

SOI BULLETIN

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

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Inside this Issue

Individual Income Tax Returns, Preliminary Data, 2012

by Michael Parisi

For Tax Year 2012, taxpayers filed 144.9 million U.S. individual income tax returns, a decrease of 0.4 percent from the 145.6 million returns filed for Tax Year 2011. This decrease occurred because of the large decline in returns filed by taxpayers in the smaller adjusted gross income (AGI) classifications. The largest decrease (3.9 percent) was a 1.5 million change in the number of returns with an AGI of under \$15,000. Some of this was made up by an increase in the number of returns for all AGI classifications \$50,000 or greater, with the largest increase (14.9 percent) being a 445.9 thousand change in the number of returns filed with AGI's of \$250,000 and over. Despite the decrease in number of returns, adjusted gross income and several other notable items showed significant increases in 2012. AGI increased 9.0 percent from 2011 to \$9.0 trillion for 2012. This was the largest year-to-year percentage increase in AGI since a 9.2-percent increase from 1996 to 1997. Taxable income increased 11.6 percent to \$6.4 trillion; total income tax increased 14.9 percent to \$1.2 trillion; and total tax liability increased 14.5 percent to \$1.2 trillion. Along with the rise in income and other taxes, the alternative minimum tax rose 7.8 percent to \$29.1 billion for 2012.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

by Janette Wilson and Pearson Liddell

The IRS Statistics of Income (SOI) Division collects data on the sales of capital assets to identify trends in the capital gains and losses reported on individual tax returns. In 1999, SOI began a panel study of individual taxpayers to measure the trends in taxes and income, including capital gains and losses, at different points in time. SOI designed the panel sample to represent all Tax Year 1999 returns, including late returns. This article presents information on the capital gains reported in Tax Years 2004 to 2007 for the panel of taxpayers selected in Tax Year 1999. It also reports capital gains for cross sections of individual taxpayers for Tax Years 2004 through 2007.

Net gains less losses of those taxpayers in the 1999-based Sales of Capital Assets (SOCA) Panel increased \$420.2 billion (or 84.7 percent), from \$496.3 billion in 2004 to \$916.5 billion in 2007. During this same period, capital gains rose 69.2 percent, from \$654.3 billion to

\$1.1 trillion. Long-term gains made up the majority of these gains, increasing more than 70 percent, from \$576.5 billion to \$989.4 billion. Short-term gains also increased significantly, rising 51.2 percent, from \$77.8 billion to \$117.6 billion. For all 4 years of the study, taxpayers realized the most combined short- and long-term net gains less losses from passthrough entities (partnerships, S corporations, and fiduciaries), followed by sales of corporate stock. Passthrough net gains less losses grew from \$176.3 billion in 2004 to \$351.0 billion in 2007. Net gains less losses from sales of corporate stock increased 109.4 percent during this period, from \$137.6 billion to \$288.1 billion.

Split-Interest Trusts, Filing Year 2012

by Lisa S. Rosenmerkel

The number of Forms 5227 filed with the IRS has consistently declined in recent years. Preparers filed 113,688 Forms 5227 with the IRS in Filing Year 2012, a 3.4-percent decline from Filing Year 2011. While the number of filings declined for all types, charitable remainder trusts continued to be the most common split-interest trust, accounting for 93 percent of returns filed for the year.

Income received by trusts is divided into three income categories for reporting purposes: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types. Overall, total end-of-year assets, which include cash, receivables, and investments, reported for split-interest trusts increased only slightly, by 1 percent, between 2011 and 2012. In contrast, liabilities increased by 24 percent, to \$2.2 billion.

Trustees for all split-interest trusts must report any trust distributions of principal or income for charitable purposes on Form 5227. As in prior years, split-interest trusts made distributions of principal more frequently and in larger dollar amounts than distributions of income. Some 16,500 distributions of principal totaling \$2.5 billion were made to charities in Filing Year 2012. Trustees made 15,580 distributions of income in 2012. The amount of distributions increased by more than \$1 billion or 126.2 percent, to \$1,793.7 billion between 2011 and 2012. Charities related to public or societal benefit received the largest amount and the greatest number of distributions of income and principal from split-interest trusts in 2012.

In 2012, split-interest trusts reported asset contributions of more than \$5.2 billion, an increase of 74 percent

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over 2011. Cash and money market accounts comprised 51 percent of the value of all asset contributions.

Nonprofit Charitable Organizations, 2010

by Paul Arnsberger

Nonprofit charitable organizations exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3) filed 269,474 Forms 990 and 990-EZ and reported \$2.9 trillion in assets for Tax Year 2010, an increase of 9 percent from the previous year. These organizations reported \$1.6 trillion in total revenue, nearly three-quarters (\$1.2 trillion) of which came from program services, and \$1.5 trillion in expenses.

In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the spring 2014 issue of the *Statistics of Income Bulletin*, scheduled to be published in May 2014:

- Individual income tax rates and tax shares, 2011;
- High-income tax returns, 2011;
- Individual foreign-earned income and foreign tax credit, 2011;
- Exempt organizations unrelated business income taxes, 2010;
- Municipal bonds, 2011; and
- Large nonoperating foundations panel, Tax Year 1998–2010

Individual Income Tax Returns, Preliminary Data, 2012

by Michael Parisi

For Tax Year 2012, taxpayers filed 144.9 million U.S. individual income tax returns, a decrease of 0.4 percent from the 145.6 million returns filed for Tax Year 2011. This decrease occurred because of the large decline in returns filed by taxpayers in the smaller adjusted gross income (AGI) classifications. The largest decrease (3.9 percent) was a 1.5 million change in the number of returns with an AGI of under \$15,000 (Figure A). Some of this was made up by an increase in the number of returns for all AGI classifications \$50,000 or greater, with the largest increase (14.9 percent) being a 445.9 thousand change in the number of returns filed with AGI's of \$250,000 and over. Despite the decrease in number of returns, adjusted gross income and several other notable items showed significant increases in 2012. AGI increased 9.0 percent from 2011 to \$9.0 trillion for

2012. This was the largest year-to-year percentage increase in AGI since a 9.2-percent increase from 1996 to 1997.¹ Taxable income increased 11.6 percent to \$6.4 trillion; total income tax increased 14.9 percent to \$1.2 trillion; and total tax liability increased 14.5 percent to \$1.2 trillion. Along with the rise in income and other taxes, the alternative minimum tax rose 7.8 percent to \$29.1 billion for 2012.

