

# 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*.

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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.

# 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>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

Statistics of Income Bulletin | Winter 2012

**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]

| 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)               |
| 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.

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## 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.

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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.

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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

Statistics of Income Bulletin | Winter 2012

**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<br>adjusted gross income | Tax generated at specified rate—continued |                            |                             |                         |                            |                             |
|----------------------------------|---|----------------------------|-----------------------------|-------------------------|----------------------------|-----------------------------|
|                                  | 25 percent (capital gains)                |                            |                             | 28 percent              |                            |                             |
|                                  | Number<br>of<br>returns                   | Income<br>taxed<br>at rate | Tax<br>generated<br>at rate | Number<br>of<br>returns | Income<br>taxed<br>at rate | Tax<br>generated<br>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<br>adjusted gross income | Tax generated at specified rate—continued |                            |                             |                         |                            |                             |
|----------------------------------|---|----------------------------|-----------------------------|-------------------------|----------------------------|-----------------------------|
|                                  | 28 percent (capital gains)                |                            |                             | 33 percent              |                            |                             |
|                                  | Number<br>of<br>returns                   | Income<br>taxed<br>at rate | Tax<br>generated<br>at rate | Number<br>of<br>returns | Income<br>taxed<br>at rate | Tax<br>generated<br>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

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<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).

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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

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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,<br>type of trustee | All            | Charitable<br>remainder annuity<br>trusts | Charitable<br>remainder unitrusts | Charitable lead<br>trusts | Pooled income<br>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<br>remainder annuity<br>trusts | Charitable<br>remainder unitrusts | Charitable lead<br>trusts | Pooled income<br>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>.

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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.

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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,

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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.

# Split-Interest Trusts, Filing Year 2010

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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.

# Split-Interest Trusts, Filing Year 2010

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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<br>[1]                         | \$500,000 under<br>\$1,000,000 | \$1,000,000 under<br>\$3,000,000 | \$3,000,000 under<br>\$10,000,000 | \$10,000,000 or<br>more |
|                                      |                  | (1)  | (2)                            | (3)                              | (4)                               | (5)                     |
| <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.

# Split-Interest Trusts, Filing Year 2010

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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<br>[1]                         | \$500,000 under<br>\$1,000,000 | \$1,000,000<br>under<br>\$3,000,000 | \$3,000,000<br>under<br>\$10,000,000 | \$10,000,000<br>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>    |
| Securities   | 46,094,429        | 8,232,008                                      | 7,038,360                   | 10,505,124                    | 8,563,821                      | 11,755,115           |
| 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.

# Split-Interest Trusts, Filing Year 2010

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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>    |
| Securities   | 7,592,849         | 272,500  | 601,585                     | 1,358,588                     | 1,375,758                      | 3,984,418            |
| 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)                  |
| <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

Statistics of Income Bulletin | Winter 2012

**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>       |
| <b>Securities</b>  | <b>1,125,287</b> | <b>83,689</b>                                  | <b>62,032</b>               | <b>149,067</b>                | <b>260,796</b>                 | <b>569,703</b>       |
| 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

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<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.”

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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.

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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.<br><br>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.<br><br>(2) Borrowing money from, lending money to, or otherwise extending credit to a disqualified person.<br><br>(3) Furnishing goods, services, or facilities to a disqualified person.<br><br>(4) Paying compensation to, or paying or reimbursing the expenses of, a disqualified person.<br><br>(5) Transferring any income or assets to a disqualified person.<br><br>(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.<br><br>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.<br><br>5-percent initial tax up to \$10,000 on Foundation Managers.  | (1) Carrying on propaganda or otherwise influence any legislation through:<br><br>(a) Attempting to influence public opinion or any segment of it, and<br><br>(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;<br><br>(2) Influencing the outcome of any specific public election, or to conduct, directly or indirectly, any voter registration drive;<br><br>(3) Providing a grant to an individual for travel, study, or other purposes;<br><br>(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<br><br>(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<br>(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

# Domestic Private Foundations and Excise Taxes, Tax Year 2008

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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,<br>asset size [2]                                  | Net<br>investment<br>income yields<br>(percentages) |             | Real rates<br>of total<br>return<br>(percentages) |             |
|--|---|-------------|---|-------------|
|  | Median  | Mean        | Median  | Mean        |
|  | (1)   | (2)         | (3)   | (4)         |
| <b>Tax Year 2007,</b><br><b>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,</b><br><b>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

