 2011. The current phase-in plan requires preparers to electronically file tax returns starting in CY 2011, if they expect to file more than 100 individual tax returns. The threshold drops to more than 10 returns for the CY 2012 processing year. The projections in this update include our analysis of the current information available on the IRS implementation and communication plans. Projected growth in e-file is much steeper than the overall growth in total individual return filings, and, under current trends, roughly 84 percent of individual income tax returns are projected to be filed electronically by 2018.

As reported in Table 1, “Total individual electronic returns” are made up of two e-file categories: 1) online filing and 2) practitioner e-file. Online filing enables taxpayers to use a computer, tax preparation software, or the Internet to file their returns. Online filing includes the “Free File” option, which is accessible from the IRS Web site and involves a public-private partnership between the IRS and the Free File Alliance, a consortium of tax preparation software companies. In the case of practitioner electronic filing, taxpayers use a paid preparer to prepare and file their tax returns electronically.

Within the e-file categories, about 34.3 million people utilized online filing in 2010. That number is estimated to grow to 39.3 million in 2011, a 14.8-percent increase. Meanwhile, practitioners are expected to have filed 71.4 million returns electronically in 2011, up 11 percent from the 64.3 million returns filed in 2010.

Various initiatives further encourage the growth of individual electronic filing. One is the IRS “e-services” program. The e-services program is open to professional tax preparers who e-filed five or more accepted individual or business returns during a filing season. The program provides a suite of Web-based products that allow tax professionals to conduct business with the IRS electronically. These products include disclosure authorization, electronic account resolution, and a transcript delivery system. Authorized agents who submit (any of six) information returns subject to backup withholding can also make use of TIN (Taxpayer Identification Number) matching with e-services.

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## Business Returns

IRS also continues to enhance its business e-file programs under the Modernized e-File (MeF) platform. Most of the common business tax forms are now available for e-file, either through MeF or other electronic filing systems. This includes fiduciary (Form 1041), partnership (Form 1065), corporation (Forms 1120 and 1120S), employment (Forms 940, 941, and 944) and tax-exempt (Forms 990, 990-EZ, 990-PF, and 990-N) returns.

Department of the Treasury regulations issued in 2005 mandate electronic filing of Federal returns for some large corporations and tax-exempt organizations whose assets exceed certain dollar thresholds. However, these e-file mandates only apply to those corporations and tax-exempt entities that file at least 250 other returns with the IRS during a calendar year, including employment returns, excise tax returns, and information reporting documents, such as Forms W-2, 1099-DIV, and Schedules K-1. The e-file mandates require corporations with gross assets of at least \$50 million to e-file their Forms 1120 or 1120S returns beginning in Calendar Year 2006. Beginning in 2007, this e-file requirement expanded to corporations with at least \$10 million in gross assets.

Figure A shows that 641,600 Form 1120 returns and 2.3 million Form 1120S returns are estimated to be e-filed in 2011. Assuming growth patterns typical of innovative technology-based products, the forecast for 2012 is 724,500 for the former and 2.4 million for the latter. These represent increases of 12.9 percent for Form 1120 and 4.9 percent for Form 1120S. In subsequent years, e-filed Forms 1120/1120S are both expected to continue to grow rapidly, reaching 942,400 Form 1120 returns and almost 3.1 million Form 1120S returns filed electronically in 2018.

Tax-exempt organizations with \$10 million or more in total assets were also required to file their Forms 990 electronically beginning in 2007. Private foundations and charitable trusts were also impacted by changes in 2007, when they were required to file their Forms 990-PF, *Return of Private Foundation*, electronically, regardless of their asset size. With the scope of the 2007 mandate limited to only those organizations filing at least 250 other tax returns, however, only a relatively small number of tax exempt filers have been affected (an estimated 10,000 were covered by the mandate in 2007). The new Form 990-N also debuted in 2008, increasing the modest

e-filing percentage for the exempt organization category by a noticeable amount.

As indicated in Table 1, some 600,111 Forms 990, 990EZ, 990N, and 990-PF returns were filed electronically in 2010. With the help of the 2007 mandates and the new all-electronic Form 990-N, tax exempt e-file returns are expected to have increased to more than 682,900 in 2011, building on the dramatic increase in e-file rates for these forms seen since 2008. In the longer term, more than 896,000 exempt organization tax returns are expected to be filed electronically by 2018.

In 2011, approximately 7.3 million employment returns are projected to be filed electronically. According to the most current forecasts, the number of e-filed returns is expected to demonstrate a steady growth pattern, and the total number of e-filed employment returns (i.e., Forms 940, 941, and 944) should approach 8.6 million by 2018, growing at an average annual rate of 2.1 percent over the next 6 years.

## Data Sources

The reported actual volumes of returns filed in Calendar Year 2010 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes correspond with the fiscal year volumes reported in the *Internal Revenue Service Data Book* (Publication 55B). However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff in the IRS operating divisions, typically from data-capture systems located in the IRS processing campuses. For Calendar Year 2011, master file data through August 2011 were generally available. Partial-year data were extrapolated in order to generate estimates for Calendar Year 2011.

## Projection Methodology

Each major form type is forecasted separately using either a time series or a linear regression model. Time series models use historical data for a form type to make predictions based on the patterns exhibited by the data. Some of the most common time series models used were several types of trended exponential smoothing and lower order Box-Jenkins ARIMA models. These models were applied for such return series as corporation (Forms 1120, 1120A, and

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1120S), partnership (Form 1065), and excise (Forms 720, 730, and 2290) tax returns.

In other instances, models based on linear regression analysis were used with independent (“predictor”) variables such as gross domestic product and employment. For these models, forecasts of the independent variables were provided by Global Insight, Inc. For example, linear regression models incorporating economic and demographic variables were used to project the individual income tax return series and employment Forms 940 and 941.