Adjusted Gross Income

A number of key components contributed to the growth in AGI between 2011 and 2012 (Figure B). Net capital gains showed the largest increase, rising 60.4 percent from \$310.9 billion in 2011 to \$498.7 billion in 2012. One part of this, capital gain distributions, rose 30.0 percent from \$13.6 billion to \$17.6 billion. The largest component of AGI, salaries and wages, increased 4.8 percent from \$6,161.5 billion to \$6,457.0 billion. The second largest component of AGI, taxable pensions and annuities, increased 5.6 percent over the same period, from \$590.4 billion in 2011 to \$623.3 billion in 2012. Other items related to retirement also showed increases, with taxable Social Security benefits rising by 10.7 percent and taxable Individual Retirement Arrangement (IRA) distributions increasing by 5.9 percent. Increases in net income less losses associated with businesses were reported for Tax Year 2012 by partnerships and S corporations (up 28.6 percent) and sole proprietorships (businesses or professions) (up 6.5 percent). Another key component of AGI that increased between 2011 and 2012 was ordinary dividends, up 39.8 percent to \$237.0 billion. In comparison, two major components of income decreased for the year. Taxable interest declined 8.9 percent to \$89.6 billion and taxable unemployment compensation dropped 22.9 percent to \$71.5 billion. The number of tax returns reporting taxable unemployment compensation was also down, decreasing 14.0 percent to 11.4 million returns.

Adjustments

Statutory adjustments to total income increased 7.6 percent to \$129.4 billion for Tax Year 2012. The largest statutory adjustment was the deduction for the self-employment tax, which increased 6.0 percent from \$24.1 billion to \$25.6 billion (see Changes in the Law). The self-employment health insurance deduction grew to \$23.1 billion, a 4.3-percent increase. Payments to self-employed retirement (Keogh) plans rose 9.1 percent to \$19.2 billion, while payments to IRAs increased 7.0 percent to \$12.0 billion. Other adjustments that increased

Figure A

Individual Income Tax Returns, Preliminary Data: Number of Returns, Classified by Adjusted Gross Income, Tax Years 2011 and 2012

[All figures are estimates based on samples]

Item	All returns	Size of adjusted gross income		
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000
	(1)	(2)	(3)	(4)
Number of returns, total				
Tax Year 2012	144,948,385	36,868,111	30,591,169	25,344,865
Tax Year 2011	145,579,530	38,350,460	31,200,606	25,524,238
Difference in number of returns	-631,145	-1,482,349	-609,437	-179,373
Percent change 2011 to 2012	-0.4	-3.9	-2.0	-0.7

Item	Size of adjusted gross income—continued			
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(5)	(6)	(7)	(8)
Number of returns, total				
Tax Year 2012	31,214,450	15,669,954	1,824,024	3,435,811
Tax Year 2011	30,961,024	14,820,629	1,732,611	2,989,961
Difference in number of returns	253,426	849,325	91,413	445,850
Percent change 2011 to 2012	0.8	5.7	5.3	14.9

[1] Includes returns with adjusted gross deficit.

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

Michael Parisi is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Michael Strudler, Chief, Individual Returns Research Section.

¹ Cruciano, Therese, "Individual Income Tax Returns, Preliminary Data, 1997," *Statistics of Income Bulletin*, Spring 1999.