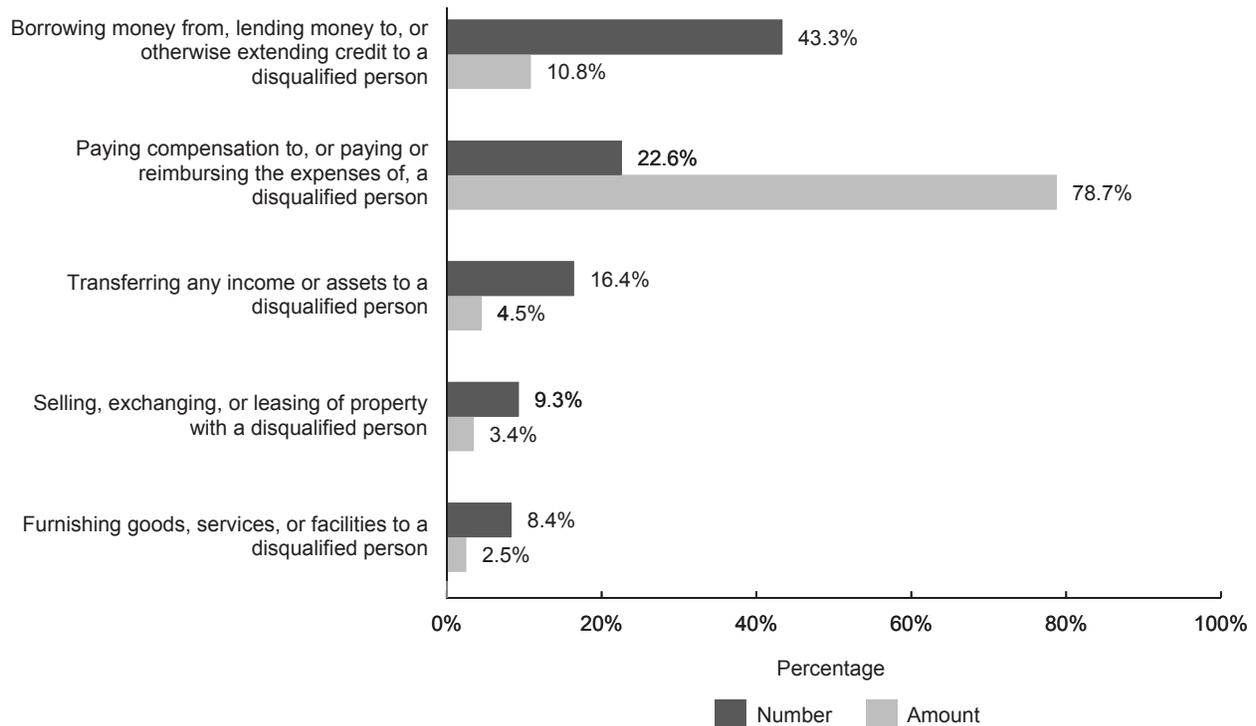
<sup>12</sup> The excise tax on undistributed income is a “two-tier” tax, which consists of an initial tax and additional tax. If a private foundation has undistributed income for a reporting year that remains undistributed at the end of the following tax year, the initial tax of 30 percent automatically 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  | Amount                                 | Total              |
|                                  | (21)  |                               |                    |  |                    |  | (22)               |
| <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<br>(fair market<br>value) [2] |
|----------------------------------|--|-------------------|----------------------|--------------------|----------------------|-------------------|--|
|                                  | Government obligations                           |                   | Corporate stock      |                    | Corporate bonds      |                   | Number<br>of returns                       |
|                                  | Number<br>of returns                             | Amount            | Number<br>of returns | Amount             | Number<br>of returns | Amount            |  |
|                                  | (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<br>(fair market<br>value) [2] |
|---|--|-------------------|----------------------|--------------------|----------------------|-------------------|--|
|   | Government obligations                           |                   | Corporate stock      |                    | Corporate bonds      |                   | Number<br>of returns                       |
|   | Number<br>of returns                             | Amount            | Number<br>of returns | Amount             | Number<br>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<br>(fair market<br>value) [2]—<br>continued | Total investment assets<br>(fair market value) [2] |                    | Investments in securities<br>(fair market value) |                      |                        |                      |
|----------------------------------|--|--|--------------------|--|----------------------|------------------------|----------------------|
|                                  |  | Number<br>of returns                               | Amount             | Total  |                      | Government obligations |                      |
|                                  | Amount   |  |                    | Number<br>of returns                             | Number<br>of returns | Amount                 | Number<br>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<br>(fair market<br>value) [2]—<br>continued | Total investment assets<br>(fair market value) [2] |                    | Investments in securities<br>(fair market value) |                    |                        |                   |
|---|--|--|--------------------|--|--------------------|------------------------|-------------------|
|   |  |  |                    | Total  |                    | Government obligations |                   |
|   | Amount   | Number<br>of returns                               | Amount             | Number<br>of returns                             | Amount             | Number<br>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<br>(fair market value)—continued |                    |                      |                   | Net worth<br>(book value) |                    | Non-charitable-<br>use assets |
|----------------------------------|--|--------------------|----------------------|-------------------|---------------------------|--------------------|-------------------------------|
|                                  | Corporate stock  |                    | Corporate bonds      |                   | Number<br>of returns      | Amount             |                               |
|                                  | Number<br>of returns                                       | Amount             | Number<br>of returns | Amount            |                           |                    | Number<br>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<br>(fair market value)—continued |                    |                      |                   | Net worth<br>(book value) |                    | Non-charitable-<br>use assets |
|---|--|--------------------|----------------------|-------------------|---------------------------|--------------------|-------------------------------|
|   | Corporate stock  |                    | Corporate bonds      |                   | Number<br>of returns      | Amount             |                               |
|   | Number<br>of returns                                       | Amount             | Number<br>of returns | Amount            |                           |                    | Number<br>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<br>under<br>\$25,000,000 | \$25,000,000<br>under<br>\$50,000,000 | \$50,000,000<br>under<br>\$100,000,000 | \$100,000,000<br>or<br>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<br>under<br>\$25,000,000 | \$25,000,000<br>under<br>\$50,000,000 | \$50,000,000<br>under<br>\$100,000,000 | \$100,000,000<br>or<br>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.

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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.

# Unrelated Business Income Tax Returns, 2008

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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<br>Number<br>of returns | 2007<br>Percentage<br>of total | 2008<br>Number<br>of returns | 2008<br>Percentage<br>of total | 2007-2008<br>Returns<br>percentage<br>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.