Legislative and administrative changes approved for future implementation and not captured in the statistical models are also factored into tax

return forecasts as “off-model adjustments.” This was the case in developing the projections for the estate tax returns category, such as Form 706. Analysis of the impact of similar events in the past, as well as input from subject-matter experts, are used to develop these “off-model adjustments.” However, such adjustments are made only for enacted tax law changes and confirmed (or reasonably certain) administrative plans and exclude initiatives that are simply under consideration. This is particularly true of e-filed returns. As a result, the e-file forecasts presented in this article are not IRS goals and should not be interpreted as precluding an alternative e-file future.

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**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018**

Type of return	Actual 2010	Estimated 2011 [1]	Projected						
			2012	2013	2014	2015	2016	2017	2018
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Grand total [2]</b>	<b>235,160,163</b>	<b>236,791,500</b>	<b>239,271,700</b>	<b>242,087,300</b>	<b>245,133,700</b>	<b>247,923,200</b>	<b>250,259,300</b>	<b>252,091,600</b>	<b>253,537,500</b>
Paper grand total	118,306,489	104,522,300	101,313,700	99,574,000	98,452,900	97,612,400	96,523,400	95,217,800	93,776,300
Electronic grand total	116,853,674	132,269,300	137,958,000	142,513,300	146,680,800	150,310,700	153,735,800	156,873,900	159,761,200
<b>Total primary returns [3]</b>	<b>211,353,115</b>	<b>213,253,100</b>	<b>215,731,300</b>	<b>218,492,900</b>	<b>221,486,600</b>	<b>223,854,600</b>	<b>225,787,200</b>	<b>227,235,100</b>	<b>228,311,900</b>
<b>Individual, total [4]</b>	<b>141,458,813</b>	<b>143,261,000</b>	<b>145,436,600</b>	<b>147,724,000</b>	<b>150,089,400</b>	<b>152,079,300</b>	<b>153,804,500</b>	<b>155,232,800</b>	<b>156,420,300</b>
Forms 1040, 1040-A, and 1040-EZ [5]	140,599,267	142,396,100	144,565,800	146,846,000	149,202,100	151,181,200	152,893,000	154,306,700	155,478,100
Total individual paper returns	42,001,133	31,652,800	29,698,800	28,720,400	28,054,100	27,318,000	26,419,100	25,419,100	24,365,400
Form 1040	29,763,340	21,427,600	19,672,000	18,787,400	18,182,400	17,579,500	16,861,500	15,998,700	15,081,500
Form 1040-A	6,617,781	5,304,000	5,173,700	5,142,100	5,097,500	4,985,400	4,835,100	4,737,000	4,640,400
Form 1040-EZ	5,620,012	4,921,200	4,853,100	4,790,800	4,774,200	4,753,100	4,722,500	4,683,500	4,643,400
Total individual electronic returns	98,598,134	110,743,300	114,867,000	118,125,600	121,148,000	123,863,200	126,473,900	128,887,600	131,112,700
Online filing	34,252,127	39,325,200	41,522,300	42,890,100	44,117,500	45,207,200	46,261,800	47,183,500	47,974,300
Practitioner electronic filing	64,346,007	71,418,100	73,344,700	75,235,500	77,030,500	78,656,000	80,212,100	81,704,100	83,138,400
Forms 1040NR/NR-EZ/C/EZ-T	621,314	625,600	630,200	635,600	642,600	650,600	660,600	671,600	683,600
Forms 1040-PR and 1040-SS	238,232	239,300	240,600	242,400	244,700	247,500	250,900	254,500	258,600
Electronic Forms 1040-PR and 1040-SS	93,132	93,500	94,300	95,300	96,600	98,300	100,300	102,500	105,100
<b>Individual estimated tax, Form 1040-ES, total</b>	<b>23,380,380</b>	<b>23,281,000</b>	<b>23,287,500</b>	<b>23,481,900</b>	<b>23,720,600</b>	<b>23,743,400</b>	<b>23,613,300</b>	<b>23,312,400</b>	<b>22,872,800</b>
Form 1040-ES, paper	23,289,458	23,179,000	23,180,400	23,371,800	23,607,900	23,628,300	23,495,900	23,193,000	22,751,500
Form 1040-ES, electronic (credit card)	90,922	102,000	107,100	110,100	112,700	115,100	117,400	119,400	121,300
<b>Fiduciary (Form 1041), total</b>	<b>3,051,389</b>	<b>3,031,900</b>	<b>3,071,200</b>	<b>3,078,900</b>	<b>3,086,600</b>	<b>3,094,300</b>	<b>3,102,100</b>	<b>3,109,800</b>	<b>3,117,600</b>
Paper fiduciary returns	2,179,555	1,372,000	1,328,700	1,225,400	1,122,300	1,019,300	916,400	813,700	711,100
Electronic fiduciary returns	871,834	1,660,000	1,742,600	1,853,500	1,964,300	2,075,000	2,185,600	2,296,100	2,406,500