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Figure B

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	145,579,530	144,948,385	-0.4	N/A	N/A	N/A
Form 1040 returns	83,962,280	83,225,812	-0.9	N/A	N/A	N/A
Form 1040A returns	38,974,100	38,607,172	-0.9	N/A	N/A	N/A
Form 1040EZ returns	22,643,149	23,115,401	2.1	N/A	N/A	N/A
Electronically filed returns [1]	120,375,055	122,266,344	1.6	N/A	N/A	N/A
Adjusted gross income (less deficit)	145,579,530	144,948,385	-0.4	8,292,393,204	9,042,368,989	9.0
Salaries and wages	120,317,238	120,492,304	0.1	6,161,526,961	6,457,003,190	4.8
Taxable interest	52,396,110	48,089,330	-8.2	98,356,849	89,608,695	-8.9
Tax-exempt interest [2]	5,955,446	5,951,659	-0.1	66,639,737	65,336,547	-2.0
Ordinary dividends	27,650,383	27,906,118	0.9	169,550,560	237,009,844	39.8
Qualified dividends	25,052,468	25,431,087	1.5	125,191,743	188,877,385	50.9
State income tax refunds	22,405,480	22,263,203	-0.6	25,620,717	26,051,319	1.7
Alimony received	434,418	444,118	2.2	8,201,903	8,448,328	3.0
Business or profession net income	17,317,197	17,496,924	1.0	319,286,114	338,857,446	6.1
Business or profession net loss	5,589,622	5,488,157	-1.8	52,436,123	54,633,426	4.2
Business or profession net income less loss	22,906,819	22,985,081	0.3	266,849,990	284,224,020	6.5
Net capital gain [3]	10,130,951	12,084,763	19.3	310,896,415	498,692,343	60.4
Capital gain distributions [3]	8,824,527	10,471,788	18.7	13,550,709	17,612,233	30.0
Net capital loss	11,832,163	10,446,846	-11.7	27,296,431	24,089,163	-11.7
Sales of property other than capital assets, net gain	823,930	821,888	-0.2	11,580,564	15,683,414	35.4
Sales of property other than capital assets, net loss	951,920	1,016,900	6.8	25,839,094	26,953,421	4.3
Sales of property other than capital assets net gain less loss	1,775,850	1,838,788	3.5	-14,258,530	-11,270,007	21.0
Taxable Individual Retirement Arrangement distributions	13,094,079	13,293,639	1.5	216,294,925	229,039,795	5.9
Taxable pensions and annuities	27,097,754	27,614,259	1.9	590,383,592	623,275,150	5.6
Rent and royalty net income	6,412,113	6,850,085	6.8	93,594,726	102,769,309	9.8
Rent and royalty net loss	5,674,163	5,593,094	-1.4	58,713,835	55,724,659	-5.1
Rent and royalty net income less loss	12,086,276	12,443,179	3.0	34,880,890	47,044,650	34.9
Partnership and S corporation net income	4,687,703	4,976,939	6.2	458,870,831	561,435,966	22.4
Partnership and S corporation net loss	2,480,085	2,396,092	-3.4	78,250,171	71,939,537	-8.1
Partnership and S corporation net income less loss	7,167,788	7,373,031	2.9	380,620,660	489,496,429	28.6
Estate and trust net income	514,271	542,482	5.5	18,859,988	21,918,998	16.2
Estate and trust net loss	44,852	52,475	17.0	1,120,181	1,498,986	33.8
Estate and trust net income less loss	559,123	594,957	6.4	17,739,807	20,420,012	15.1
Farm net income	613,864	607,335	-1.1	16,383,985	20,856,330	27.3
Farm net loss	1,266,450	1,238,006	-2.2	23,494,561	25,913,372	10.3
Unemployment compensation	13,304,580	11,447,661	-14.0	92,709,719	71,504,641	-22.9
Taxable Social Security benefits	16,890,909	17,873,905	5.8	202,974,835	224,680,535	10.7
Total statutory adjustments	35,713,497	36,411,069	2.0	120,286,462	129,374,193	7.6
Educator expenses	3,879,653	3,845,402	-0.9	976,767	972,449	-0.4
Certain business expenses of reservists, performing artists, and fee-basis government officials	149,474	142,647	-4.6	518,382	518,442	[9]
Payments to an Individual Retirement Arrangement	2,616,065	2,614,633	-0.1	11,255,268	12,048,729	7.0
Student loan interest deduction	10,183,878	10,862,522	6.7	9,826,305	10,785,546	9.8
Tuition and fees deduction	1,957,339	2,137,596	9.2	4,357,612	4,736,807	8.7
Health savings account deduction	981,452	1,048,888	6.9	2,934,461	3,199,728	9.0
Moving expenses adjustment	1,024,723	1,122,840	9.6	4,170,682	3,010,491	-27.8
Self-employment tax deduction	18,077,044	18,414,088	1.9	24,112,872	25,564,221	6.0

Footnotes at end of figure.

Individual Income Tax Returns, Preliminary Data, 2012

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Figure B—Continued

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012—Continued

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Self-employed health insurance deduction	3,569,236	3,597,414	0.8	22,114,796	23,055,702	4.3
Payments to a self-employed retirement (Keogh) plan	869,952	879,760	1.1	17,621,794	19,217,028	9.1
Penalty on early withdrawal of savings	1,061,787	766,014	-27.9	2,089,469	432,195	-79.3
Alimony paid	583,132	621,760	6.6	10,339,024	12,562,610	21.5
Domestic production activities deduction	616,344	616,624	[9]	8,447,895	11,005,522	30.3
Other adjustments [4]	144,280	146,398	1.5	1,412,611	2,125,773	50.5
Total exemptions [5]	290,959,379	289,036,404	-0.7	1,076,128,195	1,097,471,129	2.0
Total deductions	143,239,893	142,928,574	-0.2	1,940,352,305	1,986,486,031	2.4
Total standard deduction [6]	97,014,844	97,469,156	0.5	774,073,808	802,096,115	3.6
Basic standard deduction	97,014,844	97,469,156	0.5	751,058,261	778,168,926	3.6
Additional standard deduction	13,330,220	13,806,281	3.6	22,985,385	23,904,241	4.0
Total itemized deductions	46,225,049	45,459,418	-1.7	1,166,278,497	1,184,389,916	1.6
Medical and dental expenses deduction	10,300,929	10,142,326	-1.5	82,154,035	83,098,999	1.2
Taxes paid deduction	45,904,067	45,127,804	-1.7	450,763,322	473,288,959	5.0
State and local income taxes [7]	44,545,480	43,822,192	-1.6	270,951,014	293,174,713	8.2
Income taxes	33,964,669	33,639,690	-1.0	255,171,898	277,075,934	8.6
General sales taxes	10,580,811	10,182,502	-3.8	15,779,117	16,098,779	2.0
Interest paid deduction	36,458,783	35,289,035	-3.2	371,622,696	340,989,032	-8.2
Total home mortgage interest deduction	35,971,926	34,766,623	-3.4	358,774,706	326,286,141	-9.1
Charitable contributions deduction	37,858,203	37,392,661	-1.2	160,336,603	179,059,057	11.7
Taxable income	108,893,638	109,144,308	0.2	5,695,765,605	6,356,630,161	11.6
Alternative minimum tax	4,292,149	4,250,567	-1.0	27,021,186	29,120,958	7.8
Income tax before credits	107,963,513	108,306,174	0.3	1,107,934,134	1,263,297,489	14.0
Total tax credits [8]	49,857,151	47,638,258	-4.5	70,450,947	71,727,671	1.8
Child care credit	6,425,683	6,422,373	-0.1	3,482,560	3,457,717	-0.7
Credit for the elderly or disabled	115,374	65,050	-43.6	16,623	8,860	-46.7
Child tax credit	23,308,358	23,049,023	-1.1	28,295,971	27,932,433	-1.3
Education tax credits	12,233,236	10,220,402	-16.5	12,572,522	10,701,456	-14.9
Retirement savings contributions credit	6,504,841	6,998,725	7.6	1,140,959	1,220,809	7.0
Residential energy credits	3,722,744	2,274,929	-38.9	1,709,046	1,269,568	-25.7
Foreign tax credit	6,898,513	7,110,374	3.1	13,485,943	18,044,839	33.8
General business credit	428,063	397,768	-7.1	1,842,613	1,901,495	3.2
Prior-year minimum tax credit	239,841	248,990	3.8	545,769	795,932	45.8
Total earned income credit (EIC)	28,314,220	28,185,550	-0.5	64,411,121	65,408,702	1.5
EIC used to offset income tax before credits	3,761,542	4,189,432	11.4	1,099,646	1,229,492	11.8
EIC used to offset other taxes	6,871,375	6,879,942	0.1	6,690,796	6,880,453	2.8
EIC refundable portion	25,044,745	24,733,068	-1.2	56,620,678	57,298,757	1.2
Total refundable American Opportunity Credit	13,016,424	10,140,770	-22.1	11,690,654	8,969,989	-23.3
Refundable American Opportunity Credit used to offset income tax before credits	6,007,342	5,151,321	-14.2	4,727,606	4,099,742	-13.3
Refundable American Opportunity Credit used to offset other taxes	603,649	524,257	-13.2	298,149	271,134	-9.1
Refundable American Opportunity Credit refundable portion	7,743,406	5,468,814	-29.4	6,664,899	4,599,113	-31.0
Total additional child tax credit	21,520,041	20,823,664	-3.2	29,040,027	28,099,060	-3.2
Additional child tax credit used to offset other taxes	1,170,200	1,202,326	2.7	1,074,599	1,146,809	6.7
Additional child tax credit refundable portion	20,878,669	20,131,010	-3.6	27,965,428	26,952,251	-3.6

