

Individual Income Tax Rates and Shares, 2010

by Adrian Dungan and Michael Parisi

Taxpayers filed 142.9 million individual income tax returns for Tax Year 2010. Of those, 84.5 million (or 59.1 percent) were classified as taxable returns. A taxable return is a return that has total income tax greater than \$0. The 59.1 percent represents the second lowest percentage of taxable returns in more than 25 years, with 2009 having been the lowest at 58.3 percent. Adjusted gross income (AGI) on these taxable returns increased 6.9 percent to \$7.25 trillion for 2010, while total income tax increased 9.9 percent to \$952 billion.¹ The average tax rate for taxable returns increased 0.4 percentage points to 13.1 percent.

The top 1 percent of tax returns, with AGI of at least \$369,691, accounted for 18.9 percent of total AGI for 2010.² This represents an increase in income share of 1.7 percentage points from the previous year, when the cutoff for this group was \$351,968. These taxpayers accounted for 37.4 percent of the total income tax reported, an increase from 36.3 percent in 2009. The top 5 percent of tax returns accounted for 33.8 percent of total AGI and 59.1 percent of total income tax for 2010. To be included in the top 5 percent, a tax return must have had AGI of at least \$161,579, whereas, in 2009, the cutoff for this group was \$157,342.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2010. 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.

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 2010.

Average Tax Rates

Figure A presents statistics for 1986 through 2010 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.
- 3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure.³ 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

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

² 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 2010, there were 2.6 million returns with zero or negative AGI excluded, including 6,014 returns with no adjusted gross income that reported income tax.

³ 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.

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Figure A

Total Number of Returns, and Selected Income and Tax Items for Taxable Returns, Tax Years 1986–2010

[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	[5] 138,394,754	92,740,927	67.0	7,439	1,024	13.8	80,218	11,041	39,791	5,477
2007	[6] 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	10,575	38,579	4,929
2010	142,892,051	84,475,933	59.1	7,246	952	13.1	85,778	11,266	39,338	5,166

Footnotes at end of figure.

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

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Figure A—Continued

Total Number of Returns, and Selected Income and Tax Items for Taxable Returns, Tax Years 1986–2010—Continued

[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 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	[6] 138,394,754	92,740,927	67.0	7,640	1,024	13.4	82,379	11,041	40,863	5,477
2007	[7] 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
2010	142,892,051	84,475,933	59.1	7,435	952	12.8	88,008	11,266	40,360	5,166

[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 2010, the CPI-U = 218.056.

[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 1986-2010. See Figure G for components of the 1979 Income Concept.

[6] Includes 742,859 Form 1040 EZ-T returns. This form existed for only Tax Year 2006.

[7] 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.

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

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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 for 2009, 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.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 13.1 percent for 2010. 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 24.2 percent for the “\$500,000 under \$1,000,000” AGI-size class.

Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2009 and 2010

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

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 [1]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 2010:											
Number of taxable returns	84,476	6	2,252	7,917	9,409	18,592	28,151	13,870	3,457	541	279
Adjusted gross income (less deficit)	7,246,202	-6,111	15,652	124,883	234,942	736,100	2,019,556	1,854,118	981,124	366,494	919,445
Total income tax	951,674	250	438	3,433	11,780	47,754	167,026	224,423	192,826	88,590	215,155
Average tax rate (percent) [2]	13.1	[3]	2.8	2.7	5.0	6.5	8.3	12.1	19.7	24.2	23.4
Tax Year 2009:											
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
Change in:											
Number of taxable returns	2,586	2	46	165	167	621	715	496	278	52	44
Percent	3.2	57.4	2.1	2.1	1.8	3.5	2.6	3.7	8.8	10.5	18.5
Adjusted gross income (less deficit)	468,517	-1,089	427	1,995	3,648	25,355	53,233	70,731	80,480	36,283	197,456
Percent	6.9	21.7	2.8	1.6	1.6	3.6	2.7	4.0	8.9	11.0	27.3
Total income tax	85,725	165	18	68	283	2,197	8,571	12,132	16,504	8,132	37,655
Percent	9.9	193.4	4.2	2.0	2.5	4.8	5.4	5.7	9.4	10.1	21.2
Average tax rate:											
Percentage point change	0.4	[4]	[5]	[5]	[5]	0.1	0.2	0.2	0.1	-0.2	-1.2

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

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

[3] Percentage not computed.

[4] Change not computed.

[5] Less than 0.05 percent.

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

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The average tax rate of 13.1 percent for 2010 for all taxable income classes combined was 0.4 percentage points higher than in 2009. The average tax rate for taxable returns in all AGI classes under \$500,000 went up slightly for 2010 but decreased in the “\$1,000,000 or more” class by 1.2 percentage points.

Figure B2 shows all tax returns, adjusted gross income, total income tax minus refundable credits (including credits used to offset other taxes), and the average tax rate including the effects from these refundable credits. For 2010, the average tax rate minus refundable credits for all 142.9 million returns (and, thus, including returns with no income tax or negative income tax) was 10.4 percent. This was up 0.5 percentage points from 2009, when this rate for all returns was 9.9 percent. During the same period, AGI for all returns rose by 6.1

percent. Total income tax minus refundable credits rose 11.4 percent for 2010.

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 2010 increased to 12.8 percent from 12.6 percent for the previous year. Using the 1979 Income Concept, total income on taxable returns increased 7.9 percent to \$7.44 trillion for 2010. Total income tax increased by almost \$86 billion (9.9 percent) to \$952 billion for 2010. Average AGI for taxable returns increased to \$85,778 for 2010, a 3.6-percent

Figure B2

All Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax Minus Refundable Credits [1], by Size of Adjusted Gross Income, Tax Years 2009 and 2010

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

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 [2]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 2010:											
Number of returns	142,892	2,554	22,241	24,529	19,135	25,605	30,533	13,998	3,472	544	280
Adjusted gross income (less deficit)	8,089,142	-188,804	119,109	364,682	473,852	1,000,098	2,171,323	1,869,639	985,431	368,354	925,458
Total income tax minus refundable credits [3]	838,887	-834	-16,152	-41,948	-17,390	31,338	163,172	224,187	192,784	88,586	215,143
Average tax rate (percent) [4]	10.4	[5]	-13.6	-11.5	-3.7	3.1	7.5	12.0	19.6	24.0	23.2
Tax Year 2009:											
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 [3]	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) [4]	9.9	[5]	-13.3	-11.3	-3.7	2.9	7.2	11.7	19.5	24.2	24.4
Change in:											
Number of returns	2,398	42	-427	684	439	437	374	476	277	52	43
Percent	1.7	1.7	-1.9	2.9	2.3	1.7	1.2	3.5	8.7	10.5	18.4
Adjusted gross income (less deficit)	462,711	10,154	-516	10,199	10,690	17,130	31,917	68,192	80,083	36,316	198,547
Percent	6.1	5.1	-0.4	2.9	2.3	1.7	1.5	3.8	8.8	10.9	27.3
Total income tax minus refundable credits	86,081	345	-249	-2,003	-113	3,146	9,593	12,873	16,641	8,167	37,680
Percent	11.4	-29.2	1.6	5.0	0.7	11.2	6.2	6.1	9.4	10.2	21.2
Average tax rate:											
Percentage point change	0.5	[6]	-0.3	-0.2	0.1	0.3	0.3	0.3	0.1	-0.2	-1.2

[1] Refundable credits include the parts 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 2009, the refundable credits included the earned income credit, additional child tax credit, making-work-pay credit, American opportunity credit, first-time homebuyer credit, and the prior-year minimum tax credit. For Tax Year 2010, the refundable credits included the earned income credit, additional child tax credit, making-work-pay credit, American opportunity credit, first-time homebuyer credit, prior-year minimum tax credit, and the adoption credit.

[4] Average tax rate is "total income tax minus refundable credits" as a percentage of adjusted gross income less deficit (AGI). 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.

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increase from 2009. For 2010 average income tax also increased by 6.5 percent to \$11,266.

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 1.⁴ These statistics are based on all individual income tax returns, as well as returns that show a positive taxable 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.⁵ 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 2010, the number of returns with modified taxable income increased to 107.3 million returns, up by 3.0 percent from the 2009 total of 104.2 million.⁶ (See the Income and Tax Concepts section for an explanation of modified taxable income.) The amount of modified taxable income reported on these returns increased 8.1 percent to \$5.50 trillion. The tax generated on these returns increased by 8.8 percent to \$1.04 trillion. 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).

Figure C

All Returns: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate [1], Tax Year 2010

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
All tax rates	142,892,051	100.0	5,503,672,955	100.0	1,037,745,104	100.0
0 percent	35,576,128	24.9	0	0	0	0
0 percent (capital gains)	714,668	0.5	5,946,398	0.1	0	0
10 percent	27,431,153	19.2	154,311,877	2.8	14,783,424	1.4
10 percent (Form 8814) [3]	22,081	[2]	15,386	[2]	1,536	[2]
15 percent	42,321,591	29.6	1,200,490,826	21.8	154,333,195	14.9
15 percent (capital gains) [4]	7,313,386	5.1	412,282,731	7.5	52,313,544	5.0
25 percent	22,711,738	15.9	1,667,563,361	30.3	282,287,760	27.2
25 percent (capital gains)	110,478	0.1	19,170,269	0.3	3,259,589	0.3
28 percent	4,072,068	2.8	605,313,659	11.0	127,493,441	12.3
28 percent (capital gains)	14,415	[2]	3,634,591	0.1	701,712	0.1
33 percent	1,559,174	1.1	430,265,228	7.8	105,116,478	10.1
35 percent	854,212	0.6	1,002,129,828	18.2	296,922,721	28.6
Form 8615 [5]	190,960	0.1	2,548,801	[2]	531,704	0.1

[1] For an 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 gain 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.

⁴ 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.

⁵ 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: 2010," *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2, include these taxes.

⁶ 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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Returns with modified taxable income in the “15-percent” (ordinary income) marginal tax rate bracket contained the largest share of returns for 2010, at 29.6 percent. These returns reported 21.8 percent of modified taxable income for 2010 and generated 14.9 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 0.6 percent of returns but reported 18.2 percent of the modified taxable income and 28.6 percent of the tax generated (the largest of any tax bracket). The “0-percent” (ordinary income) marginal rate bracket had the second largest share of returns at 24.9 percent. These returns had no modified taxable income and consequently generated zero tax dollars. The “10-percent” (ordinary income) marginal rate bracket reported the third largest share of returns at 19.2 percent. However, such returns accounted for only 2.8 percent of modified income and 1.4 percent of income tax generated. With a 15.9-percent share of returns, the “25-percent” (ordinary income) marginal rate bracket reported the largest percentage (30.3) of total modified taxable income and second highest percent of income tax generated (27.2). Returns in the “28-percent” (ordinary income) marginal rate bracket represented only 2.8 percent of the total share of returns and accounted for 11.0 percent of the modified taxable income and 12.3 percent of generated income tax. Returns in the “33-percent” (ordinary income) marginal rate bracket represented the second smallest share of ordinary tax rate returns at 1.1 percent, and accounted for 7.8 percent of the modified taxable income and 10.1 percent of the tax generated. Returns in the capital gain and dividends 0-percent, 15-percent, 25-percent, and 28-percent tax brackets represented 5.7 percent of returns and reported a total of 8.0 percent of modified taxable income and 5.4 percent of the tax.

As shown in Table 2, the tax generated (regular tax before credits) for 2010 at the 15-percent rate was more than any other rate. The 36.4 percent of income taxed at this rate was reported by 73.4 percent of returns with modified taxable income, producing 28.9 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 27.3 percent of returns, with

15.9 percent of all modified taxable income taxed at this rate, generating 21.0 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, 9.8 percent of all modified taxable income was taxed at this rate, generating 18.2 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 2009 and 2010 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 B2 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 \$1.04 trillion, an 8.8-percent increase from 2009.⁷ 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).⁸ The AMT increased 21.6 percent to \$27.5 billion for 2010. Income tax before credits was \$1.07 trillion for 2010, up from \$976.0 billion, representing a 9.1-percent increase from 2009. Taxpayers used \$113.6 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.⁹ Both

⁷ The 2009 data are from Mudry, Kyle, “Individual Income Tax Rates and Shares, 2009,” *Statistics of Income Bulletin*, Winter 2012, Volume 31, Number 3, p. 19–68.

⁸ 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.

⁹ For 2010, the total earned income credit was \$59.6 billion. This amount includes the amount used to reduce the income tax (\$0.45 billion), the amount used to reduce other taxes reported on individual income tax returns (\$4.9 billion), and the amount refunded to taxpayers (\$54.3 billion). Table 4 in Bryan, Justin, “Individual Income Tax Returns, 2010,” *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2, shows these amounts.

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Figure D

Derivation of Tax Years 2009 and 2010 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Item	2009	2010	Percentage change
	(1)	(2)	(3)
Tax generated from tax rate schedules or tax table	953.4	1,037.8	8.8
PLUS:			
Tax on lump-sum distributions from qualified retirement plans	[1]	[1]	[2]
Alternative minimum tax	22.6	27.5	21.6
EQUALS:			
Income tax before credits	976.0	1,065.3	9.1
LESS: Tax credits, total [3]	110.1	113.6	3.2
Child-care credit	3.3	3.4	2.4
Child tax credit [3]	28.4	28.5	0.3
Nonrefundable education credit	10.8	12.3	13.2
Foreign tax credit	13.1	15.2	16.6
General business credit	1.6	2.2	35.4
Earned income credit (limited to the amount needed to reduce total income tax to zero)	0.5	0.5	-7.9
Credit for prior-year minimum tax	0.3	0.7	128.0
Retirement savings contribution credit	1.0	1.0	-1.0
Other credits [4]	51.0	49.9	-2.3
EQUALS:			
Income tax after credits	865.9	951.7	9.9
PLUS: Trusts accumulation distribution (Form 4970)	[1]	[1]	[2]
EQUALS:			
Total income tax	865.9	951.7	9.9
LESS: Refundable credits [5]	113.1	112.8	-0.3
Total income tax minus refundable credits [5]	752.8	838.9	11.4

[1] Less than \$0.05 billion.