<b>Fiduciary estimated tax, Form 1041-ES</b>	<b>335,821</b>	<b>558,800</b>	<b>563,400</b>	<b>572,400</b>	<b>578,400</b>	<b>588,500</b>	<b>616,900</b>	<b>637,900</b>	<b>658,900</b>
<b>Partnership, Forms 1065/1065B, total</b>	<b>3,434,905</b>	<b>3,511,600</b>	<b>3,589,900</b>	<b>3,670,100</b>	<b>3,752,000</b>	<b>3,835,700</b>	<b>3,921,300</b>	<b>4,008,800</b>	<b>4,098,300</b>
Paper partnership returns	2,166,949	1,739,700	1,533,800	1,400,700	1,322,700	1,286,600	1,322,200	1,302,300	1,341,200
Electronic partnership returns	1,267,956	1,771,900	2,056,100	2,269,300	2,429,200	2,549,100	2,639,100	2,706,500	2,757,100
<b>Corporation, total</b>	<b>6,706,386</b>	<b>6,765,000</b>	<b>6,837,900</b>	<b>6,918,300</b>	<b>7,009,700</b>	<b>7,104,500</b>	<b>7,200,700</b>	<b>7,300,600</b>	<b>7,405,700</b>
Paper corporation returns, total	4,474,723	3,816,100	3,692,500	3,605,900	3,541,200	3,481,700	3,433,000	3,391,300	3,364,300
Electronic corporation returns, total	2,231,663	2,948,900	3,145,400	3,312,400	3,468,500	3,622,800	3,767,700	3,909,300	4,041,400
Forms 1120 and 1120-A, total [6]	1,961,773	1,915,800	1,880,400	1,850,500	1,829,500	1,809,900	1,789,900	1,771,400	1,756,200
Forms 1120/1120-A, electronic	552,888	641,600	724,500	777,300	819,400	861,200	893,600	922,800	942,400
Form 1120-F, total	32,512	33,400	34,200	35,100	35,900	36,800	37,600	38,500	39,300
Form 1120-F, electronic	2,794	4,100	6,000	8,600	10,800	11,600	12,300	13,000	13,700
Form 1120-FSC	222	200	100	100	100	100	100	100	0
Form 1120-H	230,796	236,800	244,800	252,800	261,000	269,000	277,100	285,100	293,000
Form 1120-RIC	13,337	13,600	13,900	14,200	14,500	14,800	15,100	15,500	15,800
Form 1120-S, total	4,444,154	4,540,200	4,638,200	4,738,000	4,839,800	4,943,600	5,049,400	5,157,300	5,267,200
Form 1120-S, electronic	1,675,981	2,303,100	2,414,900	2,526,600	2,638,300	2,750,100	2,861,800	2,973,500	3,085,300
Forms 1120L/ND/PC/REIT/SF	14,967	15,500	16,100	16,700	17,300	17,800	18,400	19,000	19,500
Form 1120-C [7]	8,625	9,500	10,200	10,900	11,700	12,400	13,100	13,900	14,600
<b>Small Corporation Election, Form 2553</b>	<b>384,648</b>	<b>366,900</b>	<b>350,200</b>	<b>334,400</b>	<b>319,400</b>	<b>305,300</b>	<b>292,000</b>	<b>279,300</b>	<b>267,400</b>
<b>"REMIC," Form 1066</b>	<b>34,296</b>	<b>35,600</b>	<b>37,200</b>	<b>38,800</b>	<b>40,500</b>	<b>42,100</b>	<b>43,600</b>	<b>45,100</b>	<b>46,600</b>
<b>Estate, Forms 706, 706GS(D), 706GS(T), and 706NA, total</b>	<b>23,014</b>	<b>8,600</b>	<b>9,600</b>	<b>9,100</b>	<b>79,100</b>	<b>105,800</b>	<b>111,200</b>	<b>115,800</b>	<b>119,900</b>
<b>Gift, Form 709</b>	<b>226,241</b>	<b>209,700</b>	<b>203,500</b>	<b>198,000</b>	<b>213,900</b>	<b>240,000</b>	<b>248,200</b>	<b>251,100</b>	<b>253,600</b>
<b>Employment, total [8]</b>	<b>29,730,957</b>	<b>29,592,800</b>	<b>29,653,000</b>	<b>29,722,300</b>	<b>29,798,600</b>	<b>29,870,400</b>	<b>29,938,600</b>	<b>30,003,000</b>	<b>30,065,000</b>
Paper employment returns	22,737,280	22,301,800	22,075,800	21,859,400	21,651,100	21,545,500	21,496,500	21,468,800	21,466,300
Electronic employment returns	6,993,677	7,290,900	7,577,200	7,862,900	8,147,500	8,324,900	8,442,000	8,534,200	8,608,600
Forms 940, 940-EZ, and 940-PR, total	5,749,925	5,692,100	5,737,400	5,785,500	5,835,200	5,879,200	5,918,300	5,953,000	5,983,800
Forms 940, 940-EZ, and 940-PR, paper	4,431,283	4,627,100	4,720,500	4,861,200	4,957,000	4,253,100	4,250,400	4,249,700	4,244,100
Form 940, e-file/online/XML	1,318,642	1,405,000	1,466,900	1,524,300	1,578,200	1,626,100	1,667,900	1,703,300	1,739,600
Forms 941, 941PR/SS/E, total	23,399,755	23,387,400	23,416,900	23,454,100	23,492,900	23,532,000	23,571,800	23,611,900	23,652,600
Forms 941, 941PR/SS/E, paper	17,731,947	17,508,200	17,313,800	17,123,000	16,931,400	16,841,200	16,805,800	16,789,300	16,792,100
Form 941, e-file/online/XML	5,667,808	5,879,200	6,103,100	6,331,100	6,561,600	6,690,800	6,766,000	6,822,600	6,860,500
Forms 943, 943-PR, and 943-SS	219,739	215,500	212,600	209,400	207,200	204,700	202,300	199,800	197,500

Footnotes at end of table.