Footnotes at end of figure.

Individual Income Tax Returns, Preliminary Data, 2012

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Figure B—Continued

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2011 and 2012—Continued

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

Item	Number of returns			Amount		
	2011	2012	Percentage change	2011	2012	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Total Regulated Investment Company credit	155,710	30,765	-80.2	1,325,540	143,196	-89.2
Regulated Investment Company credit used to offset income tax before credits	28,232	18,469	-34.6	27,924	27,848	-0.3
Regulated Investment Company credit used to offset other taxes	* 7	* 1,444	* 20,528.6	* 28	* 948	* 3,285.7
Regulated Investment Company credit refundable portion	145,296	13,083	-91.0	1,297,588	114,400	-91.2
Total adoption credit	46,384	* 2,429	-94.8	579,536	* 28,355	-95.1
Adoption credit used to offset income tax before credits	29,809	* 1,368	-95.4	188,244	* 10,074	-94.6
Adoption credit used to offset other taxes	6,693	0	-100.0	8,028	0	-100.0
Adoption credit refundable portion	28,757	* 2,091	-92.7	383,264	* 18,280	-95.2
Total refundable prior-year minimum tax credit	205,739	201,621	-2.0	540,681	458,106	-15.3
Refundable prior-year minimum tax credit used to offset income tax before credits	175,250	177,708	1.4	442,446	346,176	-21.8
Refundable prior-year minimum tax credit used to offset other taxes	7,619	3,304	-56.6	14,024	6,203	-55.8
Refundable prior-year minimum tax credit refundable portion	26,250	24,890	-5.2	84,211	105,728	25.6
Total health insurance credit	21,111	11,396	-46.0	53,923	24,756	-54.1
Health insurance credit used to offset income tax before credits	17,462	9,301	-46.7	28,417	14,131	-50.3
Health insurance credit used to offset other taxes	* 1,392	* 1,051	-24.5	* 3,112	* 900	-71.1
Health insurance credit refundable portion	8,974	* 2,103	-76.6	22,394	* 9,725	-56.6
Self-employment tax	18,077,044	18,414,088	1.9	42,824,983	45,243,716	5.6
Total income tax	91,832,424	93,149,118	1.4	1,037,484,722	1,191,569,818	14.9
Total tax liability	95,583,556	96,946,427	1.4	1,078,896,610	1,235,478,192	14.5

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

N/A—Not applicable.

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

[2] Not included in adjusted gross income (less deficit).

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

[4] Other adjustments does not include the foreign housing deduction or the medical savings account deduction. However, these are included in total adjustments.

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

[6] Includes additional real estate taxes, motor vehicle taxes, and net disaster loss deductions from prior years, not shown separately.

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

[8] Includes EIC, American Opportunity Credit, Regulated Investment Company credit, refundable adoption credit, refundable prior-year minimum tax credit, and health insurance credit, used to offset income tax before credits, shown separately in this figure.

[9] Less than 0.05 percent.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

significantly from 2011 levels were the deductions for domestic production activities (30.3 percent) and alimony paid (21.5 percent). In addition, the total amount claimed for exemptions increased 2.0 percent to \$1,097.5 billion.

Deductions

Total deductions, the sum of standard deductions and total itemized deductions, increased to \$1,986.5 billion (2.4 percent) in Tax Year 2012. The number of returns claiming the standard deduction increased 0.5 percent,

accounting for 67.2 percent of all returns filed and 40.4 percent of the total deductions amount. The average standard deduction (comprised of the basic and additional standard deduction) increased 3.1 percent from \$7,979 for 2011 to \$8,229 for 2012, for a total of \$802.1 billion. Itemized deductions were claimed on 31.4 percent of all returns filed for 2012 and represented 59.6 percent of the total deductions amount.² The average total for itemized deductions was \$26,054, a 3.3-percent increase from the 2011 average of \$25,230. Overall, 45.5 million taxpayers

² The remaining 1.4 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.