[2] Percentage not computed.

[3] Does not include the additional child tax credit that for 2010 was \$27.8 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, 2010, *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2.

[5] Includes credits used to offset other taxes.

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

income tax after credits (Figure D) and total income tax (the sum of income tax after credits and tax on trust accumulation distributions) totaled \$951.7 billion. These taxes both represented a 9.9-percent increase from 2009. Including refundable credits totaling \$112.8 billion for 2010, income tax minus refundable credits was \$838.9 billion, an 11.4-percent increase from 2009.

For returns with modified taxable income, Table 4a shows estimates of income tax before credits by 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.¹⁰ The capital gains computations generally reduce taxes; the special provision for certain dependent filers can only increase taxes.

For 2010, 86.5 million returns had their tax before credits computed using only regular income tax rates, compared with 83.9 million for 2009 that used only regular tax computations, an increase of 3.1 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 2010, 20.6 million returns had their tax liability decreased by

¹⁰ 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.

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Schedule D (capital gains) and dividend tax computations. This was an increase of 2.5 percent from the 20.1 million returns in 2009. Taxpayers filing these tax returns paid \$74.2 billion less in tax before credits (column 8) 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 up from the \$48.9 billion in savings for 2009 from using these special tax rates. For these taxpayers, the average tax savings increased from \$2,433 for 2009 to \$3,602 for 2010.

As shown in the middle section of Table 4a, for 2010, the number of tax returns filed by dependents under age 18 (or under 24 for full-time students) with Form 8615 for reporting investment income greater than \$1,900 was 0.2 million, representing an increase of 15.7 percent from 2009. Form 8615 was used to compute the dependents' tax as if 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 increased taxes by \$3.1 million for 2010. As shown in Table 4b, the net tax reduction was due to a tax reduction of \$123.4 million from use of dividend and capital gains, and a tax increase of \$126.5 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 2010, AMT liability increased 21.6 percent to \$27.5 billion from \$22.6 billion in 2009. The number of returns that were subject to paying the AMT increased by 0.2 million for the period.¹¹ Alternative minimum taxable income (AMTI) for all returns filing a Form 6251 increased 14.9 percent to \$2.1 trillion from 2009.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2010. 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 of 1993 (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 2010, AMT levels increased to \$27.5 billion, the highest amount of AMT ever. Since 2001, the number of returns paying AMT has more than tripled from 1.1 million to 4.0 million for 2010.

Income and Tax Shares

Historical statistics from 2001 through 2010 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 2001.

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 shown for the bottom 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

¹¹ Other tax returns may not have had AMT liability but the size of their tax credits, for example their general business 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 2009 and 2010

[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 2010						
All returns	7,980,987	196,939,811	9,335,559	2,052,491,556	4,019,538	27,460,515
Under \$1 [2]	138,092	3,364,529	182,195	-24,933,124	6,011	266,930
\$1 under \$10,000	144,963	335,393	382,952	1,280,847	1,381	2,741
\$10,000 under \$20,000	214,106	572,325	435,056	5,455,819	8,763	14,369
\$20,000 under \$30,000	228,929	1,141,564	397,148	8,103,215	1,938	9,618
\$30,000 under \$40,000	234,278	963,452	358,134	10,371,591	3,472	9,495
\$40,000 under \$50,000	254,806	1,373,007	354,263	13,753,599	2,577	11,315
\$50,000 under \$75,000	702,669	5,525,474	886,529	48,216,152	55,570	69,283
\$75,000 under \$100,000	738,618	7,152,971	839,156	64,293,847	100,290	139,466
\$100,000 under \$200,000	1,952,997	33,455,082	2,064,208	272,214,245	808,457	1,727,242
\$200,000 under \$500,000	2,756,453	71,771,808	2,813,653	763,200,242	2,589,820	15,860,647
\$500,000 under \$1,000,000	437,213	25,421,333	442,583	273,162,808	360,424	4,886,395
\$1,000,000 or more	177,862	45,862,873	179,681	617,372,317	80,833	4,463,011
Tax Year 2009						
All returns	7,831,587	190,503,405	9,194,021	1,785,583,531	3,827,562	22,579,779
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

[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.

Consider, for example, the data in Table 5 for the 135 million nondependent returns filed for 2010.¹² The average tax rate for these returns was 11.8 percent, a 0.4-percentage point increase from 2009. (A sizeable portion of returns are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.1-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 2010, the returns in the top 0.1 percent reported 9.2 percent of total AGI and 17.9 percent of total income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$1,634,386. For 2009, the returns in this percentile group (i.e., those with at least \$1,469,393 in AGI) reported 7.9 percent of total AGI and 16.9 percent of total income tax.

For 2010, the returns in the top 1 percent reported 18.9 percent of total AGI and 37.4 percent of income tax.

¹² The percentile groupings of tax filers exclude returns filed by dependents.

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Figure F

Alternative Minimum Tax, Tax Years 1986–2010

[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
2010	28 [1]	4,019,538	27,460,515

[1] For 1997–2002, the top rate on most long-term capital gains was 20 percent. For 2003–2010, the top rate was 15 percent.

The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$369,691. For 2009, the returns in this percentile group (i.e., those with at least \$351,968 in AGI) reported 17.2 percent of total AGI and 36.3 percent of total income tax.

For 2010, the returns in the top 5-percent group (returns reporting AGI of \$161,579 or more) reported 33.8 percent of total AGI and 59.1 percent of income tax, compared to 32.2 percent and 58.2 percent, respectively, for 2009 (when the AGI floor was \$157,342). For 2010, returns in the top 10-percent group (returns with AGI of at least \$116,623) reported 45.2 percent of AGI and paid 70.6 percent of income tax. For 2009, the returns in this percentile group (with AGI of \$114,181 or more) reported 43.8 percent of total AGI and 69.9 percent of income tax. The top 50-percent group (reporting AGI of \$34,388 or more) accounted for 88.3 percent of AGI and paid almost all (97.6 percent) of the income tax for 2010.

Explanation of Selected Terms

This section provides brief explanations of the major tax concepts discussed in this article. For more extensive definitions, see *Statistics of Income—2010, Individual Income Tax Returns 2010*, 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).

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

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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 2010 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 2010 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 worksheet, Schedule J, or Form 8615, plus Form (s) 8814, any additional taxes from Form 4972, and the alternative minimum tax.

Income tax before credits (regular tax computation)—This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child's rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 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 of 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 2010, refundable credits included the earned income credit, additional child tax credit, adoption 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 amount owed.

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 10 or 15-percent bracket).

Taxable income—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for nonitemizers or total itemized deductions.

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

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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 2010 were generally based on the amount of “gross income,” filing status, age, dependency, and blindness.¹³ 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 2010 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.

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax.¹⁴ Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses.¹⁵ “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 2010, 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, 15, 25, and 28 percent were used for qualified dividends and net long-term capital gains (in excess of net short-term capital losses), as well as ordinary income. The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax.¹⁶

To calculate their Federal income tax liability for 2010, 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

¹³ 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, 2010,” *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2.

¹⁴ 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.

¹⁵ 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.

¹⁶ Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

on income tax “brackets” up to \$50 wide.¹⁷ 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 \$7.¹⁸ However, for most taxpayers, the actual difference in tax was smaller.

Changes in Law for 2010

The definitions used in this article are generally the same as those in *Statistics of Income—2010, 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 2010 data presented in this article.

Adoption credit—For Tax Year 2010, the adoption credit was refundable for the first time 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 alternative minimum tax exemption rose to \$72,450 for a married couple filing a joint return, up from \$70,950 in 2009, and to \$47,450 for singles and heads of household, up from \$46,700, and to \$36,225 from \$35,475 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. This deduction was reduced if the taxpayer had oil-related 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 an individual could have and still claim the credit. 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 get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$7 to \$3,050, for taxpayers with two qualifying children, the maximum credit increased to \$5,036 from \$5,028, and for taxpayers with three or more qualifying children, the maximum credit increased to \$5,666 from \$5,657. 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, less than \$40,363 (\$45,373 for married filing jointly) for two qualifying children, or less than \$43,352 (\$48,362 for married filing jointly) for three or more qualifying children.

Exemption amount—For 2010, the exemption amount was \$3,650, the same as that for 2009. Also, high-income taxpayers no longer lost part of their deduction for personal exemptions as part of a phase out, regardless of the amount of their AGI. For 2008 and 2009, a taxpayer could lose no more than 1/3 of the dollar amount of their exemption, so the amount of each exemption could not be reduced to less than \$2,433. For 2007 and 2006, a taxpayer could lose no more than 2/3 of the dollar amount of their exemption. For 2005 and previous years, exemption amounts could be limited to zero.

First-time homebuyer credit—For Tax Year 2010, a taxpayer may have claimed this credit (up to \$8,000, or \$4,000 if married filing separately) if he or she actually bought a home 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. Certain members of the Armed Forces and certain other taxpayers had additional time to buy a home and take the credit. Taxpayers were only allowed to claim this credit in Tax Year 2010 if their modified AGI was below \$145,000 (\$245,000 if married filing jointly). Taxpayers may have claimed this credit (up to \$6,500, or \$3,250 if married filing separately) if they were considered a long-time resident of the same home. Taxpayers were considered a long-time resident of the same home if they previously owned and used the same main home for any 5-consecutive-year period during the 8-year period ending on the date of the purchase of the new home. For homes purchased in 2009 or 2010, taxpayers had to repay

¹⁷ 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.

¹⁸ For example, assume a taxpayer filing as “married filing separately” reported taxable income of \$99,950. Using the tax table, the tax would be \$22,115, but, using the tax rate schedules, the tax would be \$22,108, a difference of \$7 (how did you do this, when the tax tables now start at 100,000?).

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the credit only if the home ceased to be their main home within a 36-month period beginning on the purchase date.

General business credit—New for 2010, the Small Business Jobs Act of 2010 allowed general business credits of eligible small businesses to offset both regular tax and alternative minimum tax (AMT) for tax years beginning in 2010. Such eligible small business credits determined in the first tax year in 2010 are carried back 5 years. For purposes of the statistics in this publication, an eligible small business is a sole proprietorship where the average annual gross receipts (reduced by returns and allowances) of the small business could not exceed \$50 million for the 3-tax-year period preceding the tax year of the credits.

Health savings account deduction—The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$3,050 (\$6,150 if family coverage), an increase from \$3,000 (\$5,950 if family coverage) for 2009. These limits were \$1,000 higher if the taxpayer was age 55 or older (\$2,000 if both spouses were 55 or older).

Individual retirement arrangement deduction—For taxpayers covered by a retirement plan, the IRA deduction phased out between \$56,000 and \$66,000 of modified AGI for single filers (\$89,000 and \$109,000 for married filing jointly or qualifying widow(er)). This was up from \$55,000 and \$65,000 for single filers (\$85,000 and \$105,000 for married filing jointly or qualifying widow(er)) in 2009. If one spouse was 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 \$167,000 and \$177,000, up from \$166,000 and \$176,000 for 2009. For 2010, taxpayers were allowed to make a qualified rollover to a Roth IRA regardless of these AGI limitations. Half of the income realized from the rollover or conversion could have been included in income in 2011 and the other half in 2012, or the taxpayer could have elected to have all of the income included in 2010. Also, starting in 2010, all taxpayers (including married taxpayers filing separately) were eligible to make taxable rollovers of traditional IRAs to Roth IRAs without paying the 10-percent tax on early withdrawals.

Itemized deductions—For 2010, high-income taxpayers no longer lost part of their itemized deductions as part of a phase out, regardless of their AGI. For Tax Years 2008 and 2009, the amount by which the deduction was reduced was only 1/3 of the original reduction amount. For Tax Years 2006 and 2007, the amounts by which the deduction was reduced was only 2/3 of the amount of the reduction that would have otherwise applied (for 2005 and previous years).

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

Self-employed health insurance deduction—For 2010, a taxpayer could have reduced their net self-employment income on Schedule SE 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, they were able to include in their deduction on line 29 any premiums they 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—For 2010, the standard deduction was increased to \$8,400 for heads of households. For 2009, the standard deduction for heads of households was \$8,350. The tax benefits for an increased standard deduction for real estate taxes or a net disaster loss occurring after 2009 were not available for 2010. Additionally, an increased standard deduction for State or local taxes on the purchase of a new motor vehicle was only available if the vehicle was bought in 2009 after February 16th and the tax was paid in 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 at the end of 2009.

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 (e.g., business or rent and royalty expenses) have been deducted. Adjusted gross income (AGI) is total income less statutory adjustments to income (e.g., 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 2010 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.¹⁹

Figure G

Components of the 1979 Income Concept, Tax Year 2010

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 2010.

[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 2010.

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

[6] Not included in AGI for Tax Year 2010.

Modified Taxable Income

This concept is relevant only for "prior-year returns" (about 5.0 million returns) or certain farm sole proprietor

Figure H

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2010

[Money amounts are in dollars]

Item	Amount
Adjusted gross income	410,000
Less: Exemption	3,650
Standard deduction	5,700
Equals: Taxable income	400,650
Tax based on tax rates for single taxpayers:	
First \$8,375 taxed at 10 percent	838
Next \$25,625 taxed at 15 percent	3,844
Next \$48,400 taxed at 25 percent	12,100
Next \$89,450 taxed at 28 percent	25,046
Next \$201,800 taxed at 33 percent	66,594
Next \$27,000 taxed at 35 percent	9,450
Total tax from tax rate schedule	117,871

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

returns using income-averaging on Schedule J (about 69 thousand returns) or those returns with foreign-earned income having to use a worksheet to determine their taxes (about 173.2 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 income 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 \$8,375 of taxable income were taxed

¹⁹ For more details on the income computation under the 1979 Income Concept for 2010, see *Statistics of Income—2010, Individual Income Tax Returns*, Statistics of Income Division, Internal Revenue Service, Publication 1304.