# 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**

[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       |                  |                         |                |
|---|---------------------------------|-------------------|--|------------------|-------------------------|----------------|
|   |                                 |                   | Gross profit (less loss) from sales and services |                  | Capital gain net income |                |
|   | Number of returns               | Amount            | 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

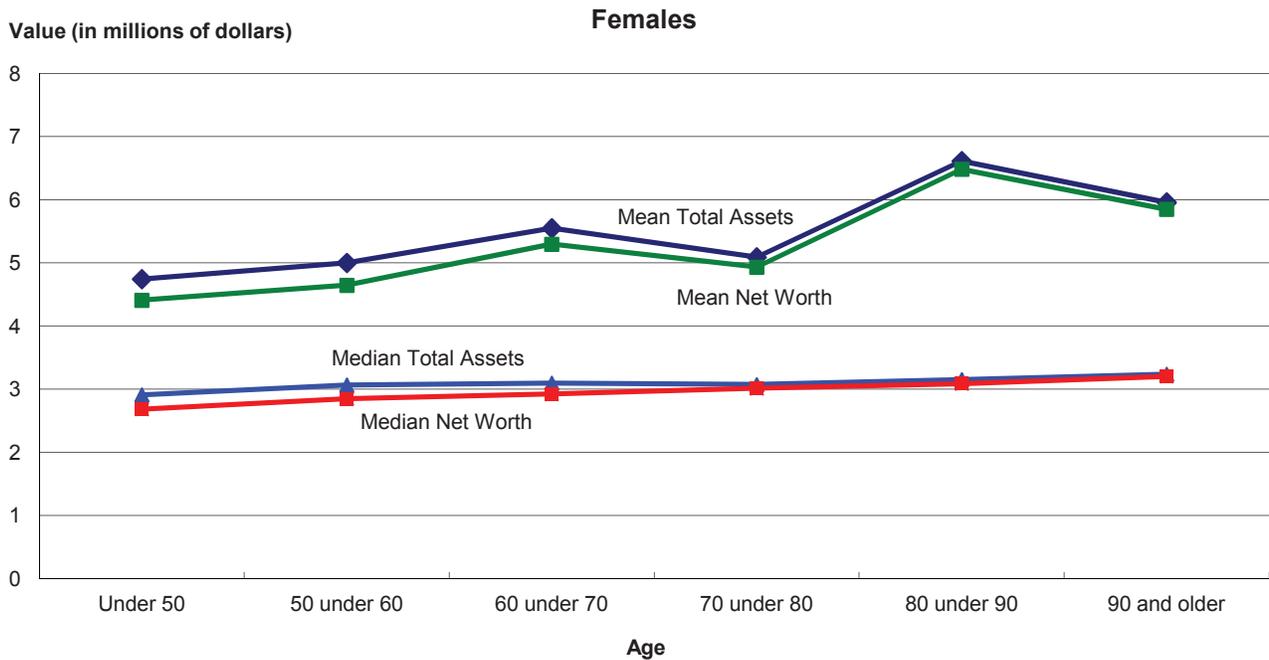
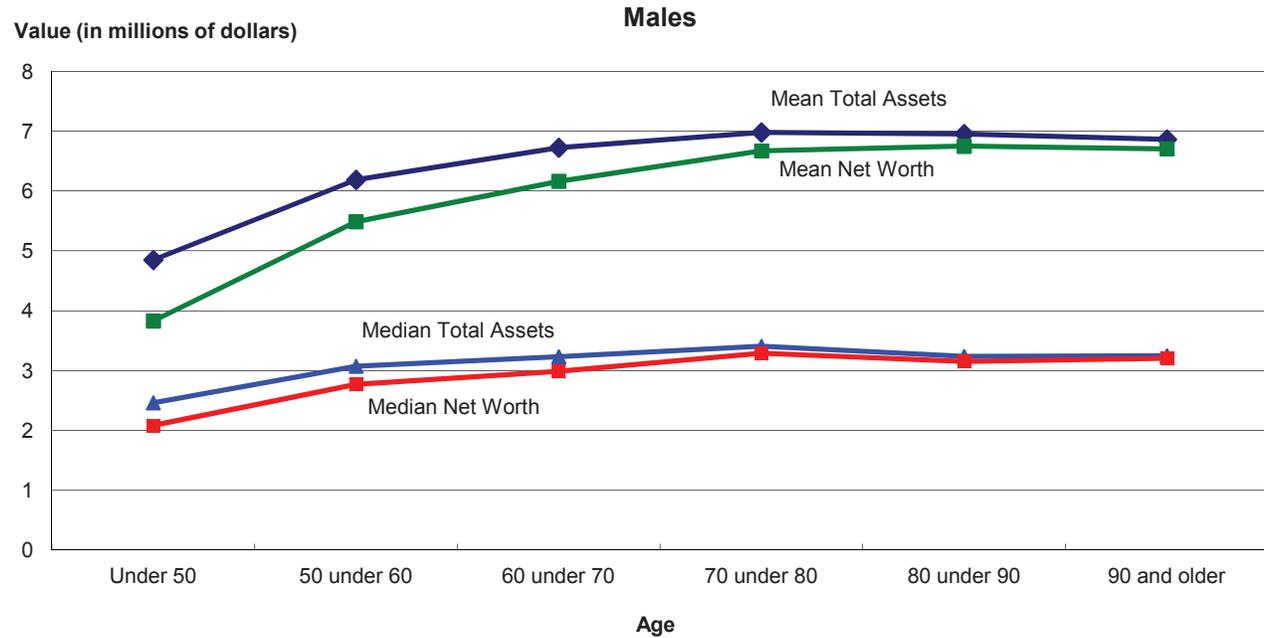
As shown in Figures F, G, H, and I, the asset portfolio allocation of top wealth holders in 2007 differed significantly by level of net worth and age. Figure F shows that, broadly speaking, male top wealth holders in the net worth categories less than \$5 million held greater shares of their assets in 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