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(down 1.7 percent from 2011) claimed total itemized deductions of \$1,184.4 billion, an increase of 1.6 percent of what was reported the previous year.

Total taxes paid, the largest deduction, accounted for 40.0 percent of all itemized deductions. For 2012, it increased 5.0 percent to \$473.3 billion. Interest paid, the second largest deduction, made up 28.8 percent of total itemized deductions. For 2012, it decreased 8.2 percent to \$341.0 billion. Mortgage interest accounted for 95.7 percent (\$326.3 billion) of the total interest paid deduction. In part, the large decrease in this deduction could be attributed to the record-low average prevailing interest rates throughout 2012 and lower home ownership.³ Other itemized deductions included the charitable contributions deduction, up 11.7 percent to \$179.1 billion in 2012, and the medical and dental expenses deduction, which rose 1.2 percent to \$83.1 billion.

Tax Credits

Total tax credits (excluding the “refundable” portions, as well as any amount of these credits used to offset any other taxes) increased 1.8 percent to \$71.7 billion in 2012. The foreign tax credit had the largest dollar increase, rising 33.8 percent (\$4.6 billion) from \$13.5 billion in 2011 to \$18.0 billion in 2012. The adoption credit dropped by the largest percentage (95.1 percent) to \$28.4 million, partially due to the credit no longer being refundable (see Changes in the Law section). Other credits affected by tax law changes included the first-time homebuyer credit, which expired at the end of 2011 for all taxpayers, and the residential energy credits taken. This credit declined 25.7 percent, from \$1.7 billion in 2011 to \$1.3 billion in 2012. This latter decrease was likely due to the tax law change in 2011, which limited the nonbusiness residential energy credits to a lifetime limit of \$500 (see Changes in the Law section).

For 2012, the earned income credit (EIC) increased 1.5 percent to \$65.4 billion. The EIC eligibility limits on the amounts of earned income and investment income rose slightly in 2012 (see Changes in Law section). The portion of the EIC used to offset income tax before credits rose 11.8 percent, from \$1.1 billion to \$1.2 billion. The portion of the EIC used to offset other taxes (such as the self-employment tax) rose 2.8 percent to \$6.9 billion. The largest part of the EIC, the refundable portion, was paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 1.2 percent to \$57.3 billion for 2012.

All of the other refundable credits showed a decrease from 2011 to 2012. They included the American Opportunity Credit, additional child tax credit, Regulated Investment Company credit, adoption credit, refundable prior-year minimum tax credit, and health insurance credit. The American Opportunity Credit decreased 23.3 percent, from \$11.7 billion to \$9.0 billion. The number of returns filed that claimed this credit also declined by 22.1 percent. For 2012, there was a new format for Form 8863, *Education Credits*. A taxpayer had to complete a separate Part III (specific student and educational institution information) for each individual for whom the credit was claimed. For this credit, 5.5 million returns claimed a refundable amount totaling \$4.6 billion. The additional child tax credit decreased 3.2 percent to \$28.1 billion (with nearly all of the additional child tax credit being refundable).

Taxpayers received a total of \$89.1 billion of refundable credits for 2012, exceeding the \$71.7 billion in total tax credits used against income tax. This refundable amount represented a 4.2-percent decrease from Tax Year 2011 levels of \$93.0 billion.

The comparisons of data for Tax Years 2011 and 2012 in this article are based on preliminary estimates. Even though final estimates for Tax Year 2011 are available, comparing preliminary estimates for Tax Year 2012 to final estimates may yield misleading results because preliminary estimates tend to be underestimated for certain items. Comparisons based entirely on preliminary estimates reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. [Final statistics for Tax Year 2011 are available in the fall 2013 issue of the *SOI Bulletin* and *Statistics of Income—2011, Individual Income Tax Returns*.]

Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2011, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2012 preliminary data presented in this article.

Adoption credit—The adoption credit stopped being refundable at the end of 2011. However, the taxpayer could have still claimed the adoption credit.

Alternative minimum tax (AMT)—For Tax Year 2012, the maximum AMT exemption increased from \$74,450

³ The average mortgage interest rate for 2012 was 3.66 percent compared with 4.45 percent for 2011. See source: Primary Mortgage Market Survey®. The U.S. national homeownership rate decreased from 66.1 percent in 2011 to 65.5 in 2012 according to the U.S. Census Bureau. See source: Table 14, <http://www.census.gov/housing/hvs/data/histtabs.html>.

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to \$78,750 for a married couple filing a joint return and from \$48,450 to \$50,600 for singles and heads of households, and from \$37,225 to \$39,375 for a married person filing separately.

Earned income credit—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum credit for taxpayers with no qualifying children rose to \$475 from \$464. For these taxpayers, earned income and AGI had to be less than \$13,980 (\$19,190 if married filing jointly) to be eligible for the EIC. For taxpayers with one qualifying child, the maximum credit increased from \$3,094 to \$3,169 and, for taxpayers with two qualifying children, the maximum credit increased from \$5,112 to \$5,236. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$36,920 (\$42,130 for married filing jointly) for one qualifying child, or less than \$41,952 (\$47,162 for married filing jointly) for two qualifying children. The maximum credit for taxpayers with three or more qualifying children increased from \$5,751 to \$5,891. For these taxpayers, earned income and AGI had to be less than \$45,060 (\$50,270 if married filing jointly) to be eligible for the EIC. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$3,200 for the year.

Exemption amount—For Tax Year 2012, the exemption amount increased by \$100 to \$3,800.

First-time homebuyer credit—The first-time homebuyer credit expired and was no longer available for 2012.

Indexing—In addition to other items separately listed, the following nonexhaustive list of items increased due to indexing for inflation: personal income tax bracket boundaries and the maximum amount of earnings subject to self-employment tax.