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at the 10-percent rate; the next \$25,625 of taxable income were taxed at the 15-percent rate; the next \$48,400 were taxed at the 25-percent rate; the next \$89,450 were taxed at the 28-percent rate; the next \$201,800 were taxed at the 33-percent rate; and the remaining \$27,000 were taxed at the 35-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 35 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes 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; (2) 0 percent (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

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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. Although the alternative minimum tax (AMT) was not included in the determination of the marginal tax rate, we show at what rate individuals with AMT have been classified (column 10).

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 715,195 returns in this classification “at all rates” was \$831.7 billion (column 3), and the total tax generated was \$245.7 billion (column 5). Approximately \$443.0 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 \$155.1 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. Some 56.2 percent of these returns, or 401,745, paid AMT.

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 3.4 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$784.1 billion and generated total tax of \$181.1 billion. Of this \$784.1 billion of modified taxable income, \$53.7 billion were

taxed at 10 percent (ordinary tax rate); \$162.7 billion were taxed at 15 percent (ordinary tax rate); \$220.1 billion were taxed at the 25-percent (ordinary tax) rate; \$180.9 billion were taxed at the 28-percent (ordinary tax) rate; \$110.7 billion were taxed at the 33-percent rate; and \$5.5 billion were taxed at the 35-percent rate. Approximately \$3.6 billion were taxed at the 0-percent (capital gains) rate; \$45.4 billion were taxed at the 15-percent capital gain and qualified dividend rate; \$1.0 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. Over 0.7 million of the 44.7 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 \$443.0 billion, and the tax generated was \$155.1 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). 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 2010).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phase-out at higher AMTI levels. The AMT exemption for single filers (and heads of households) for 2010 was \$47,450; for joint filers and surviving spouses, \$72,450; and for married persons filing separately, \$36,225. 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,

Figure I

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2010

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure J)
PLUS:	Net operating loss deduction
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 2010

- 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
- Home mortgage interest adjustment on the worksheet from the Form 6251 instructions
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- If standard deduction is claimed, amount from Schedule L, line 6, net casualty theft or loss, and line 17, motor vehicle sales tax
- 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, and before 2009
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 7 percent if sold after May 5, 2003, otherwise multiplied by 42 percent
- Incentive stock options that were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Electing large partnerships, enter the amount from Schedule K-1 (Form 1065-B), box 6.
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S Corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result is negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Excess of accelerated depreciation on property placed in service using pre-1987 rules over straight-line depreciation as refigured for AMT purposes
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Adjustment for charitable contributions of certain property for which section 170(e) of the Internal Revenue Code applies
- Adjustment for alcohol and cellulosic biofuel fuels credit and biodiesel and renewable diesel fuels credit included in taxable income (the amount is included as a negative)
- Adjustment for refigured tax shelter farm gains or 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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married filing jointly, and married filing separately, at \$302,300, \$439,800, and \$219,900 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 2010. 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.²⁰ Returns were then selected at rates ranging from 0.10 percent to 100 percent. The 2010 data are based on a sample of 308,946 returns and an estimated final population of 143,170,763 returns.²¹ The corresponding sample and population for the 2009 data were 295,133 and 140,599,266 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*.

²⁰ 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)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss from Farming*.

²¹ This population includes an estimated 278,712 returns that were excluded from other tables in this article 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 2010

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount			
	(1)	(2)	(3)	(4)	(5)
Total	0.01	0.12	0.15	0.17	0.17
Under \$2,000 [1]	1.09	9.25	12.51	44.89	44.89
\$2,000 under \$4,000	1.49	8.87	11.61	11.66	11.66
\$4,000 under \$6,000	1.46	10.01	13.11	13.31	13.31
\$6,000 under \$8,000	1.40	3.92	4.37	4.39	4.39
\$8,000 under \$10,000	1.32	3.63	3.79	4.07	4.07
\$10,000 under \$12,000	1.36	2.39	2.42	4.06	4.06
\$12,000 under \$14,000	1.31	2.04	2.07	3.87	3.87
\$14,000 under \$16,000	1.38	2.04	2.10	3.11	3.11
\$16,000 under \$18,000	1.41	1.97	2.01	2.65	2.65
\$18,000 under \$20,000	1.44	1.92	1.96	2.51	2.51
\$20,000 under \$25,000	0.93	1.18	1.22	1.55	1.55
\$25,000 under \$30,000	1.00	1.17	1.22	1.57	1.57
\$30,000 under \$40,000	0.76	0.85	0.88	1.07	1.07
\$40,000 under \$50,000	0.86	0.92	0.96	1.12	1.12
\$50,000 under \$75,000	0.53	0.57	0.60	0.71	0.71
\$75,000 under \$100,000	0.78	0.80	0.84	0.91	0.91
\$100,000 under \$200,000	0.52	0.52	0.55	0.58	0.58
\$200,000 under \$500,000	0.61	0.59	0.61	0.61	0.61
\$500,000 under \$1,000,000	1.07	0.99	1.00	1.01	1.01
\$1,000,000 under \$1,500,000	1.35	1.34	1.38	1.38	1.38
\$1,500,000 under \$2,000,000	0.95	0.97	1.00	1.01	1.01
\$2,000,000 under \$5,000,000	0.61	0.54	0.57	0.57	0.57
\$5,000,000 under \$10,000,000	0.70	0.62	0.65	0.66	0.66
\$10,000,000 or more	0	0	0	0	0

[1] Includes returns with adjusted gross deficit.

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Table 1. All Returns: Tax Classified by Marginal Tax Rate [1] and by Filing Status, Tax Year 2010

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

Filing status and marginal tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated
			At all rates	At marginal rate	At all rates
	(1)	(2)	(3)	(4)	(5)
All returns					
All tax rates	142,892,051	8,089,142,092	5,503,672,955	1,960,411,503	1,037,745,104
0 percent	35,576,128	163,180,461	0	0	0
0 percent (capital gains)	714,668	21,896,545	5,946,398	5,946,398	0
10 percent	27,431,153	601,986,289	154,311,877	147,805,136	14,783,424
10 percent (Form 8814) [2]	22,081	-489,835	15,386	15,386	1,536
15 percent	42,321,591	1,998,791,967	1,200,490,826	685,661,507	154,333,195
15 percent (capital gains) [3]	7,313,386	615,702,731	412,282,731	127,047,060	52,313,544
25 percent	22,711,738	2,228,751,217	1,667,563,361	305,053,238	282,287,760
25 percent (capital gains)	110,478	23,068,030	19,170,269	2,271,338	3,259,589
28 percent	4,072,068	756,477,574	605,313,659	52,241,278	127,493,441
28 percent (capital gains)	14,415	4,627,509	3,634,591	823,153	701,712
33 percent	1,559,174	520,748,266	430,265,228	92,015,436	105,116,478
35 percent	854,212	1,151,318,916	1,002,129,828	539,306,690	296,922,721
Form 8615 [4]	190,960	3,082,422	2,548,801	2,224,881	531,704
Joint returns and returns of surviving spouses					
All tax rates	53,596,685	5,258,488,397	3,723,804,323	1,263,992,185	728,307,438
0 percent	8,923,734	22,092,535	0	0	0
0 percent (capital gains)	228,442	12,412,644	3,388,781	3,388,781	0
10 percent	7,611,663	263,272,129	66,046,719	61,922,720	6,193,816
10 percent (Form 8814) [2]	9,342	-450,118	7,548	7,548	753
15 percent	16,723,051	1,144,107,914	681,335,263	401,214,730	88,194,629
15 percent (capital gains) [3]	4,671,161	466,328,426	311,373,020	90,364,630	39,691,415
25 percent	11,033,772	1,427,465,732	1,052,990,042	161,784,944	176,422,574
25 percent (capital gains)	72,288	17,704,655	14,584,510	1,676,764	2,465,307
28 percent	2,386,473	522,886,173	412,576,215	27,869,073	85,250,052
28 percent (capital gains)	10,281	3,274,977	2,564,486	449,782	485,683
33 percent	1,211,283	422,946,239	347,258,611	72,271,775	83,864,277
35 percent	715,195	956,447,092	831,679,128	443,041,436	245,738,931
Form 8615 [4]	0	0	0	0	0
Returns of married persons filing separately					
All tax rates	2,532,292	135,557,247	107,407,714	49,870,233	22,282,036
0 percent	424,309	-10,054,681	0	0	0
0 percent (capital gains)	8,101	208,795	44,836	44,836	0
10 percent	323,687	5,445,567	1,483,319	1,399,917	140,010
10 percent (Form 8814) [2]	* 11	* -72,522	* 4	* 4	* [5]
15 percent	967,022	31,981,978	19,108,615	11,009,808	2,461,365
15 percent (capital gains) [3]	92,057	11,823,282	8,801,574	6,569,967	1,203,596
25 percent	531,911	34,438,072	25,528,408	5,693,562	4,292,773
25 percent (capital gains)	413	267,429	251,768	30,775	40,682
28 percent	112,319	11,972,485	9,638,409	1,204,100	2,004,788
28 percent (capital gains)	* 23	* 108,706	* 90,871	* 67,997	* 22,551
33 percent	42,827	7,844,964	6,558,671	1,437,273	1,574,266
35 percent	29,613	41,593,173	35,901,239	22,411,993	10,542,004
Form 8615 [4]	0	0	0	0	0

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 1. All Returns: Tax Classified by Marginal Tax Rate [1] and by Filing Status, Tax Year 2010—Continued

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

Filing status and marginal tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated
			At all rates	At marginal rate	At all rates
	(1)	(2)	(3)	(4)	(5)
Returns of heads of households					
All tax rates	21,916,717	703,002,968	325,119,558	143,375,500	50,916,265
0 percent	8,300,194	98,310,577	0	0	0
0 percent (capital gains)	10,073	396,963	98,327	98,327	0
10 percent	6,003,649	148,175,748	33,350,447	33,131,551	3,313,640
10 percent (Form 8814) [2]	9,691	21,300	5,822	5,822	582
15 percent	5,683,455	247,835,503	135,910,949	67,991,670	16,990,838
15 percent (capital gains) [3]	285,412	18,413,053	11,515,554	2,787,502	1,453,087
25 percent	1,455,101	130,914,461	94,833,290	22,541,818	16,124,192
25 percent (capital gains)	3,402	554,293	472,239	68,546	82,463
28 percent	109,848	20,514,594	16,197,212	1,942,170	3,553,509
28 percent (capital gains)	* 21	* 52,918	* 45,352	* 24,362	* 10,048
33 percent	35,535	11,860,451	9,822,008	2,339,435	2,466,842
35 percent	20,337	25,953,108	22,868,359	12,444,297	6,921,064
Form 8615 [4]	0	0	0	0	0
Returns of single persons					
All tax rates	64,846,356	1,992,093,480	1,347,341,360	503,173,585	236,239,364
0 percent	17,927,891	52,832,030	0	0	0
0 percent (capital gains)	468,052	8,878,143	2,414,453	2,414,453	0
10 percent	13,492,154	185,092,846	53,431,392	51,350,948	5,135,957
10 percent (Form 8814) [2]	* 3,037	* 11,505	* 2,012	* 2,012	* 201
15 percent	18,948,063	574,866,572	364,136,000	205,445,299	46,686,363
15 percent (capital gains) [3]	2,264,757	119,137,970	80,592,582	27,324,960	9,965,445
25 percent	9,690,955	635,932,952	494,211,621	115,032,914	85,448,221
25 percent (capital gains)	34,375	4,541,654	3,861,752	495,253	671,137
28 percent	1,463,428	201,104,322	166,901,824	21,225,934	36,685,091
28 percent (capital gains)	4,091	1,190,909	933,882	281,011	183,429
33 percent	269,528	78,096,612	66,625,939	15,966,954	17,211,094
35 percent	89,067	127,325,543	111,681,102	61,408,965	33,720,722
Form 8615 [4]	190,960	3,082,422	2,548,801	2,224,881	531,704

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 1. All Returns: Tax Classified by Marginal Tax Rate [1] and by Filing Status, Tax Year 2010—Continued

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

Filing status and marginal tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Tax generated	Income tax after credits			Number of returns with alternative minimum tax
	At marginal rate	Total	As a percentage of		
			Adjusted gross income less deficit	Modified taxable income	
(6)	(7)	(8)	(9)	(10)	
All returns	448,008,863	951,670,957	11.8	17.3	4,019,538
0 percent	0	546,295	0.3	[6]	21,248
0 percent (capital gains)	0	97,369	0.4	1.6	6,232
10 percent	14,780,514	4,127,150	0.7	2.7	17,958
10 percent (Form 8814) [2]	1,536	2,244	[6]	14.6	69
15 percent	102,849,226	102,796,066	5.1	8.6	73,163
15 percent (capital gains) [3]	19,057,059	46,261,567	7.5	11.2	142,009
25 percent	76,263,310	259,637,397	11.6	15.6	636,956
25 percent (capital gains)	567,835	3,352,110	14.5	17.5	17,762
28 percent	14,627,558	130,133,124	17.2	21.5	1,309,754
28 percent (capital gains)	230,483	764,560	16.5	21.0	4,084
33 percent	30,365,094	112,909,803	21.7	26.2	1,332,289
35 percent	188,757,342	290,511,482	25.2	29.0	454,246
Form 8615 [4]	508,906	531,791	17.3	20.9	3,768
Joint returns and returns of surviving spouses					
All tax rates	307,638,825	675,632,497	12.8	18.1	3,056,170
0 percent	0	306,559	1.4	[6]	11,241
0 percent (capital gains)	0	57,403	0.5	1.7	4,137
10 percent	6,192,272	1,553,837	0.6	2.4	6,097
10 percent (Form 8814) [2]	753	2,225	[6]	29.5	66
15 percent	60,182,210	56,400,194	4.9	8.3	27,510
15 percent (capital gains) [3]	13,554,695	34,321,496	7.4	11.0	89,785
25 percent	40,446,236	159,525,765	11.2	15.1	395,449
25 percent (capital gains)	419,191	2,528,603	14.3	17.3	15,132
28 percent	7,803,340	87,530,723	16.7	21.2	1,019,038
28 percent (capital gains)	125,939	529,541	16.2	20.6	2,999
33 percent	23,849,686	90,887,429	21.5	26.2	1,082,973
35 percent	155,064,503	241,988,722	25.3	29.1	401,745
Form 8615 [4]	0	0	0.0	0.0	0
Returns of married persons filing separately					
All tax rates	12,882,728	20,807,228	15.3	19.4	151,727
0 percent	0	155,341	[6]	[6]	2,090
0 percent (capital gains)	0	8,173	3.9	18.2	** 64
10 percent	139,992	51,999	1.0	3.5	**
10 percent (Form 8814) [2]	* [5]	* [5]	* [6]	* [6]	0
15 percent	1,651,471	1,831,614	5.7	9.6	9,802
15 percent (capital gains) [3]	985,495	1,286,847	10.9	14.6	10,047
25 percent	1,423,391	4,047,050	11.8	15.9	41,123
25 percent (capital gains)	7,694	43,465	16.3	17.3	410
28 percent	337,148	1,921,679	16.1	19.9	36,481
28 percent (capital gains)	* 19,039	* 24,107	* 22.2	* 26.5	* 23
33 percent	474,300	1,585,630	20.2	24.2	32,266
35 percent	7,844,198	9,851,323	23.7	27.4	19,422
Form 8615 [4]	0	0	0.0	0.0	0

Footnotes at end of table.