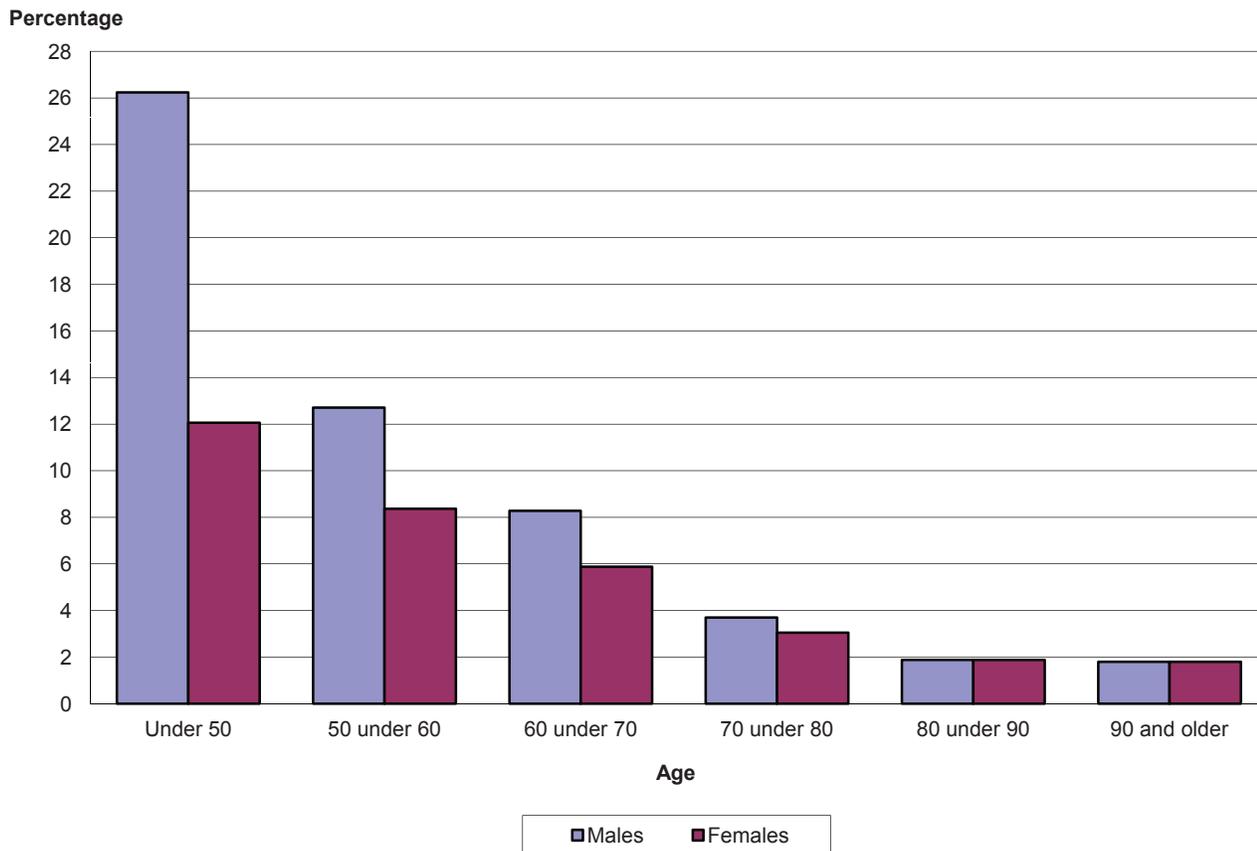
[1] Top wealth holders are defined as individuals with gross assets of at least \$2 million.

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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.