Individual Retirement Arrangement deduction—The phase-out range for IRA deductions for those covered by a retirement plan began at an AGI of \$92,000 if married filing jointly or a qualifying widow(er), up from \$90,000 in 2011. For 2010, the modified-AGI limit on rollovers and conversions to Roth IRAs was eliminated for one year. If a taxpayer elected not to have included all of the realized income from a rollover or conversion to a Roth IRA in 2010, then half of the taxable income realized was to be included in their 2011 AGI and half in 2012.

Residential energy credits—The nonbusiness energy property credit was available for property placed in service in 2012. However, the credit had a lifetime limit of \$500, of which only \$200 may have been used for windows. Subject to the lifetime limits, only 10 percent of the qualified energy efficiency improvements were allowed. Subject to the lifetime limits, the residential energy property costs were limited to \$300 for energy efficient building property, \$150 for any qualified natural gas, propane, or oil furnace or hot water boiler, and \$50 for any advanced main air-circulating fan.

Standard deduction amount—The standard deduction for people who did not itemize deductions on Schedule A of Form 1040 was higher for 2012 than it was in 2011. The amount depended on a person's filing status, whether the individual was age 65 or older or blind, and whether an exemption could be claimed for the taxpayer by another person. For 2012, the standard deduction increased to \$11,900 for joint filers, up from \$11,600 in 2011. For single filers and married filing separate filers, the deduction amount increased to \$5,950, up from \$5,800. For heads of households, the deduction was \$8,700, up from \$8,500.

Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically filed returns) filed during Calendar Year 2013. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes.⁴ Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2012 data are based on a sample of 252,911 returns and an estimated final population of 145,025,179 returns. The corresponding sample and population for the preliminary 2011 data were 253,142 returns and 145,675,989 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To use the statistical data provided properly, the magnitude of the potential sampling error must be known; coefficients of variation (CVs) are used to measure that magnitude. [The reliability of estimates based

⁴ Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss from Farming*.

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on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in SOI Sampling Methodology and Data Limitations, later in this issue of the *SOI Bulletin*.]

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration

purposes, in the case of 2012 returns, between January and late September of 2013. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately large amounts of investment income, passive losses, and alternative minimum tax.

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns, total	144,948,385	36,868,111	30,591,169	25,344,865	31,214,450	15,669,954	1,824,024	3,435,811
Form 1040 returns	83,225,812	13,661,752	11,507,543	13,560,606	24,076,267	15,159,811	1,824,024	3,435,811
Form 1040A returns	38,607,172	10,658,202	13,622,341	8,345,942	5,529,241	451,445	0	0
Form 1040EZ returns	23,115,401	12,548,157	5,461,285	3,438,317	1,608,942	58,699	0	0
Electronically filed returns [2]	122,266,344	30,045,308	26,115,704	21,667,860	26,451,808	13,459,410	1,579,396	2,946,859
Adjusted gross income (less deficit)	9,042,368,989	103,499,663	671,429,655	990,241,141	2,225,210,691	2,103,735,185	405,204,163	2,543,048,491
Salaries and wages:								
Number of returns	120,492,304	26,698,099	25,507,744	22,174,307	27,301,900	14,123,441	1,654,070	3,032,742
Amount	6,457,003,190	221,850,775	526,464,524	803,830,428	1,714,693,913	1,610,920,079	297,831,541	1,281,411,930
Taxable interest:								
Number of returns	48,089,330	6,508,543	5,511,469	6,864,753	14,377,224	10,286,372	1,460,612	3,080,358
Amount	89,608,695	6,775,338	4,928,137	6,283,824	14,959,280	14,112,277	3,676,654	38,873,186
Tax-exempt interest: [3]								
Number of returns	5,951,659	493,657	423,004	596,647	1,529,464	1,494,865	306,982	1,107,040
Amount	65,336,547	3,054,836	2,368,421	3,497,573	8,985,231	12,032,026	3,418,847	31,979,612
Ordinary dividends:								
Number of returns	27,906,118	3,652,264	2,835,091	3,334,875	7,763,780	6,633,208	1,092,057	2,594,843
Amount	237,009,844	8,025,787	7,805,322	9,371,015	27,507,007	34,763,853	9,630,507	139,906,353
Qualified dividends:								
Number of returns	25,431,087	3,256,793	2,518,654	3,005,727	7,015,746	6,114,352	1,031,470	2,488,346
Amount	188,877,385	4,951,100	5,166,122	5,998,476	18,623,889	25,106,460	7,296,066	121,735,272
State income tax refunds:								
Number of returns	22,263,203	445,112	1,076,575	2,997,659	8,865,647	7,058,377	772,258	1,047,576
Amount	26,051,319	369,930	557,618	1,783,287	7,379,150	8,440,441	1,386,406	6,134,488
Alimony received:								
Number of returns	444,118	62,863	97,176	114,665	129,248	32,037	3,807	4,323
Amount	8,448,328	416,037	1,073,255	1,589,465	2,848,714	1,585,403	325,719	609,734
Business or profession net income:								
Number of returns	17,496,924	5,640,368	3,203,857	2,228,562	3,445,111	2,038,751	299,631	640,644
Amount	338,857,446	43,634,458	40,883,770	31,805,545	59,435,770	62,167,065	16,758,825	84,172,013
Business or profession net loss:								
Number of returns	5,488,157	987,325	901,243	917,248	1,470,271	883,897	117,999	210,175
Amount	54,633,426	19,932,543	7,469,376	6,450,463	9,045,068	5,860,003	1,075,409	4,800,563
Net capital gain: [4]								
Number of returns	12,084,763	1,328,710	1,110,576	1,385,364	3,261,355	3,015,968	546,525	1,436,264
Amount	498,692,343	10,606,096	3,582,711	5,108,099	19,888,295	33,941,533	12,167,470	413,398,139
Capital gain distributions: [4]								
Number of returns	10,471,788	1,279,778	881,493	1,146,731	2,736,988	2,557,078	482,140	1,387,579
Amount	17,612,233	868,841	733,022	1,037,844	3,196,105	3,826,458	1,041,941	6,908,022
Net capital loss:								
Number of returns	10,446,846	1,842,771	976,235	1,159,027	2,596,078	2,371,643	435,215	1,065,879
Amount	24,089,163	4,301,044	2,229,901	2,610,005	5,874,520	5,353,781	1,004,645	2,715,267
Sales of property other than capital assets, net gain:								
Number of returns	821,888	77,639	70,452	90,859	203,849	171,163	35,642	172,283
Amount	15,683,414	1,823,526	429,722	634,434	1,641,309	1,856,876	468,644	8,828,904
Sales of property other than capital assets, net loss:								
Number of returns	1,016,900	185,460	74,272	97,109	198,236	216,762	49,386	195,676
Amount	26,953,421	16,371,787	831,655	1,001,521	2,441,416	1,833,306	670,589	3,803,147
Taxable Individual Retirement Arrangement distributions:								
Number of returns	13,293,639	1,812,226	2,033,015	2,051,743	4,042,602	2,435,946	305,850	612,258
Amount	229,039,795	9,692,774	15,194,394	19,761,456	59,502,776	63,570,561	11,874,165	49,443,670