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Table 1. All Returns: Tax Classified by Marginal Tax Rate [1] and by Filing Status, Tax Year 2010—Continued

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

Filing status and marginal tax rate classes	Classified by the highest marginal rate at which tax was computed				
	Tax generated	Income tax after credits			Number of returns with alternative minimum tax
	At marginal rate	Total	As a percentage of		
			Adjusted gross income less deficit	Modified taxable income	
(6)	(7)	(8)	(9)	(10)	
Returns of heads of households					
All tax rates	25,261,352	37,608,472	5.3	11.6	308,681
0 percent	0	13,664	[7]	[6]	1,815
0 percent (capital gains)	0	2,486	0.6	2.5	** 3,667
10 percent	3,313,155	175,527	0.1	0.5	**
10 percent (Form 8814) [2]	582	19	0.1	0.3	3
15 percent	10,198,751	8,219,326	3.3	6.0	24,171
15 percent (capital gains) [3]	418,125	1,110,192	6.0	9.6	6,087
25 percent	5,635,455	14,917,478	11.4	15.7	137,437
25 percent (capital gains)	17,137	88,649	16.0	18.8	239
28 percent	543,808	3,911,462	19.1	24.1	93,698
28 percent (capital gains)	* 6,821	* 11,252	* 21.3	* 24.8	* 21
33 percent	772,014	2,711,399	22.9	27.6	34,031
35 percent	4,355,504	6,447,017	24.8	28.2	7,512
Form 8615 [4]	0	0	0.0	0.0	0
Returns of single persons					
All tax rates	102,225,961	217,622,760	10.9	16.2	502,959
0 percent	0	70,732	0.1	[6]	6,101
0 percent (capital gains)	0	29,306	0.3	1.2	1,949
10 percent	5,135,095	2,345,787	1.3	4.4	8,275
10 percent (Form 8814) [2]	* 201	* [5]	* [6]	* [6]	0
15 percent	30,816,795	36,344,932	6.3	10.0	11,681
15 percent (capital gains) [3]	4,098,744	9,543,033	8.0	11.8	36,091
25 percent	28,758,229	81,147,105	12.8	16.4	62,947
25 percent (capital gains)	123,813	691,392	15.2	17.9	1,982
28 percent	5,943,262	36,769,259	18.3	22.0	160,538
28 percent (capital gains)	78,683	199,660	16.8	21.4	1,042
33 percent	5,269,095	17,725,344	22.7	26.6	183,019
35 percent	21,493,138	32,224,420	25.3	28.9	25,567
Form 8615 [4]	508,906	531,791	17.3	20.9	3,768

* 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 marginal tax rate, see Income and Tax Concepts section as well as footnote 4 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. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

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

[5] Less than \$500.

[6] Percentage not computed.

[7] Less than 0.05%.

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

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Table 2. All Returns: Tax Generated [1], by Rate and by Size of Adjusted Gross Income, Tax Year 2010

[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	0 percent (capital gains)	
					Number of returns	Number of returns	Income taxed at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	142,892,051	5,502,000,658	5,503,672,955	1,037,745,104	35,576,128	10,423,915	42,853,286
Under \$2,000	6,229,611	62,644	64,898	3,332	6,067,405	92,287	30,985
\$2,000 under \$4,000	4,188,381	211,504	214,318	18,078	3,997,928	71,455	47,604
\$4,000 under \$6,000	4,381,505	281,836	283,761	30,051	4,056,028	39,703	42,841
\$6,000 under \$8,000	4,730,204	1,500,243	1,501,214	150,302	3,733,451	61,366	46,146
\$8,000 under \$10,000	5,265,937	2,498,292	2,499,469	250,558	3,945,957	65,071	49,120
\$10,000 under \$12,000	4,994,497	5,919,907	5,927,645	582,050	2,339,287	174,601	116,451
\$12,000 under \$14,000	5,374,208	10,231,033	10,244,098	1,003,572	2,606,594	214,441	203,124
\$14,000 under \$16,000	4,880,504	13,719,288	13,726,874	1,362,228	2,265,786	179,246	240,527
\$16,000 under \$18,000	4,727,757	18,343,632	18,367,033	1,832,713	1,734,526	199,740	281,067
\$18,000 under \$20,000	4,552,263	23,370,404	23,388,040	2,446,636	1,379,342	206,453	290,913
\$20,000 under \$25,000	10,185,282	75,758,308	75,813,969	8,509,244	1,770,556	640,303	903,230
\$25,000 under \$30,000	8,950,075	101,252,604	101,312,218	11,850,147	801,674	694,243	1,308,846
\$30,000 under \$40,000	14,613,296	258,532,507	258,709,089	31,612,546	514,029	1,423,239	3,268,149
\$40,000 under \$50,000	10,992,023	285,711,442	285,916,371	36,782,214	159,232	1,242,442	3,448,367
\$50,000 under \$75,000	18,727,169	735,533,903	735,997,012	104,716,234	129,656	2,389,883	8,410,363
\$75,000 under \$100,000	11,805,382	701,536,561	701,849,816	104,550,473	41,633	1,933,494	9,349,875
\$100,000 under \$200,000	13,997,651	1,373,739,786	1,374,580,722	243,879,068	24,769	654,864	9,151,913
\$200,000 under \$500,000	3,471,723	783,347,436	784,128,917	181,106,075	5,936	99,979	3,640,660
\$500,000 under \$1,000,000	544,224	309,036,735	309,343,375	86,762,330	1,580	22,491	1,012,958
\$1,000,000 under \$1,500,000	126,941	131,137,821	131,095,649	38,419,280	310	6,979	366,950
\$1,500,000 under \$2,000,000	51,550	76,330,993	76,286,300	22,654,398	139	2,959	157,927
\$2,000,000 under \$5,000,000	73,078	188,551,425	188,327,795	55,470,661	239	5,395	295,518
\$5,000,000 under \$10,000,000	17,527	104,713,552	104,504,209	29,795,098	56	1,671	94,735
\$10,000,000 or more	11,264	300,678,803	299,590,163	73,957,817	15	1,609	95,020

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 2. All Returns: Tax Generated [1], by Rate and by Size of Adjusted Gross Income, Tax Year 2010—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								
	10 percent			10 percent (from Form 8814) [2]			15 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Total	106,429,109	1,142,853,178	114,285,318	105,334	73,542	7,351	78,766,490	2,000,877,397	300,131,610
Under \$2,000	90,670	31,613	3,161	2,940	2,233	223	0	0	0
\$2,000 under \$4,000	145,071	122,113	12,211	* 3,055	* 2,072	* 208	0	0	0
\$4,000 under \$6,000	296,526	155,847	15,585	* 3,008	* 1,904	* 190	0	0	0
\$6,000 under \$8,000	984,056	1,339,056	133,906	* 2,016	* 997	* 99	0	0	0
\$8,000 under \$10,000	1,296,710	2,349,782	234,978	* 1,330	* 760	* 76	* 1,018	* 119	* 18
\$10,000 under \$12,000	2,594,201	5,741,892	574,189	* 3,054	* 2,264	* 226	11,198	16,306	2,446
\$12,000 under \$14,000	2,720,718	9,964,178	996,418	* 1,050	* 367	* 37	* 8,004	* 11,832	* 1,775
\$14,000 under \$16,000	2,579,034	13,256,329	1,325,633	* 1,019	* 338	* 34	172,629	175,021	26,253
\$16,000 under \$18,000	2,968,987	17,664,150	1,766,415	** 2,006	** 1,454	** 145	349,173	376,649	56,497
\$18,000 under \$20,000	3,149,874	20,421,880	2,042,188	**	**	**	1,880,621	2,589,443	388,416
\$20,000 under \$25,000	8,330,789	54,685,050	5,468,505	* 1,313	* 943	* 94	4,633,184	20,133,368	3,020,005
\$25,000 under \$30,000	8,088,703	63,120,747	6,312,075	* 2,968	* 1,957	* 195	4,580,844	36,735,845	5,510,377
\$30,000 under \$40,000	14,030,916	134,185,950	13,418,595	10,970	7,904	789	9,862,472	121,136,521	18,170,478
\$40,000 under \$50,000	10,792,423	123,529,825	12,352,983	9,248	5,736	573	9,542,663	152,735,809	22,910,371
\$50,000 under \$75,000	18,520,240	243,141,511	24,314,151	9,397	5,846	583	18,030,696	403,227,792	60,484,169
\$75,000 under \$100,000	11,719,065	171,899,025	17,189,903	19,971	12,287	1,228	11,629,951	423,216,452	63,482,468
\$100,000 under \$200,000	13,903,240	215,220,877	21,522,088	15,220	12,163	1,218	13,863,907	640,400,305	96,060,046
\$200,000 under \$500,000	3,424,756	53,678,107	5,367,811	11,183	8,359	836	3,410,885	162,684,672	24,402,701
\$500,000 under \$1,000,000	529,183	8,264,483	826,448	2,706	2,721	272	526,340	25,048,860	3,757,329
\$1,000,000 under \$1,500,000	121,156	1,881,381	188,138	1,330	1,431	143	120,563	5,706,208	855,931
\$1,500,000 under \$2,000,000	49,025	758,600	75,860	500	616	62	48,835	2,302,424	345,364
\$2,000,000 under \$5,000,000	68,170	1,050,146	105,015	702	772	77	67,956	3,190,609	478,591
\$5,000,000 under \$10,000,000	15,921	243,182	24,318	189	209	21	15,888	739,708	110,956
\$10,000,000 or more	9,673	147,452	14,745	158	210	21	9,661	449,454	67,418

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 2. All Returns: Tax Generated [1], by Rate and by Size of Adjusted Gross Income, Tax Year 2010—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								
	15 percent (capital gains) [3]			25 percent			25 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Total	11,054,402	372,500,016	55,875,312	29,296,669	873,575,754	218,393,939	190,817	4,309,445	1,077,388
Under \$2,000	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	* 309	* 227	* 57	0	0	0
\$25,000 under \$30,000	0	0	0	* 999	* 4,040	* 1,010	0	0	0
\$30,000 under \$40,000	0	0	0	* 5,989	* 40,092	* 10,023	0	0	0
\$40,000 under \$50,000	291,788	281,081	42,168	1,993,452	5,863,971	1,465,993	* 997	* 5	* 1
\$50,000 under \$75,000	1,371,170	3,807,709	571,198	6,133,530	77,320,433	19,330,108	11,978	15,566	3,893
\$75,000 under \$100,000	1,292,680	4,926,041	738,932	4,512,079	91,573,580	22,893,395	15,667	20,092	5,024
\$100,000 under \$200,000	5,198,422	28,122,554	4,218,543	12,520,009	427,396,815	106,849,204	75,439	613,724	153,446
\$200,000 under \$500,000	2,231,499	45,358,640	6,803,854	3,353,951	220,125,804	55,031,451	56,633	1,039,324	259,837
\$500,000 under \$1,000,000	425,252	31,902,362	4,785,366	517,061	34,232,147	8,558,037	16,785	866,278	216,572
\$1,000,000 under \$1,500,000	107,135	19,641,422	2,946,216	118,980	7,819,945	1,954,986	4,772	357,307	89,327
\$1,500,000 under \$2,000,000	44,753	13,009,673	1,951,452	48,108	3,162,060	790,515	2,375	186,217	46,555
\$2,000,000 under \$5,000,000	64,947	41,855,558	6,278,335	66,976	4,392,457	1,098,114	3,911	460,246	115,062
\$5,000,000 under \$10,000,000	16,092	31,206,693	4,681,004	15,688	1,023,893	255,973	1,203	277,775	69,444
\$10,000,000 or more	10,666	152,388,283	22,858,243	9,539	620,289	155,072	1,057	472,911	118,228