# Projections of Federal Tax Return Filings: Calendar Years 2011–2018

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**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018—Continued**

Type of return	Actual 2010	Estimated 2011 [1]	Projected						
			2012	2013	2014	2015	2016	2017	2018
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Employment, total [8]—continued</b>									
Forms 944, 944PR/SS, total	253,317	193,900	185,000	175,400	167,800	161,700	155,800	150,400	145,400
Forms 944, 944PR/SS, paper	246,090	187,100	177,900	167,900	160,000	153,800	147,600	142,100	137,000
Form 944, e-file	7,227	6,700	7,200	7,500	7,700	8,000	8,100	8,300	8,400
Form 945	106,379	102,000	99,200	96,100	93,700	91,000	88,600	86,100	83,800
Form CT-1	1,842	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
<b>Form 1042 [9]</b>	<b>36,680</b>	<b>38,000</b>	<b>39,000</b>	<b>40,000</b>	<b>40,600</b>	<b>41,300</b>	<b>41,900</b>	<b>42,600</b>	<b>43,100</b>
<b>Exempt organization, total [10]</b>	<b>1,426,131</b>	<b>1,457,100</b>	<b>1,499,500</b>	<b>1,537,500</b>	<b>1,571,400</b>	<b>1,602,100</b>	<b>1,630,300</b>	<b>1,656,600</b>	<b>1,681,400</b>
Paper exempt organization, total	826,020	774,200	763,400	758,800	758,600	762,000	768,100	776,200	785,300
Electronic exempt organization, total	600,111	682,900	736,000	778,700	812,800	840,200	862,300	880,400	896,000
Form 990, total	261,016	401,700	407,700	414,300	420,900	427,600	434,300	441,200	448,100
Form 990, electronic	76,996	113,900	129,700	142,100	151,800	159,400	165,500	170,500	175,500
Form 990-EZ, total	370,902	222,500	228,100	233,800	239,700	245,600	251,800	258,100	264,500
Form 990-EZ, electronic	60,821	73,600	83,900	92,100	98,700	103,900	108,100	111,500	114,200
Form 990-N [11]	449,770	479,800	503,700	522,900	538,300	550,600	560,400	568,300	574,500
Form 990-PF, total	112,939	117,000	120,300	123,000	125,100	126,700	128,100	129,200	130,000
Form 990-PF, electronic	12,524	15,600	18,700	21,500	24,000	26,300	28,300	30,100	31,800
Form 990-T	108,270	112,200	115,100	118,400	121,800	125,400	129,000	132,600	136,300
Form 4720	2,652	2,800	2,900	2,900	2,900	3,000	3,000	3,000	3,000
Form 5227	120,582	121,100	121,600	122,200	122,700	123,200	123,800	124,300	124,800
<b>Government entity, total</b>	<b>46,089</b>	<b>45,900</b>	<b>45,500</b>	<b>45,500</b>	<b>45,400</b>	<b>45,300</b>	<b>45,200</b>	<b>45,100</b>	<b>45,100</b>
Form 8038	3,782	3,800	3,900	3,900	3,900	3,900	4,000	4,000	4,000
Form 8038-B	1,694	1,200	600	300	100	0	0	0	0
Form 8038-CP	3,233	3,600	3,900	4,200	4,400	4,400	4,500	4,500	4,500
Form 8038-G	25,594	25,700	25,800	25,800	25,900	26,000	26,100	26,200	26,300
Form 8038-GC	9,493	9,300	9,100	8,900	8,600	8,400	8,200	8,000	7,700
Form 8038-T	1,401	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Form 8038-TC	667	700	700	800	800	800	900	900	900
Form 8328	225	200	200	200	200	200	200	200	200
<b>Political organization, total</b>	<b>12,635</b>	<b>10,800</b>	<b>13,200</b>	<b>11,500</b>	<b>14,000</b>	<b>12,200</b>	<b>14,800</b>	<b>12,900</b>	<b>15,600</b>
Form 1120POL, total	6,142	6,300	6,400	6,600	6,700	6,800	7,000	7,100	7,300
Form 1120POL, electronic	19	0	0	0	0	0	0	0	0
Form 8871 [12]	2,533	2,500	2,700	3,000	3,200	3,400	3,600	3,800	4,000
Form 8872, total	3,960	2,000	4,000	2,000	4,100	2,000	4,200	2,000	4,300
Form 8872, electronic	3,095	1,500	3,200	1,500	3,200	1,500	3,300	1,600	3,400
<b>Excise, total</b>	<b>817,021</b>	<b>833,100</b>	<b>849,800</b>	<b>867,000</b>	<b>884,700</b>	<b>903,100</b>	<b>922,100</b>	<b>941,600</b>	<b>961,900</b>
Form 11-C	6,264	6,200	6,200	6,100	6,100	6,000	6,000	5,900	5,900
Form 720, total	96,220	94,300	92,500	90,700	88,900	87,200	85,400	83,800	82,100
Form 720, electronic	69	100	100	200	400	700	1,100	1,700	2,400
Form 730	35,601	35,200	34,900	34,500	34,200	33,900	33,500	33,200	32,900
Form 2290, total	667,668	686,000	704,900	724,300	744,300	764,800	785,800	807,500	829,700
Form 2290, electronic	48,660	59,700	73,200	89,800	110,100	135,000	165,600	203,100	249,100
Form 8849, total	11,268	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300
Form 8849, electronic	640	600	600	600	600	600	600	600	600
<b>Form 5330 [13]</b>	<b>20,269</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>	<b>20,300</b>
<b>Form 5500-EZ [14]</b>	<b>191,263</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>	<b>191,300</b>
<b>Form 8752 [15]</b>	<b>36,177</b>	<b>33,800</b>	<b>32,800</b>	<b>31,800</b>	<b>30,800</b>	<b>29,900</b>	<b>29,000</b>	<b>28,100</b>	<b>27,200</b>

Footnotes at end of table.