Footnotes at end of table.

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Taxable pensions and annuities:								
Number of returns	27,614,259	4,073,207	4,692,752	4,826,395	8,284,342	4,513,507	475,636	748,419
Amount	623,275,150	27,798,034	58,606,621	85,182,988	212,136,275	172,248,548	23,578,892	43,723,792
Rent and royalty net income:								
Number of returns	6,850,085	893,743	775,654	886,435	1,841,223	1,528,306	238,583	686,141
Amount	102,769,309	7,095,372	4,861,915	6,030,332	17,201,122	21,365,081	5,428,101	40,787,386
Rent and royalty net loss:								
Number of returns	5,593,094	771,537	530,674	792,105	1,813,503	1,196,191	130,567	358,517
Amount	55,724,659	11,227,372	4,172,995	6,588,903	14,772,697	10,108,485	1,553,074	7,301,135
Partnership and S corporation net income:								
Number of returns	4,976,939	329,495	358,214	446,618	1,119,603	1,323,480	300,274	1,099,256
Amount	561,435,966	6,454,961	4,012,515	6,633,822	23,611,591	51,556,620	22,001,179	447,165,278
Partnership and S corporation net loss:								
Number of returns	2,396,092	383,064	193,878	284,261	588,153	552,994	101,591	292,151
Amount	71,939,537	32,640,137	1,763,028	3,147,473	6,172,565	6,259,765	1,731,645	20,224,925
Estate and trust net income:								
Number of returns	542,482	51,762	39,049	39,352	145,313	149,772	28,244	88,990
Amount	21,918,998	406,847	242,516	445,309	1,659,655	3,327,030	946,790	14,890,851
Estate and trust net loss:								
Number of returns	52,475	7,454	2,432	6,634	14,480	9,990	3,590	7,896
Amount	1,498,986	456,812	27,735	13,686	38,718	54,970	9,703	897,361
Farm net income:								
Number of returns	607,335	95,127	76,831	94,653	165,941	120,458	14,457	39,867
Amount	20,856,330	842,758	955,903	1,362,971	4,117,844	5,020,162	1,574,709	6,981,985
Farm net loss:								
Number of returns	1,238,006	205,050	153,857	201,971	354,500	224,895	30,583	67,152
Amount	25,913,372	8,887,838	2,034,241	2,470,318	4,693,006	3,639,693	764,628	3,423,648
Unemployment compensation:								
Number of returns	11,447,661	2,509,034	3,196,471	2,132,697	2,497,621	943,013	76,682	92,142
Amount	71,504,641	11,472,201	21,383,795	14,012,738	16,603,167	6,761,745	547,909	723,086
Taxable Social Security benefits:								
Number of returns	17,873,905	152,699	3,351,697	4,007,807	6,521,499	2,954,490	307,721	577,993
Amount	224,680,535	484,412	7,680,784	29,141,392	104,184,035	61,722,317	7,148,002	14,319,593
Total statutory adjustments:								
Number of returns	36,411,069	7,167,393	5,864,062	6,093,811	9,438,752	5,798,637	604,955	1,443,459
Amount	129,374,193	11,451,504	9,615,818	12,593,778	25,664,234	25,721,244	6,288,928	38,038,687
Educator expenses:								
Number of returns	3,845,402	101,365	285,838	688,065	1,509,689	1,091,656	96,935	71,853
Amount	972,449	22,077	65,920	163,333	379,506	298,133	25,470	18,010
Certain business expenses of reservists, performing artists, and fee-basis government officials:								
Number of returns	142,647	19,063	23,799	22,610	42,511	28,282	2,455	3,926
Amount	518,442	72,089	53,672	74,428	168,038	110,615	12,979	26,622
Payments to an Individual Retirement Arrangement:								
Number of returns	2,614,633	96,628	290,640	540,812	966,608	585,735	43,795	90,416
Amount	12,048,729	281,157	1,032,306	2,043,077	4,412,120	3,117,226	350,284	812,559
Student loan interest deduction:								
Number of returns	10,862,522	860,469	1,875,910	2,666,134	3,719,976	1,740,033	0	0
Amount	10,785,546	737,767	1,788,017	2,842,552	3,744,425	1,672,786	0	0
Tuition and fees deduction:								
Number of returns	2,137,596	588,714	281,093	258,219	444,460	565,110	0	0
Amount	4,736,807	1,646,798	635,013	519,586	808,067	1,127,343	0	0