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 2. All Returns: Tax Generated [1], by Rate and by Size of Adjusted Gross Income, Tax Year 2010—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								
	28 percent			28 percent (capital gains)			33 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
Total	6,488,963	289,593,358	81,086,140	21,483	1,780,356	498,502	2,413,386	233,725,052	77,129,267
Under \$2,000	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000	0	0	0	0	0	0	0	0	0
\$25,000 under \$30,000	0	0	0	0	0	0	0	0	0
\$30,000 under \$40,000	0	0	0	0	0	0	0	0	0
\$40,000 under \$50,000	0	0	0	0	0	0	0	0	0
\$50,000 under \$75,000	2,003	3,170	888	* 2,005	* 4,474	* 1,254	0	0	0
\$75,000 under \$100,000	177,109	843,046	236,053	* 2,005	* 304	* 85	* 623	* 9,115	* 3,008
\$100,000 under \$200,000	2,387,779	52,590,245	14,725,269	6,980	14,562	4,079	51,496	1,019,473	336,426
\$200,000 under \$500,000	3,159,962	180,936,331	50,662,173	4,876	66,117	18,513	1,614,626	110,742,641	36,545,072
\$500,000 under \$1,000,000	506,618	36,707,211	10,278,019	2,063	40,589	11,365	495,086	80,686,125	26,626,421
\$1,000,000 under \$1,500,000	116,982	8,471,536	2,372,030	906	105,434	29,521	114,893	18,785,630	6,199,258
\$1,500,000 under \$2,000,000	47,344	3,435,277	961,878	512	85,376	23,905	46,636	7,672,587	2,531,954
\$2,000,000 under \$5,000,000	66,155	4,798,322	1,343,530	1,142	408,109	114,271	65,254	10,739,105	3,543,905
\$5,000,000 under \$10,000,000	15,541	1,125,967	315,271	475	354,800	99,344	15,362	2,529,391	834,699
\$10,000,000 or more	9,470	682,253	191,031	519	700,591	196,165	9,410	1,540,985	508,525

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 2. All Returns: Tax Generated [1], by Rate and by Size of Adjusted Gross Income, Tax Year 2010—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					
	35 percent			Form 8615 [4]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(35)	(36)	(37)	(38)	(39)	(40)
Total	854,212	539,306,690	188,757,342	190,960	2,224,881	508,906
Under \$2,000	0	0	0	1,548	67	11
\$2,000 under \$4,000	0	0	0	45,483	42,529	7,868
\$4,000 under \$6,000	0	0	0	33,487	83,169	16,053
\$6,000 under \$8,000	0	0	0	29,446	115,016	18,176
\$8,000 under \$10,000	0	0	0	22,971	99,688	17,004
\$10,000 under \$12,000	0	0	0	11,263	50,733	5,946
\$12,000 under \$14,000	0	0	0	9,859	64,598	5,955
\$14,000 under \$16,000	0	0	0	6,047	54,658	10,289
\$16,000 under \$18,000	0	0	0	4,655	43,714	9,763
\$18,000 under \$20,000	0	0	0	6,187	85,802	16,367
\$20,000 under \$25,000	0	0	0	5,968	91,151	20,704
\$25,000 under \$30,000	0	0	0	6,109	140,784	26,492
\$30,000 under \$40,000	0	0	0	3,133	70,474	11,981
\$40,000 under \$50,000	0	0	0	1,489	51,576	9,507
\$50,000 under \$75,000	0	0	0	976	60,147	9,022
\$75,000 under \$100,000	0	0	0	0	0	0
\$100,000 under \$200,000	458	4,659	1,631	436	33,434	6,527
\$200,000 under \$500,000	149,510	5,492,175	1,922,261	1,244	356,088	91,452
\$500,000 under \$1,000,000	460,792	90,373,536	31,630,738	424	206,105	71,736
\$1,000,000 under \$1,500,000	110,440	67,851,813	23,748,135	97	106,592	35,587
\$1,500,000 under \$2,000,000	45,192	45,402,640	15,890,924	74	112,903	35,928
\$2,000,000 under \$5,000,000	63,531	121,025,873	42,359,056	40	111,079	34,701
\$5,000,000 under \$10,000,000	15,031	66,801,046	23,380,366	17	106,808	23,700
\$10,000,000 or more	9,259	142,354,949	49,824,232	7	137,766	24,135

* 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 tax generated, see the Explanation of Selected Terms 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.

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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 2010

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

Tax rate classes	All returns			Returns of married persons filing jointly and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates	107,315,923	5,503,672,955	1,037,750,735	44,672,951	3,723,804,323	728,305,790	2,107,983	107,407,714	22,281,897
0 percent (capital gains)	10,423,915	42,853,286	0	6,094,106	28,615,365	0	124,843	668,878	0
10 percent	106,429,109	1,142,853,178	114,285,318	44,372,089	677,418,298	67,741,830	2,093,754	16,215,193	1,621,519
10 percent (Form 8814) [2]	105,334	73,542	7,351	73,687	54,099	5,408	122	139	14
15 percent	78,766,490	2,000,877,397	300,131,609	36,732,075	1,314,913,944	197,237,092	1,767,461	30,365,870	4,554,881
15 percent (capital gains) [3]	11,054,402	372,500,016	55,875,002	7,241,054	280,991,800	42,148,770	165,669	16,152,566	2,422,885
25 percent	29,296,669	873,575,754	218,393,938	15,413,314	578,065,727	144,516,432	716,685	13,263,879	3,315,970
25 percent (capital gains)	190,817	4,309,445	1,077,361	130,732	3,258,668	814,667	1,973	110,592	27,648
28 percent	6,488,963	289,593,358	81,086,140	4,316,074	206,342,283	57,775,839	184,767	4,270,124	1,195,635
28 percent (capital gains)	21,483	1,780,356	498,500	15,837	1,252,842	350,796	114	76,997	21,559
33 percent	2,413,386	233,725,052	77,129,267	1,926,479	189,849,861	62,650,454	72,440	3,871,484	1,277,590
35 percent	854,212	539,306,690	188,757,342	715,195	443,041,436	155,064,503	29,613	22,411,993	7,844,197
Form 8615 [4]	190,960	2,224,881	508,906	0	0	0	0	0	0

Tax rate classes	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates	13,616,523	325,119,558	50,915,738	46,918,465	1,347,341,360	236,247,309
0 percent (capital gains)	395,707	1,022,388	0	3,809,259	12,546,655	0
10 percent	13,593,053	123,817,979	12,381,798	46,370,213	325,401,709	32,540,171
10 percent (Form 8814) [2]	26,373	15,836	1,582	5,152	3,468	347
15 percent	7,586,941	127,224,881	19,083,732	32,680,012	528,372,702	79,255,905
15 percent (capital gains) [3]	297,323	7,557,390	1,133,608	3,350,357	67,798,260	10,169,739
25 percent	1,623,162	39,703,377	9,925,844	11,543,507	242,542,770	60,635,693
25 percent (capital gains)	5,978	94,699	23,675	52,133	845,486	211,371
28 percent	165,728	7,122,975	1,994,433	1,822,394	71,857,975	20,120,233
28 percent (capital gains)	74	52,623	14,734	5,458	397,894	111,410
33 percent	55,872	6,063,114	2,000,827	358,595	33,940,593	11,200,396
35 percent	20,337	12,444,297	4,355,504	89,067	61,408,965	21,493,138
Form 8615 [4]	0	0	0	190,960	2,224,881	508,906

[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.

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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 2010

[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	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Returns with regular tax computation only [2]							
Total	86,488,650	4,716,374,805	2,981,241,193	86,488,650	496,622,179	86,488,650	496,841,247
Under \$5,000	166,979	396,805	127,460	166,979	12,720	166,979	12,720
\$5,000 under \$10,000	2,353,768	18,991,012	3,506,863	2,353,768	351,116	2,353,768	351,145
\$10,000 under \$15,000	6,174,485	77,145,021	20,852,262	6,174,485	2,092,396	6,174,485	2,094,182
\$15,000 under \$20,000	7,010,606	123,237,517	45,736,787	7,010,606	4,729,258	7,010,606	4,734,858
\$20,000 under \$25,000	7,767,436	174,736,369	70,257,998	7,767,436	7,986,883	7,767,436	7,993,143
\$25,000 under \$30,000	7,447,077	204,296,375	92,858,997	7,447,077	11,014,350	7,447,077	11,021,395
\$30,000 under \$40,000	12,671,837	440,414,563	232,742,508	12,671,837	28,880,574	12,671,837	28,906,312
\$40,000 under \$50,000	9,385,556	419,863,957	246,858,480	9,385,556	32,228,040	9,385,556	32,253,314
\$50,000 under \$75,000	15,000,338	919,793,510	588,187,365	15,000,338	84,720,529	15,000,338	84,791,470
\$75,000 under \$100,000	8,708,601	751,340,971	515,587,194	8,708,601	78,049,696	8,708,601	78,123,363
\$100,000 under \$200,000	8,430,191	1,097,717,018	795,017,326	8,430,191	141,845,378	8,430,191	142,057,936
\$200,000 under \$500,000	1,220,863	332,828,240	254,829,647	1,220,863	62,033,766	1,220,863	62,284,440
\$500,000 under \$1,000,000	115,546	76,679,091	58,785,745	115,546	19,402,475	115,546	19,506,926
\$1,000,000 under \$1,500,000	19,204	23,000,007	17,384,283	19,204	6,343,736	19,204	6,328,075
\$1,500,000 under \$2,000,000	6,500	11,143,312	8,370,342	6,500	3,239,708	6,500	3,223,707
\$2,000,000 under \$5,000,000	7,750	22,402,716	16,277,622	7,750	6,701,361	7,750	6,622,622
\$5,000,000 under \$10,000,000	1,344	9,088,872	6,071,877	1,344	2,785,375	1,344	2,711,961
\$10,000,000 or more	568	13,299,450	7,788,437	568	4,204,819	568	3,823,677
Returns with Form 8615 tax computation [3]							
Total	190,960	3,082,422	2,548,801	190,960	528,612	190,960	531,704
Under \$5,000	62,274	207,035	135,898	62,274	13,591	62,274	16,859
\$5,000 under \$10,000	70,660	514,564	356,542	70,660	35,715	70,660	49,874
\$10,000 under \$15,000	22,140	267,826	186,161	22,140	20,061	22,140	17,988
\$15,000 under \$20,000	15,871	270,077	224,519	15,871	27,028	15,871	39,149
\$20,000 under \$25,000	* 5,968	* 135,013	* 119,076	* 5,968	* 15,371	* 5,968	* 23,365
\$25,000 under \$30,000	* 6,109	* 171,522	* 146,508	* 6,109	* 19,411	* 6,109	* 26,702
\$30,000 under \$40,000	* 3,133	* 105,676	* 97,250	* 3,133	* 13,473	* 3,133	* 15,446
\$40,000 under \$50,000	* 1,489	* 64,545	* 51,780	* 1,489	* 7,678	* 1,489	* 9,528
\$50,000 under \$75,000	* 976	* 65,516	* 60,147	* 976	* 11,312	* 976	* 9,022
\$75,000 under \$100,000	0	0	0	0	0	0	0
\$100,000 under \$200,000	* 436	* 65,119	* 33,434	* 436	* 6,960	* 436	* 6,527
\$200,000 under \$500,000	1,244	373,668	356,199	1,244	99,308	1,244	91,452
\$500,000 under \$1,000,000	* 424	* 225,862	* 206,105	* 424	* 62,660	* 424	* 71,736
\$1,000,000 under \$1,500,000	* 97	* 116,605	* 106,592	* 97	* 35,133	* 97	* 35,587
\$1,500,000 under \$2,000,000	* 74	* 125,356	* 112,932	* 74	* 37,864	* 74	* 35,931
\$2,000,000 under \$5,000,000	40	115,960	111,085	40	37,987	40	34,702
\$5,000,000 under \$10,000,000	17	117,620	106,808	17	37,000	17	23,700
\$10,000,000 or more	* 7	* 140,457	* 137,766	* 7	* 48,062	* 7	* 24,135

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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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 2010—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	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Returns with Schedule D tax computation							
Total	20,619,267	3,207,028,623	2,514,280,634	20,595,090	614,564,771	19,899,565	540,385,308
Under \$5,000	182,417	416,222	129,740	171,843	12,952	57,314	3,141
\$5,000 under \$10,000	150,482	1,153,789	299,419	144,499	29,947	107,858	18,086
\$10,000 under \$15,000	478,616	6,024,704	1,333,548	476,303	134,179	356,579	90,319
\$15,000 under \$20,000	497,880	8,745,834	3,193,816	497,879	327,587	435,458	254,466
\$20,000 under \$25,000	640,303	14,536,257	5,329,094	639,014	602,870	558,357	494,833
\$25,000 under \$30,000	694,243	19,086,799	8,197,306	691,247	968,865	637,554	804,679
\$30,000 under \$40,000	1,423,239	49,846,947	25,530,510	1,423,238	3,114,772	1,355,945	2,694,043
\$40,000 under \$50,000	1,444,530	65,072,352	38,576,201	1,444,521	5,023,838	1,408,150	4,521,381
\$50,000 under \$75,000	3,596,017	223,468,055	146,880,667	3,595,018	21,492,461	3,534,116	19,917,308
\$75,000 under \$100,000	3,055,145	265,277,734	185,345,133	3,055,145	28,287,858	3,021,718	26,427,304
\$100,000 under \$200,000	5,542,097	768,589,345	576,596,465	5,542,095	106,184,785	5,516,607	101,812,803
\$200,000 under \$500,000	2,243,634	650,472,302	524,292,868	2,243,625	126,027,553	2,239,690	118,730,132
\$500,000 under \$1,000,000	426,665	290,383,251	246,614,013	426,664	73,245,073	426,316	67,183,659
\$1,000,000 under \$1,500,000	107,329	129,797,679	113,044,379	107,329	35,927,242	107,278	32,055,617
\$1,500,000 under \$2,000,000	44,836	77,047,513	67,461,758	44,836	21,981,063	44,817	19,394,760
\$2,000,000 under \$5,000,000	65,049	194,481,623	172,263,894	65,049	57,196,205	65,025	48,813,338
\$5,000,000 under \$10,000,000	16,111	110,593,545	98,785,004	16,111	33,336,936	16,109	27,059,437
\$10,000,000 or more	10,674	332,034,673	300,406,818	10,674	100,670,585	10,674	70,110,004