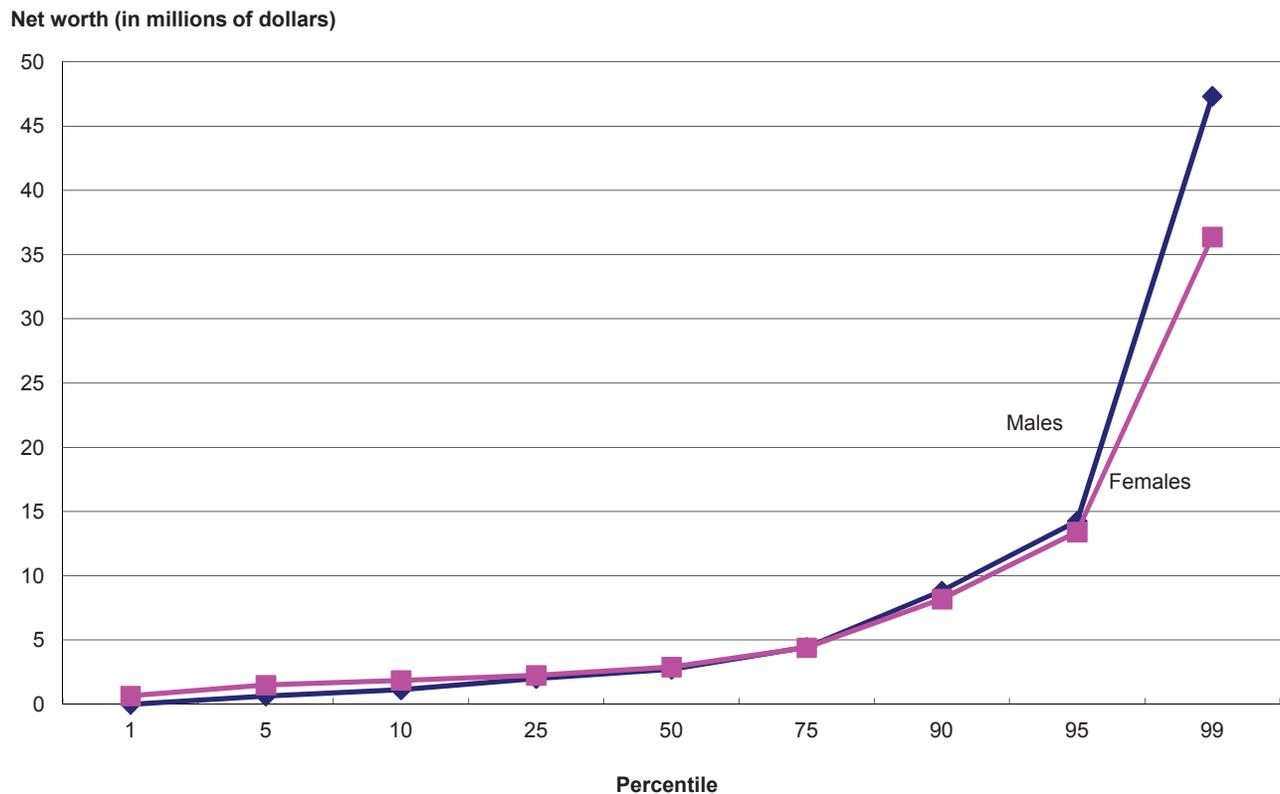
Figure G shows the asset portfolio of female top wealth holders by size of net worth. The pattern of portfolio allocation by size of net worth is broadly similar to that for male top wealth holders. Com-

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.

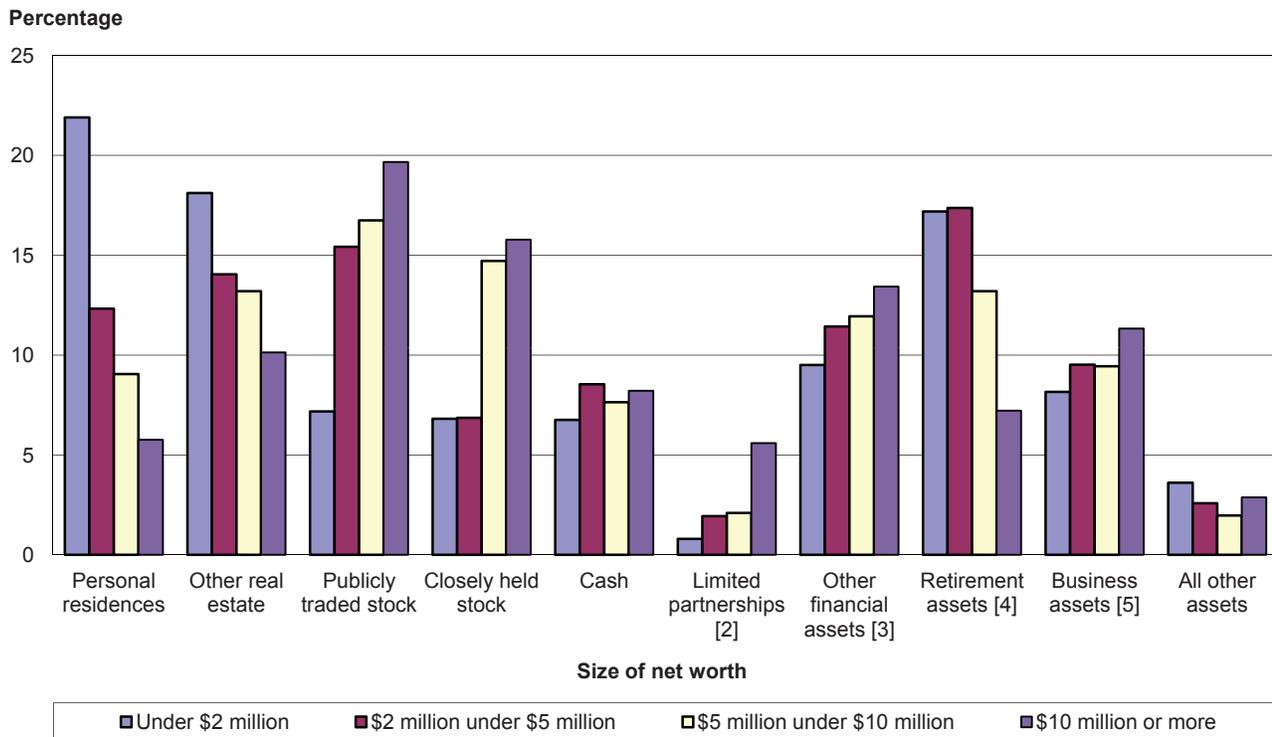
<sup>5</sup> See Footnote 1.