# Projections of Federal Tax Return Filings: Calendar Years 2011–2018

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**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018—Continued**

Type of return	Actual 2010	Estimated 2011 [1]	Projected						
			2012	2013	2014	2015	2016	2017	2018
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Supplemental documents, total [16]</b>	<b>23,807,048</b>	<b>23,538,400</b>	<b>23,540,400</b>	<b>23,594,400</b>	<b>23,647,100</b>	<b>24,068,600</b>	<b>24,472,100</b>	<b>24,856,600</b>	<b>25,225,600</b>
Form 1040-X, total	6,624,153	6,072,700	5,773,800	5,527,400	5,281,000	5,428,100	5,575,300	5,722,500	5,869,700
Form 4868, total	10,407,611	10,504,800	10,685,000	10,868,000	11,052,200	11,213,300	11,357,500	11,483,300	11,593,800
Form 4868, paper	6,454,301	6,436,200	6,473,600	6,516,400	6,563,500	6,600,000	6,581,000	6,553,400	6,519,200
Form 4868, electronic	3,953,310	4,068,600	4,211,400	4,351,500	4,488,800	4,613,400	4,776,500	4,929,800	5,074,600
Credit card	51,301	50,600	52,300	54,100	55,800	57,300	59,400	61,300	63,100
E-file	3,902,009	4,018,100	4,159,000	4,297,400	4,433,000	4,556,000	4,717,100	4,868,600	5,011,500
Form 1120-X	3,797	3,900	4,000	4,100	4,200	4,400	4,500	4,600	4,700
Form 5558	581,850	605,000	628,100	651,200	674,300	697,400	720,600	743,700	766,800
Form 7004, total	5,619,579	5,772,900	5,861,300	5,946,100	6,028,300	6,108,600	6,187,800	6,266,200	6,344,100
Form 7004, electronic	1,985,255	2,715,800	3,197,000	3,497,700	3,715,400	3,876,000	3,997,500	4,092,300	4,168,800
Form 8868, total	570,058	579,100	588,300	597,600	607,100	616,700	626,500	636,400	646,500
Form 8868, electronic	112,664	127,000	144,100	161,200	179,500	191,400	199,300	205,000	209,500

[1] Estimated based on information available as of August 2011.

[2] Grand total is the sum of total primary returns and supplemental documents.

[3] Total primary returns is the sum of all returns, excluding supplemental documents.

[4] "Individual, total" is the sum of paper and electronic Forms 1040, 1040-A, 1040-C, 1040-EZ, 1040-EZ-T, 1040-NR, 1040-NR-EZ, 1040-PR, and 1040-SS.

[5] Forms 1040/A/EZ is the sum of the paper and electronic Forms 1040, 1040-A, and 1040-EZ.

[6] Form 1120-A cannot be filed for tax years beginning after December 31, 2006.

[7] Form 1120-C includes Form 990-C.

[8] "Employment, total" includes paper, magnetic tape, and electronic Forms 940, 940-EZ, 940-PR, 941, 941-E, 941-PR, 941-SS, 943, 943-PR, 943-SS, 944, 944-PR, 944-SS, 945, and CT-1.

[9] Form 1042 is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*.

[10] "Exempt organization, total" includes Forms 990, 990EZ, 990N, 990PF, 990T, 4720, and 5227. See footnote 7.

[11] Form 990-N is all electronic.

[12] Form 8871 is all electronic.

[13] Form 5330 is the *Return of Excise Taxes Related to Employee Benefit Plans*.

[14] IRS regained responsibility for processing Form 5500EZ from the Department of Labor beginning in 2010.

[15] Form 8752 is *Required Payment or Refund Under Section 7519*, a computation of payment or refund by a partnership or S corporation.

[16] Supplemental documents consist mainly of applications for extensions of time to file and amended tax returns.

# SOI Sampling Methodology and Data Limitations

**T**his article discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports. More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

## Sample Criteria and Selection of Returns

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on such criteria as: industry, presence or absence of a tax form or schedule, and various income factors or other measures of economic size (such as total assets, total receipts, size of gift, and size of estate). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years—3 for corporations because of the incidence of fiscal (noncalendar) year reporting and extensions of filing time. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated pro-

cessing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files based on the taxpayer identification number (TIN), which is either the Social Security number (SSN) or the Employer Identification Number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes), but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TINs designated from one year's sample are, for the most part, selected for the next year's, so that a very high proportion of the returns selected in the current year's sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

## Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns and outliers. Weights are used to adjust for the various sampling rates used, relative to the population—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "poststrata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these poststrata using additional population counts. The data on each sample return in a stratum are then multiplied by that weight. To produce the tabulated estimates, the weighted

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

## SOI Sampling Methodology and Data Limitations

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

data are summed to produce the published statistical totals.

### Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually

vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports, the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly selected. To obtain this interval es-

timate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Director, Statistics of Income Division, at the address given above.

### Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose, or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data reported on sampled returns

## SOI Sampling Methodology and Data Limitations

and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, through a published errata.

### Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (\*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A zero, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a zero indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

# SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

SOI Projects and Contacts	Program Content and Frequency	Program Year	Goals for Public Release				
			End of tax year	Close of filing period—		Close of sampling period	Planned release date for the final draft
				Regular	With extensions of time		
<b>Controlled Foreign Corporations [1]:</b> Jason Wenrich	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.	2008	June 2009	September 2009	March 2010	June 2010	December 31, 2011
<b>Controlled Foreign Partnerships [1]:</b> Bill States	This study provides data on activities of foreign partnerships that are controlled by U.S. corporations or partnerships. Frequency of this study has not been determined.	2008	June 2009	September 2009	March 2010	June 2010	July 31, 2012
<b>Corporation Foreign Tax Credit [1]:</b> Scott Luttrell Lissa Costa Nuria McGrath	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.	2008 2009	June 2009 June 2010	September 2009 September 2010	March 2010 March 2011	June 2010 June 2011	October 31, 2011 October 31, 2012
<b>Corporation Income Tax Returns [2]:</b> Bill Rush & Kimberly Stockton Heather Parisi	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.	2009 2010	June 2010 June 2011	September 2010 September 2011	March 2011 March 2012	June 2011 June 2012	December 30, 2011 December 29, 2012
<b>County Income Data:</b> Kevin Pierce	County or State income data are available annually. The most recent data are for 2009.	2009 2010	December 2009 December 2010	April 2010 April 2011	October 2010 October 2011	December 2010 December 2011	September 2011 September 2012
<b>Disregarded Entities Study [1]:</b> Jason Wenrich	This semiannual study provides data on activities of foreign disregarded entities that are controlled by U.S. corporations. Data are classified by industry group and country.	2008	June 2009	September 2009	March 2010	June 2010	July 31, 2012
<b>Estate Tax:</b> Brian Raub Joseph Newcomb	This annual study provides information on a gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent study is based on decedents who died in 2007 with returns filed in 2007–2009. The most recent data available are for returns filed in 2010.	2011	[3]	[3]	[3]	December 2011	October 31, 2012

Footnotes at end of table.

## SOI Projects, Contacts, and Public Release Information

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

SOI Projects and Contacts	Program Content and Frequency	Program Year	Goals for Public Release				
			End of tax year	Close of filing period—		Close of sampling period	Planned release date for the final draft
				Regular	With extensions of time		
<b>Fiduciary Income Tax Study:</b> Joseph Newcomb	This annual study provides data on income, deductions, gains, and losses reported by estates and trusts, as well as distributions to beneficiaries and income tax liability.	2011	[4]	[4]	[4]	December 2011	October 31, 2012
<b>Foreign-Controlled Domestic Corporations:</b> James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.	2009	June 2010	September 2010	March 2011	June 2011	December 30, 2011
<b>Foreign Recipients of U.S. Income:</b> Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.	2009 2010	December 2009 December 2010	March 2010 March 2011	April 2010 April 2011	March 2011 March 2012	September 30, 2011 September 30, 2012
<b>Foreign Trusts:</b> Dan Holik	This periodic study, conducted every 4 years, provides data on foreign trusts that have U.S. "persons" as grantors, transferors, or beneficiaries. Data include country where the trust was created, value of transfer to the trust, and year the trust was created. The most recent study is for Tax Year 2006.	2010	December 2010	April 2011	October 2011	March 2012	December 2012
<b>Gift Tax:</b> Melissa Belvedere	This annual study provides data for type and amount of gift, information on donee, and tax computation items. Information about the donor and gift splitting is also available. The most recent available data are for Filing Year 2010.	2011	[3]	[3]	[3]	December 2011	October 31, 2012
<b>Individual Foreign-Earned Income and Foreign Tax Credit:</b> Scott Hollenbeck Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign-earned income, foreign-earned exclusion, foreign housing exclusion, foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.	2011	December 2011	April 2012	October 2012	December 2012	June 2014

Footnotes at end of table.

## SOI Projects, Contacts, and Public Release Information

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

SOI Projects and Contacts	Program Content and Frequency	Program Year	Goals for Public Release				
			End of tax year	Close of filing period—		Close of sampling period	Planned release date for the final draft
				Regular	With extensions of time		
<b>Individual Income Tax Returns:</b> Maureen Keenan Kahr Scott Hollenbeck Mike Parisi	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.	2010 2011	December 2010 December 2011	April 2011 April 2012	October 2011 October 2012	December 2011 December 2012	August 31, 2012 August 31, 2013
<b>Interest-Charge Domestic International Sales Corporations:</b> Dan Holik	These corporations replaced the Domestic International Sales Corporations, or DISCs, as of 1985. Balance sheet, income statement, and export-related data are tabulated every 2 years. The most recent study is for Tax Year 2006.	2010	June 2011	September 2011	March 2012	June 2012	February 28, 2013
<b>International Boycott Reports:</b> Lissa Costa	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.	2009	December 2009	April 2010	September 2010	July 2011	October 31, 2011
<b>Migration Flow Data:</b> Kevin Pierce	Migration flow data (based on year-to-year changes in individual income tax return addresses) are available annually. The most recent data are for 2008–2009.	2009 2010	December 2009 December 2010	April 2010 April 2011	October 2010 October 2011	December 2010 December 2011	September 2011 September 2012
<b>Noncash Charitable Contributions:</b> Janette Wilson P.J. Liddell	This study of individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deduction claimed on Form 8283, <i>Noncash Charitable Contributions</i> .	2009 2010	December 2009 December 2010	April 2010 April 2011	October 2010 October 2011	December 2010 December 2011	March 31, 2012 March 31, 2013
<b>Nonfarm Sole Proprietorships:</b> Jeff Curry Adrian Dungan	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C, Profit or Loss From Business, for nonfarm proprietors, classified by industry group.	2010 2011	December 2010 December 2011	April 2011 April 2012	October 2011 October 2012	December 2011 December 2012	August 31, 2012 August 31, 2013
<b>Nonresident Alien Estate Tax:</b> Melissa Belvedere	This annual study provides information on gross estates, including composition, deductions, and tax, of nonresident aliens who owned at least \$60,000 worth of property within the U.S. at time of death. The most recent available data are for returns filed in 2010.	2011	[3]	[3]	[3]	December 2011	August 31, 2012

Footnotes at end of table.