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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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 2010—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	Tax differences due to alternative computations	Taxes from special computation		Alternative minimum tax		Income tax before credits	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns with regular tax computation only [2]							
Total	0	10,631	15,924	1,452,285	6,071,596	86,488,650	502,928,766
Under \$5,000	0	* 1,001	* 110	0	0	166,979	12,830
\$5,000 under \$10,000	0	0	0	* 1,018	* 728	2,353,768	351,873
\$10,000 under \$15,000	0	0	0	* 2,036	* 230	6,174,485	2,094,412
\$15,000 under \$20,000	0	0	0	* 3,057	* 2,810	7,010,606	4,737,668
\$20,000 under \$25,000	0	0	0	0	0	7,767,436	7,993,143
\$25,000 under \$30,000	0	* 972	* 1,428	* 3	* 28	7,447,077	11,022,852
\$30,000 under \$40,000	0	0	0	* 218	* 533	12,671,837	28,906,846
\$40,000 under \$50,000	0	* 1,007	* 463	* 1,003	* 867	9,385,556	32,254,644
\$50,000 under \$75,000	0	* 1,333	* 107	47,693	41,835	15,000,338	84,833,412
\$75,000 under \$100,000	0	* 4,009	* 11,753	75,249	93,755	8,708,601	78,228,871
\$100,000 under \$200,000	0	* 2,309	* 2,062	422,838	810,919	8,430,191	142,870,917
\$200,000 under \$500,000	0	0	0	830,403	4,330,941	1,220,863	66,615,382
\$500,000 under \$1,000,000	0	0	0	63,534	657,615	115,546	20,164,541
\$1,000,000 under \$1,500,000	0	0	0	3,931	73,575	19,204	6,401,651
\$1,500,000 under \$2,000,000	0	0	0	534	9,249	6,500	3,232,956
\$2,000,000 under \$5,000,000	0	0	0	627	30,521	7,750	6,653,143
\$5,000,000 under \$10,000,000	0	0	0	99	5,677	1,344	2,717,638
\$10,000,000 or more	0	0	0	42	12,310	568	3,835,987
Returns with Form 8615 tax computation [3]							
Total	3,091	0	0	3,768	11,256	190,960	542,959
Under \$5,000	3,268	0	0	0	0	62,274	16,859
\$5,000 under \$10,000	14,159	0	0	0	0	70,660	49,874
\$10,000 under \$15,000	-2,073	0	0	* 1,018	* 76	22,140	18,065
\$15,000 under \$20,000	12,121	0	0	* 1,018	* 936	15,871	40,084
\$20,000 under \$25,000	* 7,995	0	0	0	0	* 5,968	* 23,365
\$25,000 under \$30,000	* 7,292	0	0	0	0	* 6,109	* 26,702
\$30,000 under \$40,000	* 1,973	0	0	* 1,018	* 1,742	* 3,133	* 17,188
\$40,000 under \$50,000	* 1,850	0	0	* 209	* 670	* 1,489	* 10,198
\$50,000 under \$75,000	* -2,290	0	0	0	0	* 976	* 9,022
\$75,000 under \$100,000	0	0	0	0	0	0	0
\$100,000 under \$200,000	* -433	0	0	* 436	* 5,344	* 436	* 11,871
\$200,000 under \$500,000	-7,856	0	0	* 40	* 850	1,244	92,302
\$500,000 under \$1,000,000	* 9,076	0	0	* 12	* 317	* 424	* 72,053
\$1,000,000 under \$1,500,000	* 454	0	0	0	0	* 97	* 35,587
\$1,500,000 under \$2,000,000	* -1,933	0	0	* 8	* 729	* 74	* 36,659
\$2,000,000 under \$5,000,000	-3,286	0	0	0	0	40	34,702
\$5,000,000 under \$10,000,000	-13,300	0	0	* 7	* 592	17	24,292
\$10,000,000 or more	* -23,926	0	0	0	0	* 7	* 24,135

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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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 2010—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	Tax differences due to alternative computations	Taxes from special computation		Alternative minimum tax		Income tax before credits	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns with Schedule D tax computation							
Total	-74,179,463	4,092	3,947	2,542,169	20,801,774	19,905,796	561,191,029
Under \$5,000	-9,811	0	0	0	0	57,314	3,141
\$5,000 under \$10,000	-11,861	0	0	0	0	107,858	18,086
\$10,000 under \$15,000	-43,860	0	0	* 1,018	* 1,294	356,579	91,613
\$15,000 under \$20,000	-73,121	0	0	0	0	435,458	254,466
\$20,000 under \$25,000	-108,037	* 998	* 160	* 1,240	* 2,317	558,357	497,310
\$25,000 under \$30,000	-164,186	0	0	* 209	* 195	637,554	804,874
\$30,000 under \$40,000	-420,729	0	0	* 1,201	* 176	1,355,945	2,694,218
\$40,000 under \$50,000	-502,457	0	0	* 995	* 6,948	1,408,322	4,528,329
\$50,000 under \$75,000	-1,575,153	0	0	4,808	13,644	3,534,425	19,930,952
\$75,000 under \$100,000	-1,860,554	* 1,000	* 540	23,415	38,695	3,022,243	26,466,539
\$100,000 under \$200,000	-4,371,982	* 2,023	* 3,015	380,873	872,746	5,519,216	102,688,563
\$200,000 under \$500,000	-7,297,421	0	0	1,757,258	11,461,298	2,241,950	130,191,429
\$500,000 under \$1,000,000	-6,061,414	* 43	* 172	295,969	4,174,851	426,599	71,358,683
\$1,000,000 under \$1,500,000	-3,871,625	* 8	* 7	37,467	924,233	107,317	32,979,857
\$1,500,000 under \$2,000,000	-2,586,303	* 16	* 40	12,701	428,950	44,835	19,823,751
\$2,000,000 under \$5,000,000	-8,382,868	0	0	16,958	946,823	65,042	49,760,161
\$5,000,000 under \$10,000,000	-6,277,500	* 3	* 13	4,448	493,614	16,111	27,553,064
\$10,000,000 or more	-30,560,581	0	0	3,609	1,435,989	10,674	71,545,994

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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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 2010—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	Total tax credits		Income tax after credits		Total income tax				Average income tax (dollars)
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	As a percentage of		
							Modified taxable income	Adjusted gross income	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Returns with regular tax computation only [2]									
Total	75,060,912	87,024,293	65,617,961	415,904,473	65,617,961	415,904,473	14.0	8.8	4,809
Under \$5,000	* 2,042	* 158	164,937	12,673	164,937	12,673	9.9	3.2	76
\$5,000 under \$10,000	566,171	22,283	1,796,547	329,590	1,796,547	329,590	9.4	1.7	140
\$10,000 under \$15,000	4,526,377	1,239,289	2,784,114	855,123	2,784,114	855,123	4.1	1.1	138
\$15,000 under \$20,000	6,015,383	2,438,161	4,521,917	2,299,507	4,521,917	2,299,507	5.0	1.9	328
\$20,000 under \$25,000	6,957,460	3,592,283	4,298,684	4,400,860	4,298,684	4,400,860	6.3	2.5	567
\$25,000 under \$30,000	6,822,174	4,603,044	4,189,324	6,419,808	4,189,324	6,419,808	6.9	3.1	862
\$30,000 under \$40,000	11,751,826	9,842,646	8,747,850	19,064,200	8,747,850	19,064,200	8.2	4.3	1,504
\$40,000 under \$50,000	8,753,832	9,283,847	7,471,352	22,970,797	7,471,352	22,970,797	9.3	5.5	2,447
\$50,000 under \$75,000	14,116,148	20,667,659	13,450,033	64,165,753	13,450,033	64,165,753	10.9	7.0	4,278
\$75,000 under \$100,000	8,090,029	14,798,709	8,447,187	63,430,162	8,447,187	63,430,162	12.3	8.4	7,284
\$100,000 under \$200,000	7,035,951	14,036,636	8,381,942	128,834,281	8,381,942	128,834,281	16.2	11.7	15,282
\$200,000 under \$500,000	363,650	2,096,435	1,215,076	64,518,946	1,215,076	64,518,946	25.3	19.4	52,847
\$500,000 under \$1,000,000	44,433	1,679,578	114,203	18,484,963	114,203	18,484,963	31.4	24.1	159,979
\$1,000,000 under \$1,500,000	8,113	523,738	18,937	5,877,913	18,937	5,877,913	33.8	25.6	306,078
\$1,500,000 under \$2,000,000	2,850	339,893	6,378	2,893,063	6,378	2,893,063	34.6	26.0	445,087
\$2,000,000 under \$5,000,000	3,476	804,230	7,605	5,848,913	7,605	5,848,913	35.9	26.1	754,698
\$5,000,000 under \$10,000,000	663	403,601	1,317	2,314,037	1,317	2,314,037	38.1	25.5	1,721,754
\$10,000,000 or more	337	652,104	558	3,183,884	558	3,183,884	40.9	23.9	5,605,430
Returns with Form 8615 tax computation [3]									
Total	53,482	11,168	189,308	531,791	189,308	531,791	20.9	17.3	2,785
Under \$5,000	18,552	1,391	61,725	15,468	61,725	15,468	11.4	7.5	248
\$5,000 under \$10,000	16,136	2,015	69,564	47,859	69,564	47,859	13.4	9.3	677
\$10,000 under \$15,000	10,052	605	22,140	17,459	22,140	17,459	9.4	6.5	789
\$15,000 under \$20,000	* 2,403	* 375	15,871	39,710	15,871	39,710	17.7	14.7	2,502
\$20,000 under \$25,000	* 944	* 136	* 5,968	* 23,229	* 5,968	* 23,229	* 19.5	* 17.2	* 3,892
\$25,000 under \$30,000	* 2,036	* 8	* 6,109	* 26,694	* 6,109	* 26,694	* 18.2	* 15.6	* 4,370
\$30,000 under \$40,000	* 1,097	* 326	* 3,133	* 16,863	* 3,133	* 16,863	* 17.3	* 16.0	* 5,382
\$40,000 under \$50,000	* 216	* 227	* 1,489	* 9,971	* 1,489	* 9,971	* 19.3	* 15.4	* 6,696
\$50,000 under \$75,000	0	0	* 976	* 9,022	* 976	* 9,022	* 15.0	* 13.8	* 9,244
\$75,000 under \$100,000	0	0	0	0	0	0	0.0	0.0	0
\$100,000 under \$200,000	* 436	* 70	* 436	* 11,802	* 436	* 11,802	* 35.3	* 18.1	* 27,069
\$200,000 under \$500,000	1,104	667	* 1,239	* 91,635	* 1,239	* 91,635	* 25.7	* 24.5	* 73,662
\$500,000 under \$1,000,000	* 284	* 158	* 424	* 71,894	* 424	* 71,894	* 34.9	* 31.8	* 169,561
\$1,000,000 under \$1,500,000	* 97	* 1,672	* 97	* 33,915	* 97	* 33,915	* 31.8	* 29.1	* 349,639
\$1,500,000 under \$2,000,000	* 74	* 1,342	d	d	d	d	d	d	d
\$2,000,000 under \$5,000,000	* 34	* 1,445	d	d	d	d	d	d	d
\$5,000,000 under \$10,000,000	* 10	* 239	17	24,053	17	24,053	22.5	20.4	1,414,882
\$10,000,000 or more	* 7	* 493	* 7	* 23,643	* 7	* 23,643	* 17.2	* 16.8	* 3,377,571

Footnotes at end of table.

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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 2010—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	Total tax credits		Income tax after credits		Total income tax				
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	As a percentage of		Average income tax (dollars)
							Modified taxable income	Adjusted gross income	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Returns with Schedule D tax computation									
Total	15,584,562	26,504,876	18,648,034	534,686,153	18,648,034	534,689,171	21.3	16.7	25,932
Under \$5,000	* 8,505	* 105	56,316	3,036	56,316	3,036	2.3	0.7	17
\$5,000 under \$10,000	15,895	503	100,929	17,583	100,929	17,583	5.9	1.5	117
\$10,000 under \$15,000	193,491	35,929	215,305	55,684	215,305	55,684	4.2	0.9	116
\$15,000 under \$20,000	277,899	96,763	357,238	157,703	357,238	157,703	4.9	1.8	317
\$20,000 under \$25,000	388,041	166,077	413,820	331,233	413,820	331,233	6.2	2.3	517
\$25,000 under \$30,000	454,124	232,466	495,053	572,408	495,053	572,408	7.0	3.0	825
\$30,000 under \$40,000	1,066,265	666,410	1,119,618	2,027,808	1,119,618	2,027,808	7.9	4.1	1,425
\$40,000 under \$50,000	1,114,800	872,707	1,247,461	3,655,622	1,247,461	3,655,622	9.5	5.6	2,531
\$50,000 under \$75,000	2,948,572	3,186,198	3,311,376	16,744,754	3,311,376	16,744,754	11.4	7.5	4,656
\$75,000 under \$100,000	2,627,389	3,808,313	2,938,171	22,658,226	2,938,171	22,658,226	12.2	8.5	7,416
\$100,000 under \$200,000	4,665,597	7,143,047	5,484,780	95,545,516	5,484,780	95,545,516	16.6	12.4	17,240
\$200,000 under \$500,000	1,328,094	2,041,272	2,238,463	128,150,158	2,238,463	128,150,158	24.4	19.7	57,117
\$500,000 under \$1,000,000	304,829	1,378,689	425,973	69,979,994	425,973	69,979,994	28.4	24.1	164,016
\$1,000,000 under \$1,500,000	81,655	811,955	107,154	32,167,902	107,154	32,167,902	28.5	24.8	299,713
\$1,500,000 under \$2,000,000	35,150	504,029	44,762	19,319,722	44,762	19,319,722	28.6	25.1	430,898
\$2,000,000 under \$5,000,000	51,658	1,443,232	64,897	48,316,928	64,897	48,319,945	28.0	24.8	742,824
\$5,000,000 under \$10,000,000	13,396	789,226	16,080	26,763,838	16,080	26,763,839	27.1	24.2	1,661,215
\$10,000,000 or more	9,203	3,327,955	10,638	68,218,039	10,638	68,218,040	22.7	20.5	6,391,047

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

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

[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 4b.