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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>

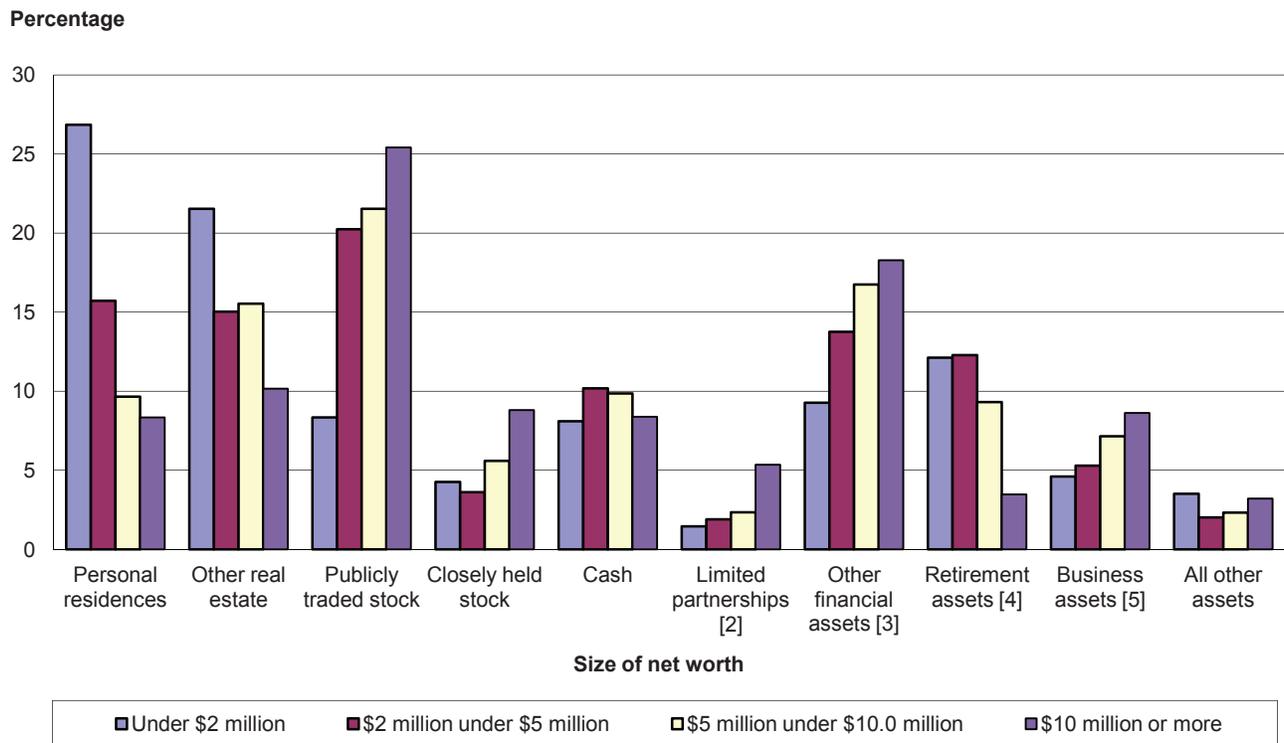
### Top Wealth Holders, 2001–2007

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,

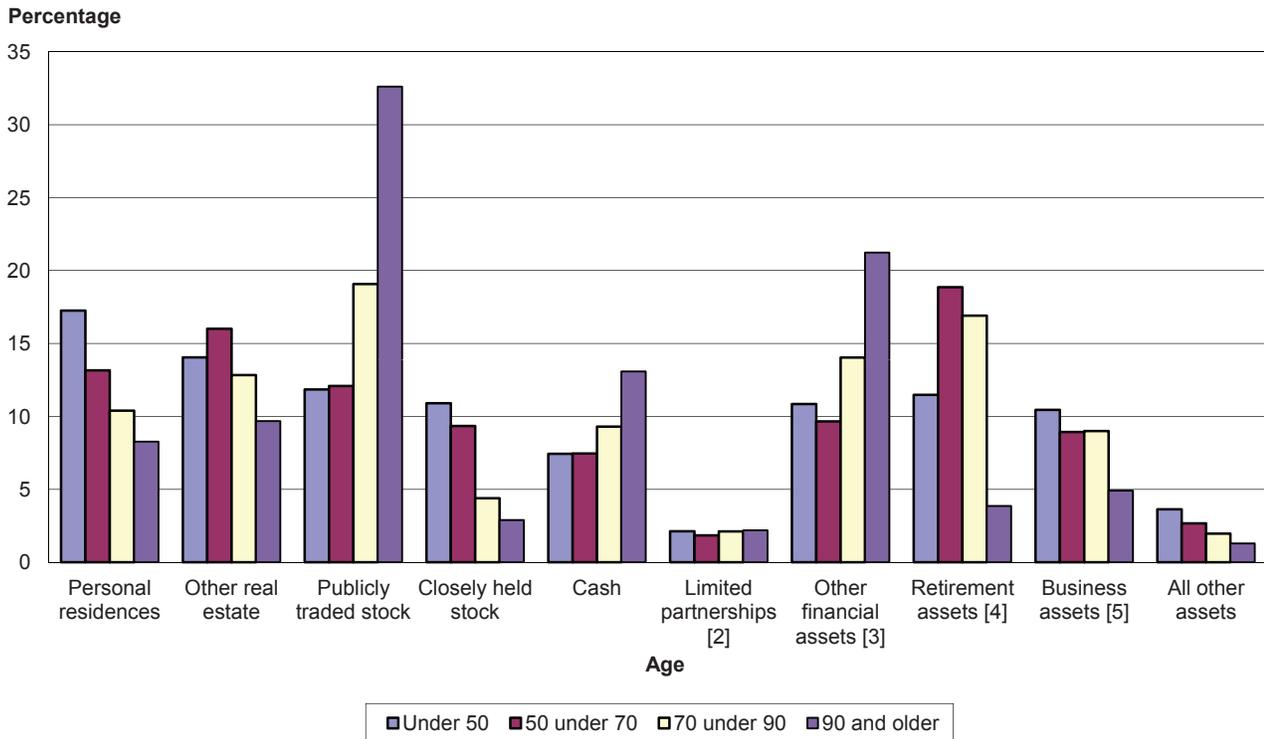
<sup>7</sup> Annualized growth rate derived from the exponential formula for growth.