## SOI Projects, Contacts, and Public Release Information

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

SOI Projects and Contacts	Program Content and Frequency	Program Year	Goals for Public Release				
			End of tax year	Close of filing period—		Close of sampling period	Planned release date for the final draft
				Regular	With extensions of time		
<b>Partnership Returns of Income:</b> Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.	2010 2011	December 2010 December 2011	April 2011 April 2012	September 2011 September 2012	December 2011 December 2012	July 31, 2012 July 31, 2013
<b>Partnership Withholding Study:</b> Scott Luttrell	This annual study provides data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.	2009	December 2009	April 2010	October 2010	September 2011	May 31, 2012
<b>Personal Wealth Study:</b> Brian Raub Joseph Newcomb	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate databases. The most recent data, for 2004, are based on returns filed from 2004 to 2006.	2007	[3]	[3]	[3]	December 2009	March 16, 2012
<b>S Corporations:</b> Heather Parisi Isaac Goodwin	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.	2009 2010	June 2010 June 2011	September 2010 September 2011	March 2011 March 2012	June 2011 June 2012	December 30, 2011 December 29, 2012
<b>Sales of Capital Assets Cross-Section:</b> Janette Wilson P.J. Liddell	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.	2012	December 2012	April 2013	October 2013	December 2013	March 31, 2014
<b>Sales of Capital Assets Panel:</b> Janette Wilson P.J. Liddell	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.	1999-2007	December 2010	April 2011	October 2011	December 2011	May 31, 2013
<b>Split-Interest Trust Information:</b> Lisa Rosenmerkel	This annual study provides information on charitable remainder trusts, charitable lead trusts, and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent data are for Filing Year 2010.	2011	[4]	[4]	[4]	December 2011	October 31, 2012

Footnotes at end of table.

## SOI Projects, Contacts, and Public Release Information

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

SOI Projects and Contacts	Program Content and Frequency	Program Year	Goals for Public Release				
			End of tax year	Close of filing period—		Close of sampling period	Planned release date for the final draft
				Regular	With extensions of time		
<b>Tax-Exempt Bond Issues:</b> Aaron Barnes	This annual study provides information on private activity and Governmental bond issues by type of property financed, size of face amount, and State. The most recent data are for Issue Year 2009 public purpose bonds and private activity bonds.	2010	[5]	[5]	[5]	December 2011	July 31, 2012
<b>Tax-Exempt Organizations (Except Private Foundations):</b> Paul Arnsberger	This annual study provides balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent data are for Tax Year 2008 returns filed in Calendar Years 2009–2010.	2009	November 2010	April 2011	October 2011	December 2011	July 31, 2012
<b>Tax-Exempt Organizations, (Private Foundations):</b> Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF. The most recent data are for Tax Year 2008 returns filed in Calendar Years 2009–2010.	2009	November 2010	April 2011	October 2011	December 2011	July 31, 2012
<b>Tax-Exempt Organizations, Unrelated Business Income:</b> Jael Jackson	This annual study provides tabulations of unrelated business income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent data are for Tax Year 2008 returns filed in Calendar Years 2009–2010.	2009	November 2010	April 2011	October 2011	December 2011	October 31, 2012
<b>Transactions of Foreign-Controlled Corporations:</b> Isaac Goodwin	This biennial study provides data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.	2010	June 2011	September 2011	March 2012	June 2012	April 2013

[1] Data for 2008 represent accounting periods ending July 2008 through June 2009. Data for other study years are similarly defined.

[2] Corporation statistics for 2009 represent accounting periods ended July 2009 through June 2010. Study Year 2010 is similarly defined.

[3] Estate and gift tax data are processed on a filing-year, rather than on a year-of-death or gift-year (tax-year) basis. At a later stage (not shown here), filing years are combined by year of death or gift year, respectively.

[4] Split-interest trust and fiduciary income tax statistics are processed on a filing-year rather than a tax-year basis.

[5] Tax-exempt private activity governmental bond statistics are collected annually based on issue year. Arbitrage rebate and penalty are conducted biennially, for tax years ending in odd numbers.

**S**tatistics of Income (SOI) data are available in electronic formats and in print. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS)**:

**Statistical Information Services** (sis@irs.gov)  
Statistics of Income Division  
Internal Revenue Service  
P.O. Box 2608 • Washington, DC 20013-2608  
(202) 874-0410 • **Fax:** (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202) 622-4000.

## Free Products on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including Compliance Research projections and nonprofit Master File microdata records. At present, almost 12,000 files reside there.

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

There is also a direct link to our Web site from FedStats, the gateway to official statistics from the Federal Government: [www.fedstats.gov](http://www.fedstats.gov).

## Tax Stats

On the Tax Stats Home Page, you will find the following list of topics that will lead to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

## Business Tax Statistics

Corporations • International • Partnerships  
Nonfarm Sole Proprietorships  
S Corporations • All Topics

## Charitable and Exempt Organization Statistics

Charities • Exempt Organization Master File  
Private Foundations • Trusts  
Tax-Exempt Bonds • All Topics

## Individual Tax Statistics

Individual Income Tax • Estate and Gift Tax  
International • Personal Wealth  
All Topics

## Products, Publications, and Papers

SOI Bulletins • IRS Data Books • Data Snapshots  
U.S. Population Migration Data • SOI Paper Series  
Historical Data Tables • Archive • All Topics

## IRS Operations, Budget, and Compliance

Issuing Refunds • Collecting Revenue  
Enforcing Laws • Assisting Taxpayers  
All Topics

## Statistics by Form

706 • 709 • 990 • 990-PF • 990-T  
1040 • 1041 • 1065 • 1118 • 1120  
5471 • 5472 • 8038 • All Forms

## Statistics of Income (SOI)

About SOI • Careers With SOI  
Dissemination Policy  
SOI Products and Services • SOI Studies  
Statistical Methodology  
All Topics