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

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Table 4b. Returns with Form 8615 Tax Computation: Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income, Tax Year 2010

[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 [1]	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)
Total	190,960	528,612	405,193	-123,419	531,704	126,511
Under \$5,000	62,274	13,591	10,658	-2,933	16,859	6,201
\$5,000 under \$10,000	70,660	35,715	28,848	-6,867	49,874	21,026
\$10,000 under \$15,000	22,140	20,061	13,848	-6,213	17,988	4,140
\$15,000 under \$20,000	15,871	27,028	21,088	-5,940	39,149	18,061
\$20,000 under \$25,000	* 5,968	* 15,371	* 14,833	* -538	* 23,365	* 8,532
\$25,000 under \$30,000	* 6,109	* 19,411	* 12,879	* -6,532	* 26,702	* 13,823
\$30,000 under \$40,000	* 3,133	* 13,473	* 8,398	* -5,075	* 15,446	* 7,048
\$40,000 under \$50,000	* 1,489	* 7,678	* 2,574	* -5,104	* 9,528	* 6,954
\$50,000 under \$75,000	* 976	* 11,312	* 4,043	* -7,269	* 9,022	* 4,979
\$75,000 under \$100,000	0	0	0	0	0	0
\$100,000 under \$200,000	* 436	* 6,960	* 4,616	* -2,344	* 6,527	* 1,911
\$200,000 under \$500,000	1,244	99,308	72,995	-26,313	91,452	18,457
\$500,000 under \$1,000,000	* 424	* 62,660	* 62,176	* -484	* 71,736	* 9,560
\$1,000,000 under \$1,500,000	* 97	* 35,133	* 33,272	* -1,861	* 35,587	* 2,315
\$1,500,000 under \$2,000,000	* 74	* 37,864	* 34,318	* -3,546	* 35,931	* 1,613
\$2,000,000 under \$5,000,000	40	37,987	33,690	-4,297	34,702	1,012
\$5,000,000 under \$10,000,000	17	37,000	23,241	-13,759	23,700	459
\$10,000,000 or more	* 7	* 48,062	* 23,718	* -24,344	* 24,135	* 417

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

[1] For returns that did not have Schedule D worksheet, the regular tax computation was used to calculate tax generated.

NOTE: Form 8615 was filed for a child meeting certain age requirements, to report the child's investment income. Detail may not add to totals because of rounding.

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Table 5. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI) and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 2001–2010

[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)
Number of returns:							
2001	119,370,886	119,371	1,193,709	5,968,544	11,937,089	29,842,722	59,685,443
2002	119,850,561	119,851	1,198,506	5,992,528	11,985,056	29,962,640	59,925,281
2003	120,758,947	120,759	1,207,589	6,037,947	12,075,895	30,189,737	60,379,474
2004	122,509,974	122,510	1,225,100	6,125,499	12,250,997	30,627,494	61,254,987
2005	124,673,055	124,673	1,246,731	6,233,653	12,467,306	31,168,264	62,336,528
2006	128,441,165	128,441	1,284,412	6,422,058	12,844,117	32,110,291	64,220,583
2007	[1] 132,654,911	132,654	1,326,549	6,632,746	13,265,491	33,163,728	66,327,456
2008	132,891,770	132,892	1,328,918	6,644,589	13,289,177	33,222,943	66,445,885
2009	132,619,936	132,620	1,326,199	6,630,997	13,261,994	33,154,984	66,309,968
2010	135,033,492	135,033	1,350,335	6,751,675	13,503,349	33,758,373	67,516,746
Adjusted gross income floor on percentiles (current dollars):							
2001	N/A	1,393,718	306,635	132,082	96,151	59,026	31,418
2002	N/A	1,245,352	296,194	130,750	95,699	59,066	31,299
2003	N/A	1,317,088	305,939	133,741	97,470	59,896	31,447
2004	N/A	1,617,918	339,993	140,758	101,838	62,794	32,622
2005	N/A	1,938,175	379,261	149,216	106,864	64,821	33,484
2006	N/A	2,124,625	402,603	157,390	112,016	67,291	34,417
2007	N/A	2,251,017	426,439	164,883	116,396	69,559	35,541
2008	N/A	1,867,652	392,513	163,512	116,813	69,813	35,340
2009	N/A	1,469,393	351,968	157,342	114,181	68,216	34,156
2010	N/A	1,634,386	369,691	161,579	116,623	69,126	34,338
Adjusted gross income floor on percentiles (constant dollars): [2]							
2001	N/A	1,028,574	226,299	97,477	70,960	43,562	23,187
2002	N/A	905,052	215,257	95,022	69,549	42,926	22,746
2003	N/A	935,432	217,286	94,987	69,226	42,540	22,335
2004	N/A	1,119,666	235,289	97,410	70,476	43,456	22,576
2005	N/A	1,297,306	253,856	99,877	71,529	43,388	22,412
2006	N/A	1,377,837	261,091	102,069	72,643	43,639	22,320
2007	N/A	1,419,305	268,877	103,962	73,390	43,858	22,409
2008	N/A	1,133,972	238,320	99,279	70,925	42,388	21,457
2009	N/A	895,425	214,484	95,882	69,580	41,570	20,814
2010	N/A	979,848	221,637	96,870	69,918	41,442	20,586
Adjusted gross income (millions of dollars):							
2001	6,116,274	492,437	1,064,928	1,933,563	2,599,650	3,933,186	5,235,273
2002	5,982,260	420,987	960,352	1,812,094	2,472,326	3,811,534	5,114,828
2003	6,156,994	465,594	1,030,178	1,907,837	2,586,777	3,961,657	5,286,949
2004	6,734,554	615,494	1,278,879	2,243,098	2,968,169	4,423,150	5,826,206
2005	7,365,689	783,762	1,560,659	2,623,077	3,400,596	4,940,249	6,412,897
2006	7,969,813	895,044	1,761,119	2,918,422	3,759,733	5,412,038	6,980,130
2007	8,621,963	1,030,091	1,971,021	3,223,396	4,128,240	5,898,437	7,571,084
2008	8,206,158	825,898	1,656,771	2,867,730	3,772,889	5,554,583	7,228,036
2009	7,578,641	601,504	1,304,627	2,439,146	3,317,402	5,057,761	6,678,194
2010	8,039,779	742,989	1,517,146	2,716,199	3,631,364	5,430,952	7,095,680

Footnotes at the end of table.

Individual Income Tax Rates and Shares, 2010

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Table 5. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI) and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 2001–2010—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)
Total income tax (millions of dollars): [3]							
2001	884,931	138,735	293,968	462,288	563,525	721,756	841,587
2002	794,282	119,894	262,820	419,871	513,320	656,602	760,808
2003	745,514	114,559	251,146	399,176	483,792	617,015	715,163
2004	829,096	141,937	300,802	467,165	558,007	694,983	797,040
2005	931,693	176,152	361,264	549,068	647,115	792,545	898,262
2006	1,020,438	196,358	401,610	607,088	715,108	872,385	985,657
2007	1,111,872	220,636	442,633	666,021	782,903	952,964	1,074,502
2008	1,028,669	187,200	385,857	597,246	711,873	880,244	996,815
2009	863,486	146,030	313,826	502,274	603,504	749,022	842,286
2010	949,144	169,734	354,810	560,649	670,319	826,796	926,782
Average tax rate (percentage): [4]							
2001	14.47	28.17	27.60	23.91	21.68	18.35	16.08
2002	13.28	28.48	27.37	23.17	20.76	17.23	14.87
2003	12.11	24.60	24.38	20.92	18.70	15.57	13.53
2004	12.31	23.06	23.52	20.83	18.80	15.71	13.68
2005	12.65	22.48	23.15	20.93	19.03	16.04	14.01
2006	12.80	21.94	22.80	20.80	19.02	16.12	14.12
2007	12.90	21.42	22.46	20.66	18.96	16.16	14.19
2008	12.54	22.67	23.29	20.83	18.87	15.85	13.79
2009	11.39	24.28	24.05	20.59	18.19	14.81	12.61
2010	11.81	22.84	23.39	20.64	18.46	15.22	13.06
Adjusted gross income share (percentage):							
2001	100.00	8.05	17.41	31.61	42.50	64.31	85.60
2002	100.00	7.04	16.05	30.29	41.33	63.71	85.50
2003	100.00	7.56	16.73	30.99	42.01	64.34	85.87
2004	100.00	9.14	18.99	33.31	44.07	65.68	86.51
2005	100.00	10.64	21.19	35.61	46.17	67.07	87.06
2006	100.00	11.23	22.10	36.62	47.17	67.91	87.58
2007	100.00	11.95	22.86	37.39	47.88	68.41	87.81
2008	100.00	10.06	20.19	34.95	45.98	67.69	88.08
2009	100.00	7.94	17.21	32.18	43.77	66.74	88.12
2010	100.00	9.24	18.87	33.78	45.17	67.55	88.26
Total income tax share (percentage):							
2001	100.00	15.68	33.22	52.24	63.68	81.56	95.10
2002	100.00	15.09	33.09	52.86	64.63	82.67	95.79
2003	100.00	15.37	33.69	53.54	64.89	82.76	95.93
2004	100.00	17.12	36.28	56.35	67.30	83.82	96.13
2005	100.00	18.91	38.78	58.93	69.46	85.07	96.41
2006	100.00	19.24	39.36	59.49	70.08	85.49	96.59
2007	100.00	19.84	39.81	59.90	70.41	85.71	96.64
2008	100.00	18.20	37.51	58.06	69.20	85.57	96.90
2009	100.00	16.91	36.34	58.17	69.89	86.74	97.54
2010	100.00	17.88	37.38	59.07	70.62	87.11	97.64

N/A—Not applicable.

[1] 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.

[2] For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2010 the CPI-U = 218.056.

[3] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit and the refundable prior-year minimum tax credit) plus the tax from Form 4970.

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

Individual Income Tax Rates and Shares, 2010

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Table 6. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (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 2001–2010

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
2001	119,370,886	59,685,443	89,528,165	107,433,797	113,402,342	118,177,177
2002	119,850,561	59,925,281	89,887,921	107,865,505	113,858,033	118,652,055
2003	120,758,947	60,379,474	90,569,210	108,683,052	114,721,000	119,551,358
2004	122,509,974	61,254,987	91,882,481	110,258,977	116,384,475	121,284,874
2005	124,673,055	62,336,528	93,504,791	112,205,750	118,439,402	123,426,324
2006	128,441,165	64,220,583	96,330,874	115,597,049	122,019,107	127,156,753
2007	[1] 132,654,911	66,327,456	99,491,183	119,389,420	126,022,165	131,328,362
2008	132,891,770	66,445,885	99,668,828	119,602,593	126,247,182	131,562,852
2009	132,619,936	66,309,968	99,464,952	119,357,942	125,988,939	131,293,737
2010	135,033,492	67,516,746	101,275,119	121,530,143	128,281,817	133,683,157
Adjusted gross income (millions of dollars):						
2001	6,116,274	881,001	2,183,088	3,516,624	4,182,711	5,051,346
2002	5,982,260	867,431	2,170,726	3,509,933	4,170,166	5,021,907
2003	6,156,994	870,045	2,195,336	3,570,217	4,249,157	5,126,816
2004	6,734,554	908,348	2,311,404	3,766,385	4,491,456	5,455,674
2005	7,365,689	952,792	2,425,440	3,965,094	4,742,612	5,805,030
2006	7,969,813	989,682	2,557,775	4,210,079	5,051,390	6,208,693
2007	8,621,963	1,050,879	2,723,525	4,493,722	5,398,566	6,650,942
2008	8,206,158	978,122	2,651,575	4,433,269	5,338,428	6,549,387
2009	7,578,641	900,447	2,520,880	4,261,239	5,139,495	6,274,014
2010	8,039,779	944,099	2,608,826	4,408,415	5,323,580	6,522,633
Total income tax (millions of dollars): [2]						
2001	884,931	43,344	163,175	321,406	422,643	590,963
2002	794,282	33,474	137,679	280,962	374,411	531,462
2003	745,514	30,351	128,499	261,722	346,338	494,368
2004	829,096	32,054	134,114	271,089	361,932	528,294
2005	931,693	33,431	139,143	284,578	382,625	570,430
2006	1,020,438	34,781	148,053	305,330	413,350	618,828
2007	1,111,872	37,371	158,909	328,969	445,851	669,239
2008	1,028,669	31,857	148,425	316,797	431,423	642,812
2009	863,486	21,200	114,465	259,982	361,213	549,660
2010	949,144	22,363	122,347	278,824	388,495	594,333
Average tax rate (percentage): [3]						
2001	14.47	4.92	7.47	9.14	10.10	11.70
2002	13.28	3.86	6.34	8.00	8.98	10.58
2003	12.11	3.49	5.85	7.33	8.15	9.64
2004	12.31	3.53	5.80	7.20	8.06	9.68
2005	12.65	3.51	5.74	7.18	8.07	9.83
2006	12.80	3.51	5.79	7.25	8.18	9.97
2007	12.90	3.56	5.83	7.32	8.26	10.06
2008	12.54	3.26	5.60	7.15	8.08	9.81
2009	11.39	2.35	4.54	6.10	7.03	8.76
2010	11.81	2.37	4.69	6.32	7.30	9.11

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 6. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (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 2001–2010—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)
Adjusted gross income share (percentage):						
2001	100.00	14.40	35.69	57.50	68.39	82.59
2002	100.00	14.50	36.29	58.67	69.71	83.95
2003	100.00	14.13	35.66	57.99	69.01	83.27
2004	100.00	13.49	34.32	55.93	66.69	81.01
2005	100.00	12.94	32.93	53.83	64.39	78.81
2006	100.00	12.42	32.09	52.83	63.38	77.90
2007	100.00	12.19	31.59	52.12	62.61	77.14
2008	100.00	11.92	32.31	54.02	65.05	79.81
2009	100.00	11.88	33.26	56.23	67.82	82.79
2010	100.00	11.74	32.45	54.83	66.22	81.13
Total income tax share (percentage):						
2001	100.00	4.90	18.44	36.32	47.76	66.78
2002	100.00	4.21	17.33	35.37	47.14	66.91
2003	100.00	4.07	17.24	35.11	46.46	66.31
2004	100.00	3.87	16.18	32.70	43.65	63.72
2005	100.00	3.59	14.93	30.54	41.07	61.23
2006	100.00	3.41	14.51	29.92	40.51	60.64
2007	100.00	3.36	14.29	29.59	40.10	60.19
2008	100.00	3.10	14.43	30.80	41.94	62.49
2009	100.00	2.46	13.26	30.11	41.83	63.66
2010	100.00	2.36	12.89	29.38	40.93	62.62

[1] 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.