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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>.

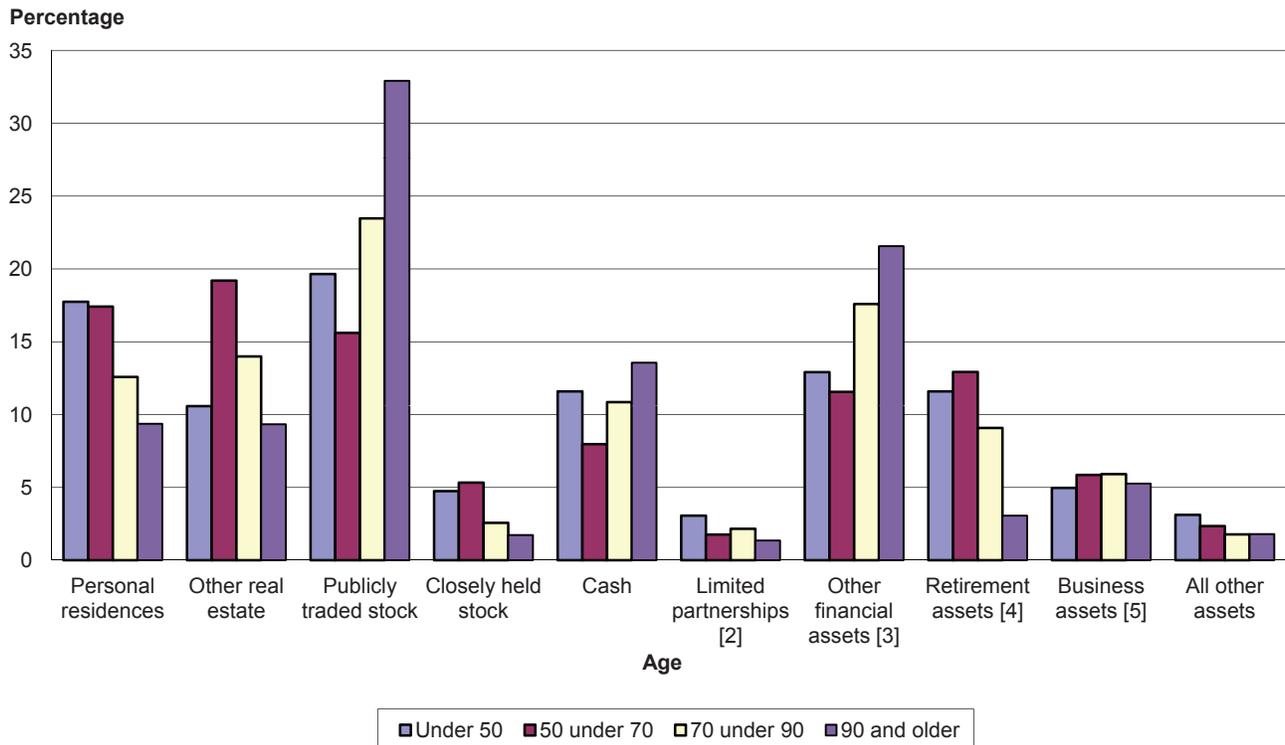
<sup>9</sup> Data on economic growth obtained from the Bureau of Economic Analysis. See <http://www.bea.gov/national/index.htm#gdp>.

<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]