## Additional Information

Tax Statistics at a Glance  
Join SOI Tax Stats E-Mail List  
Payments for SOI Data  
Questions on Tax Statistics?  
Search U.S. Government  
Other IRS Data (Office of Research)

## Products for Sale From SOI

Many of SOI's data files are available for sale on CD-ROM or via e-mail through Statistical Information Services. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Credit and debit card payments are also accepted. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns for corporations, individuals, exempt organizations, and private foundations

## SOI Products and Services

and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

### Corporation Income Tax Returns

#### Corporation Source Book

CD-ROMs containing data from the *Corporation Source Book* are available for Tax Years 1996-2003 at a cost of \$250 per year. Data from the 2004 through 2009 *Corporation Source Books* are available at no charge from the Tax Stats Web site. Data tables from the 2000 through 2009 *Source Books* are also available at no charge from the Tax Stats Web site at: [www.irs.gov/taxstats/bustaxstats/article/0,,id=149687,00.html](http://www.irs.gov/taxstats/bustaxstats/article/0,,id=149687,00.html).

### Individual Income Tax Returns

#### Individual Public-Use Microdata Files

Files for 1992 through 2006 are available on CD-ROM from the SOI Division for \$4,000 per year. These microdata files have been edited to protect the confidentiality of individual taxpayers.

#### County-to-County Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by county for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total "adjusted gross income." Available for Filing Years 1991-2009. Price is \$200 per year for the entire United States or \$10 per State per year for Filing Years 1991-2004. All years for the entire United States are also available for \$500. Filing Years 2005-2009 are available at no cost at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "U.S. Population Migration Data" under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

#### State-to-State Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by State for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total "adjusted gross income." Available for Filing Years 1989-2009. Price is \$50 per year for the entire United States or \$10 per State per year for Filing

Years 1989-2004. Filing Years 2005-2009 are available at no cost at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "U.S. Population Migration Data" under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

#### County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989-2009 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year for Tax Years 1989-2004. Tax Years 2004-2009 are available at no cost at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "County Income" under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

#### ZIP Code Area Data

Statistics are available for Tax Years 2002 and 2004-2008 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; and contributions; by State and 5-digit ZIP Code. In addition to these items, data for Tax Year 2004-2008 also show the amount of taxable dividends; net capital gain/loss; IRA payment adjustment; self-employed pension adjustment; taxes paid deduction; alternative minimum tax; income tax before credits; earned income credit; and number of returns prepared by paid preparers. Price is \$500 for the entire United States; \$25 for a single State. Data for Tax Years 1998, 2001, and 2008 are available at no cost at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Click on "Zip Code Data (SOI)" under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

### Tax-Exempt Organizations

#### Compendium of Studies of Tax-Exempt Organizations, 1989-1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)-(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the *Compendium* includes papers on statistical sampling of tax-exempt or-

gанизation returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research. Available at no charge on CD-ROM.

### **Microdata Records for Tax Year 2008**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 15,708 Internal Revenue Code section 501(c)(3) organizations and 6,450 section 501(c)(4)-(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html), or may be purchased on CD-ROM for \$20.

### **Microdata Records for Tax Years 1992-2007**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html), or may be purchased on CD-ROM for \$20.

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

### **Microdata Records for Tax Year 2008**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 15,710 returns. (All returns filed by foundations with assets of \$10 million or more, as well as the population of returns filed by nonexempt charitable trusts, are included in the sample.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html), or may be purchased for \$20.

### **Microdata Records for Tax Years 1992-2007**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal

Revenue Code section 4947 (a)(1) charitable trusts. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html), or may be purchased for \$20.

## **Publications**

### **Statistics of Income—2009, Corporation Source Book**

*Publication 1053, Price: \$175,  
plus \$10 for shipping and handling*

This document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page. The complete, printed version of the *Source Book* for selected prior years, 1984-2009, is also for sale at \$175 per year, plus \$10 for shipping and handling.

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

*Publication 1773, Price: \$26,  
plus \$10 for shipping and handling*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

## SOI Products and Services

### Products for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, by calling (202) 512-1800, or faxing (202) 512-2250. Credit cards are accepted.

#### Superintendent of Documents

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

\* If you determine from the Government Printing Office that any of the following items is out of print, call **Statistical Information Services on (202) 874-0410** for assistance.

#### Statistics of Income—2008, Corporation Income Tax Returns

*Publication 16 Stock No. 048-004-02532-9*  
*Price: \$52.00*

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2008 through June 2009. Data are classified by industry, size of total assets, and size of business receipts.

#### Statistics of Income—2008, Individual Income Tax Returns

*Publication 1304, Stock No. 048-004-02530-2*  
*Price: \$43 Foreign: \$60.20*

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2008 than those published earlier in the *SOI Bulletin*.

Presents information on:

- sources of income
- exemptions
- itemized deductions
- tax computations

Classifies data by:

- size of adjusted gross income
- marital status
- type of tax computation
- age

#### IRS Data Book, 2010

*Annually, Publication 55B, Stock No. 048-004-02531-1*  
*Price: \$14.00 International: \$19.60*

This volume pertains to Fiscal Year (FY) 2010—October 1, 2009, through September 30, 2010. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, the IRS budget and workforce, and other selected activities. The FY 2011 issue of the Data Book will be available in late March 2012.

#### Statistics of Income Bulletin

*Quarterly, Publication 1136, Stock No. 748-005-00000-5*  
*Subscription price: \$67 International: \$93.80*  
*Fall 2011 Single copy, Stock No. 748-005-00109-5*  
*Single copy price: \$44 International: \$61.60*

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables, published in the spring issue, include data from SOI, as well as tax collections and refunds by type of tax.