[2] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit and the refundable prior-year minimum tax credit) plus the tax from Form 4970.

[3] The average tax rate was computed by dividing total income tax (see footnote 1) by adjusted gross income.

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Table 7. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2010

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
2001	119,370,886	1,193,709	5,968,544	11,937,089	29,842,722	59,685,443
2002	119,850,561	1,198,506	5,992,528	11,985,056	29,962,640	59,925,281
2003	120,758,947	1,207,589	6,037,947	12,075,895	30,189,737	60,379,474
2004	122,509,974	1,225,100	6,125,499	12,250,997	30,627,494	61,254,987
2005	124,673,055	1,246,731	6,233,653	12,467,306	31,168,264	62,336,528
2006	128,441,165	1,284,412	6,422,058	12,844,117	32,110,291	64,220,583
2007	[1] 132,654,911	1,326,549	6,632,746	13,265,491	33,163,728	66,327,456
2008	132,891,770	1,328,918	6,644,589	13,289,177	33,222,943	66,445,885
2009	132,619,936	1,326,199	6,630,997	13,261,994	33,154,984	66,309,968
2010	135,033,492	1,350,335	6,751,675	13,503,349	33,758,373	67,516,746
Income floor on percentiles (current dollars):						
2001	N/A	338,608	136,580	97,538	58,195	31,185
2002	N/A	328,275	136,465	97,466	58,491	31,065
2003	N/A	340,175	138,852	99,177	59,298	31,207
2004	N/A	377,837	147,206	104,106	61,878	32,284
2005	N/A	418,709	157,306	109,543	63,929	33,035
2006	N/A	452,917	167,342	114,981	66,401	33,971
2007	N/A	479,542	174,409	119,564	68,487	34,989
2008	N/A	444,522	171,470	119,542	68,594	34,754
2009	N/A	394,632	163,619	115,951	66,785	33,573
2010	N/A	424,734	169,181	118,957	67,412	33,800
Income floor on percentiles (constant dollars): [2]						
2001	N/A	249,895	100,797	71,984	42,948	23,015
2002	N/A	238,572	99,175	70,833	42,508	22,576
2003	N/A	241,602	98,616	70,438	42,115	22,164
2004	N/A	261,479	101,873	72,046	42,822	22,342
2005	N/A	280,260	105,292	73,322	42,790	22,112
2006	N/A	293,720	108,523	74,566	43,062	22,030
2007	N/A	302,359	109,968	75,387	43,182	22,061
2008	N/A	269,898	104,111	72,582	41,648	21,101
2009	N/A	240,483	99,707	70,659	40,698	20,459
2010	N/A	254,637	101,427	71,317	40,415	20,264
Income (millions of dollars):						
2001	6,233,411	1,126,600	2,055,927	2,736,337	4,066,156	5,347,736
2002	6,128,227	1,029,459	1,947,021	2,628,978	3,968,247	5,253,569
2003	6,295,969	1,095,179	2,035,669	2,734,385	4,109,106	5,416,608
2004	6,901,138	1,353,085	2,393,943	3,144,051	4,603,186	5,984,157
2005	7,554,985	1,643,926	2,798,561	3,604,646	5,149,426	6,596,968
2006	8,207,438	1,865,450	3,138,777	4,014,270	5,674,201	7,213,785
2007	8,865,843	2,078,818	3,456,946	4,398,760	6,176,514	7,813,242
2008	8,425,973	1,769,982	3,094,388	4,030,296	5,813,865	7,449,613
2009	7,742,849	1,409,003	2,630,069	3,531,099	5,264,934	6,844,285
2010	8,281,575	1,664,610	2,976,275	3,919,743	5,714,330	7,335,054

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2010

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Table 7. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2010—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)
Total income tax (millions of dollars): [3]						
2001	884,931	284,927	455,272	557,726	717,266	840,233
2002	794,282	253,551	411,671	507,083	652,529	759,423
2003	745,514	242,869	392,561	478,771	613,326	713,728
2004	829,096	290,915	459,555	552,298	691,364	795,814
2005	931,693	352,361	540,674	640,865	788,316	896,842
2006	1,020,438	389,673	596,816	707,802	867,486	983,924
2007	1,111,872	429,288	654,793	774,831	947,875	1,072,649
2008	1,028,669	371,962	586,042	703,879	874,955	995,045
2009	863,486	301,881	492,834	595,962	743,117	840,401
2010	949,144	341,053	549,474	662,135	821,104	925,107
Average tax rate (percentage): [4]						
2001	14.20	25.29	22.14	20.38	17.64	15.71
2002	12.96	24.63	21.14	19.29	16.44	14.46
2003	11.84	22.18	19.28	17.51	14.93	13.18
2004	12.01	21.50	19.20	17.57	15.02	13.30
2005	12.33	21.43	19.32	17.78	15.31	13.59
2006	12.43	20.89	19.01	17.63	15.29	13.64
2007	12.54	20.65	18.94	17.61	15.35	13.73
2008	12.21	21.02	18.94	17.46	15.05	13.36
2009	11.15	21.43	18.74	16.88	14.11	12.28
2010	11.46	20.49	18.46	16.89	14.37	12.61
Income share (percentage):						
2001	100.00	18.07	32.98	43.90	65.23	85.79
2002	100.00	16.80	31.77	42.90	64.75	85.73
2003	100.00	17.39	32.33	43.43	65.27	86.03
2004	100.00	19.61	34.69	45.56	66.70	86.71
2005	100.00	21.76	37.04	47.71	68.16	87.32
2006	100.00	22.73	38.24	48.91	69.13	87.89
2007	100.00	23.45	38.99	49.61	69.67	88.13
2008	100.00	21.01	36.72	47.83	69.00	88.41
2009	100.00	18.20	33.97	45.60	68.00	88.39
2010	100.00	20.10	35.94	47.33	69.00	88.57
Total income tax share (percentage):						
2001	100.00	32.20	51.45	63.02	81.05	94.95
2002	100.00	31.92	51.83	63.84	82.15	95.61
2003	100.00	32.58	52.66	64.22	82.27	95.74
2004	100.00	35.09	55.43	66.61	83.39	95.99
2005	100.00	37.82	58.03	68.78	84.61	96.26
2006	100.00	38.19	58.49	69.36	85.01	96.42
2007	100.00	38.61	58.89	69.69	85.25	96.47
2008	100.00	36.16	56.97	68.43	85.06	96.73
2009	100.00	34.96	57.08	69.02	86.06	97.33
2010	100.00	35.93	57.89	69.76	86.51	97.47

N/A—Not applicable.

[1] 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.

[2] For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1990=100). For 2010 the CPI-U = 218.056.

[3] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit and the refundable prior-year minimum tax credit) plus the tax from Form 4970.

[4] The average tax rate was computed by dividing total income tax (see footnote 2) by income.

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Table 8. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2010

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
2001	119,370,886	59,685,443	89,528,165	107,433,797	113,402,342	118,177,177
2002	119,850,561	59,925,281	89,887,921	107,865,505	113,858,033	118,652,055
2003	120,758,947	60,379,474	90,569,210	108,683,052	114,721,000	119,551,358
2004	122,509,974	61,254,987	91,882,481	110,258,977	116,384,475	121,284,874
2005	124,673,055	62,336,528	93,504,791	112,205,750	118,439,402	123,426,324
2006	128,441,165	64,220,583	96,330,874	115,597,049	122,019,107	127,156,753
2007	[1] 132,654,911	66,327,456	99,491,183	119,389,420	126,022,165	131,328,362
2008	132,891,770	66,445,885	99,668,828	119,602,593	126,247,182	131,562,852
2009	132,619,936	66,309,968	99,464,952	119,357,942	125,988,939	131,293,737
2010	135,033,492	67,516,746	101,275,119	121,530,143	128,281,817	133,683,157
Income (millions of dollars):						
2001	6,233,411	885,674	2,167,255	3,497,074	4,177,484	5,106,811
2002	6,128,227	874,658	2,159,980	3,499,249	4,181,206	5,098,768
2003	6,295,969	879,361	2,186,863	3,561,585	4,260,301	5,200,790
2004	6,901,138	916,982	2,297,953	3,757,088	4,507,195	5,548,053
2005	7,554,985	958,018	2,405,559	3,950,339	4,756,424	5,911,059
2006	8,207,438	993,653	2,533,238	4,193,168	5,068,661	6,341,988
2007	8,865,843	1,052,601	2,689,329	4,467,083	5,408,897	6,787,025
2008	8,425,973	976,360	2,612,108	4,395,677	5,331,585	6,655,991
2009	7,742,849	898,564	2,477,914	4,211,749	5,112,779	6,333,846
2010	8,281,575	946,521	2,567,245	4,361,832	5,305,300	6,616,966
Total income tax (millions of dollars): [2]						
2001	884,931	44,696	167,665	327,205	429,658	600,004
2002	794,282	34,859	141,753	287,199	382,611	540,731
2003	745,514	31,787	132,197	266,743	352,953	502,645
2004	829,096	33,281	137,728	276,798	369,542	538,182
2005	931,693	34,851	143,378	290,829	391,019	579,332
2006	1,020,438	36,515	152,952	312,634	423,622	630,765
2007	1,111,872	39,222	163,996	337,038	457,079	682,584
2008	1,028,669	33,623	153,714	324,790	442,627	656,707
2009	863,486	23,084	120,370	267,525	370,648	561,605
2010	949,144	24,036	128,040	287,009	399,669	608,091
Average tax rate (percentage): [3]						
2001	14.20	5.05	7.74	9.36	10.29	11.75
2002	12.96	3.99	6.56	8.21	9.15	10.61
2003	11.84	3.61	6.05	7.49	8.28	9.66
2004	12.01	3.63	5.99	7.37	8.20	9.70
2005	12.33	3.64	5.96	7.36	8.22	9.80
2006	12.43	3.67	6.04	7.46	8.36	9.95
2007	12.54	3.73	6.10	7.54	8.45	10.06
2008	12.21	3.44	5.88	7.39	8.30	9.87
2009	11.15	2.57	4.86	6.35	7.25	8.87
2010	11.46	2.54	4.99	6.58	7.53	9.19

Footnotes at end of table.

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Table 8. All Individual Returns with "1979 Income Concept" Income Excluding Dependents: 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 2001–2010—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)
Income share (percentage):						
2001	100.00	14.21	34.77	56.10	67.02	81.93
2002	100.00	14.27	35.25	57.10	68.23	83.20
2003	100.00	13.97	34.73	56.57	67.67	82.61
2004	100.00	13.29	33.30	54.44	65.31	80.39
2005	100.00	12.68	31.84	52.29	62.96	78.24
2006	100.00	12.11	30.87	51.09	61.76	77.27
2007	100.00	11.87	30.33	50.39	61.01	76.55
2008	100.00	11.59	31.00	52.17	63.28	78.99
2009	100.00	11.61	32.00	54.40	66.03	81.80
2010	100.00	11.43	31.00	52.67	64.06	79.90
Total income tax share (percentage):						
2001	100.00	5.05	18.95	36.98	48.55	67.80
2002	100.00	4.39	17.85	36.16	48.17	68.08
2003	100.00	4.26	17.73	35.78	47.34	67.42
2004	100.00	4.01	16.61	33.39	44.57	64.91
2005	100.00	3.74	15.39	31.22	41.97	62.18
2006	100.00	3.58	14.99	30.64	41.51	61.81
2007	100.00	3.53	14.75	30.31	41.11	61.39
2008	100.00	3.27	14.94	31.57	43.03	63.84
2009	100.00	2.67	13.94	30.98	42.92	65.04
2010	100.00	2.53	13.49	30.24	42.11	64.07

[1] 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.

[2] Total income tax was the sum of income tax after credits (including the subtraction of the making work pay credit, earned income credit, American opportunity credit, first-time homebuyer credit, adoption credit and the refundable prior-year minimum tax credit) plus the tax from Form 4970.

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