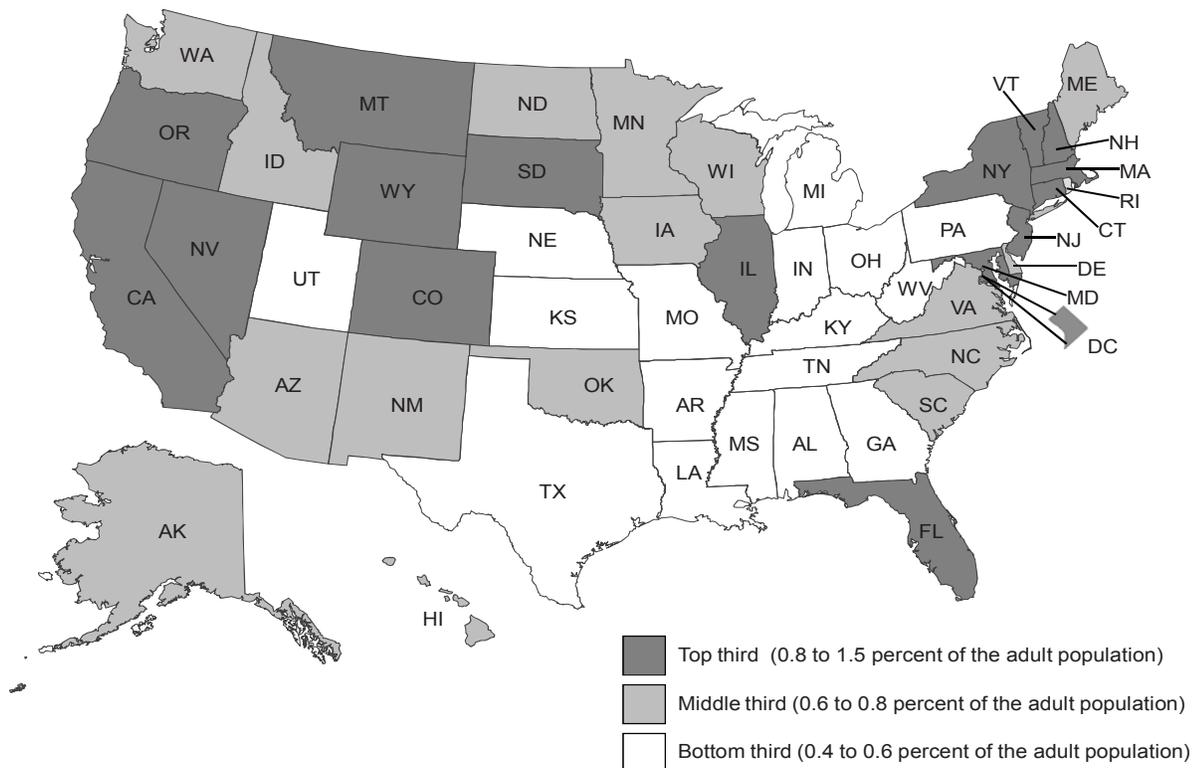
| State         | Number of residents with net worth of \$2 million or more | Total adult population [1] | Percentage of adult population |
|---------------|---|----------------------------|--------------------------------|
|               | (1)   | (2)                        | (3)                            |
| 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

Statistics of Income Bulletin | Winter 2012

**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.

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\* 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.

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

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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.

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

Statistics of Income Bulletin | Winter 2012

**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018**

| Type of return   | Actual<br>2010     | Estimated<br>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          | 1,302,200          | 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          | 4,687,100             | 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

Statistics of Income Bulletin | Winter 2012

**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018—Continued**

| Type of return                         | Actual<br>2010   | Estimated<br>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

Statistics of Income Bulletin | Winter 2012

**Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2011–2018—Continued**

| Type of return                            | Actual<br>2010    | Estimated<br>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><br>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><br>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><br>Scott Luttrell<br>Lissa Costa<br>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<br>2009 | June 2009<br>June 2010         | September 2009<br>September 2010 | March 2010<br>March 2011     | June 2010<br>June 2011         | October 31, 2011<br>October 31, 2012     |
| <b>Corporation Income Tax Returns [2]:</b><br>Bill Rush & Kimberly Stockton<br>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<br>2010 | June 2010<br>June 2011         | September 2010<br>September 2011 | March 2011<br>March 2012     | June 2011<br>June 2012         | December 30, 2011<br>December 29, 2012   |
| <b>County Income Data:</b><br>Kevin Pierce  | County or State income data are available annually. The most recent data are for 2009.  | 2009<br>2010 | December 2009<br>December 2010 | April 2010<br>April 2011         | October 2010<br>October 2011 | December 2010<br>December 2011 | September 2011<br>September 2012         |
| <b>Disregarded Entities Study [1]:</b><br>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><br>Brian Raub<br>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

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| 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><br>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><br>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><br>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<br>2010 | December 2009<br>December 2010 | March 2010<br>March 2011 | April 2010<br>April 2011 | March 2011<br>March 2012 | September 30, 2011<br>September 30, 2012 |
| <b>Foreign Trusts:</b><br>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><br>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><br>Scott Hollenbeck<br>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><br>Maureen Keenan Kahr<br>Scott Hollenbeck<br>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<br>2011 | December 2010<br>December 2011 | April 2011<br>April 2012 | October 2011<br>October 2012 | December 2011<br>December 2012 | August 31, 2012<br>August 31, 2013       |
| <b>Interest-Charge Domestic International Sales Corporations:</b><br>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><br>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><br>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<br>2010 | December 2009<br>December 2010 | April 2010<br>April 2011 | October 2010<br>October 2011 | December 2010<br>December 2011 | September 2011<br>September 2012         |
| <b>Noncash Charitable Contributions:</b><br>Janette Wilson<br>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<br>2010 | December 2009<br>December 2010 | April 2010<br>April 2011 | October 2010<br>October 2011 | December 2010<br>December 2011 | March 31, 2012<br>March 31, 2013         |
| <b>Nonfarm Sole Proprietorships:</b><br>Jeff Curry<br>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<br>2011 | December 2010<br>December 2011 | April 2011<br>April 2012 | October 2011<br>October 2012 | December 2011<br>December 2012 | August 31, 2012<br>August 31, 2013       |
| <b>Nonresident Alien Estate Tax:</b><br>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

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| 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><br>Nina Shumofsky                         | Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.  | 2010<br>2011 | December 2010<br>December 2011 | April 2011<br>April 2012         | September 2011<br>September 2012 | December 2011<br>December 2012 | July 31, 2012<br>July 31, 2013           |
| <b>Partnership Withholding Study:</b><br>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><br>Brian Raub<br>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><br>Heather Parisi<br>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<br>2010 | June 2010<br>June 2011         | September 2010<br>September 2011 | March 2011<br>March 2012         | June 2011<br>June 2012         | December 30, 2011<br>December 29, 2012   |
| <b>Sales of Capital Assets Cross-Section:</b><br>Janette Wilson<br>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><br>Janette Wilson<br>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><br>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><br>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><br>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><br>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><br>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><br>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.