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2012

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Health savings account deduction:								
Number of returns	1,048,888	32,704	75,865	127,163	321,171	274,971	54,682	162,332
Amount	3,199,728	93,203	157,064	238,857	774,058	914,397	231,383	790,766
Moving expenses adjustment:								
Number of returns	1,122,840	134,497	197,550	270,157	305,960	156,689	24,267	33,721
Amount	3,010,491	271,072	407,573	589,788	733,342	629,041	141,522	238,154
Self-employment tax deduction:								
Number of returns	18,414,088	5,571,477	3,245,029	2,322,840	3,577,410	2,330,678	383,777	982,877
Amount	25,564,221	3,201,894	3,140,282	2,665,970	5,027,142	4,996,705	1,188,280	5,343,947
Self-employed health insurance deduction:								
Number of returns	3,597,414	476,303	432,153	476,107	861,749	683,267	156,187	511,648
Amount	23,055,702	1,916,888	1,738,616	2,321,885	4,680,658	5,212,127	1,313,744	5,871,784
Payments to a self-employed retirement (Keogh) plan:								
Number of returns	879,760	16,593	20,987	35,955	145,896	256,181	84,098	320,050
Amount	19,217,028	175,495	114,766	169,862	1,541,419	4,032,858	1,899,347	11,283,280
Penalty on early withdrawal of savings:								
Number of returns	766,014	149,149	130,147	129,309	207,867	106,500	13,678	29,365
Amount	432,195	164,474	25,166	84,232	116,990	16,771	2,238	22,325
Alimony paid:								
Number of returns	621,760	44,005	49,438	79,122	201,989	153,337	24,740	69,128
Amount	12,562,610	2,394,891	299,360	639,017	2,296,521	2,389,333	678,720	3,864,768
Domestic production activities deduction:								
Number of returns	616,624	26,202	38,621	45,460	138,457	165,185	35,037	167,663
Amount	11,005,522	295,562	74,554	98,285	429,971	772,603	277,575	9,056,971
Other adjustments [5]:								
Number of returns	146,398	14,118	16,877	32,086	54,731	19,430	3,392	5,764
Amount	2,125,773	144,735	83,353	142,785	529,362	405,513	156,454	663,570
Total exemptions:								
Number of exemptions	289,036,404	46,529,964	59,253,327	51,744,893	72,891,332	43,330,460	5,287,677	9,998,751
Amount	1,097,471,129	176,567,391	224,958,731	196,491,689	276,818,273	164,583,039	20,083,175	37,968,832
Total deductions:								
Number of returns	142,928,574	34,852,859	30,588,131	25,343,463	31,214,450	15,669,934	1,824,016	3,435,720
Amount	1,986,486,031	248,554,699	271,765,217	266,289,861	464,460,159	366,510,427	64,683,483	304,222,184
Total standard deduction [6]:								
Number of returns	97,469,156	33,203,783	27,221,376	18,691,704	15,150,558	2,936,537	123,339	141,859
Amount	802,096,115	223,366,012	221,092,673	163,242,862	156,992,149	34,379,237	1,428,181	1,594,999
Basic standard deduction:								
Number of returns	97,469,156	33,203,783	27,221,376	18,691,704	15,150,558	2,936,537	123,339	141,859
Amount	778,168,926	216,432,663	215,235,717	159,009,110	151,731,069	32,896,404	1,356,712	1,507,252
Additional standard deduction:								
Number of returns	13,806,281	4,210,874	3,393,963	2,387,615	2,943,613	786,307	36,912	46,997
Amount	23,904,241	6,932,333	5,852,348	4,229,845	5,249,890	1,480,619	71,465	87,742
Total itemized deductions:								
Number of returns	45,459,418	1,649,077	3,366,755	6,651,758	16,063,893	12,733,397	1,700,677	3,293,861
Amount	1,184,389,916	25,188,687	50,672,544	103,046,998	307,468,010	332,131,189	63,255,302	302,627,185

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2012

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Medical and dental expenses deduction:								
Number of returns	10,142,326	1,212,487	1,771,348	2,268,484	3,547,126	1,213,734	71,577	57,569
Amount	83,098,999	10,518,408	13,617,644	15,740,657	28,334,696	11,693,305	1,264,543	1,929,746
Taxes paid deduction:								
Number of returns	45,127,804	1,561,100	3,282,995	6,569,557	16,004,188	12,719,326	1,700,200	3,290,439
Amount	473,288,959	5,043,882	10,866,117	25,829,153	99,245,763	137,979,796	29,849,327	164,474,922
State and local income taxes: [7]								
Number of returns	43,822,192	1,384,319	3,071,671	6,303,953	15,618,927	12,506,453	1,678,342	3,258,527
Amount	293,174,713	1,093,110	3,138,976	10,463,506	50,005,257	79,564,838	18,763,094	130,145,931
Income taxes:								
Number of returns	33,639,690	443,691	1,584,610	4,404,276	12,448,192	10,562,839	1,433,355	2,762,726
Amount	277,075,934	562,630	1,911,654	8,372,586	45,110,866	75,261,869	17,966,233	127,890,096
General sales taxes:								
Number of returns	10,182,502	940,627	1,487,061	1,899,677	3,170,735	1,943,614	244,987	495,800
Amount	16,098,779	530,480	1,227,322	2,090,920	4,894,390	4,302,969	796,861	2,255,835
Interest paid deduction:								
Number of returns	35,289,035	851,279	1,998,556	4,736,064	12,837,237	10,838,792	1,421,164	2,605,943
Amount	340,989,032	5,940,659	14,370,102	33,375,071	106,672,578	112,712,872	18,963,322	48,954,428
Total home mortgage interest deduction:								
Number of returns	34,766,623	833,031	1,970,780	4,680,846	12,708,926	10,717,671	1,391,645	2,463,723
Amount	326,286,141	5,793,826	13,667,387	31,975,573	102,504,845	111,050,973	18,464,876	42,828,661
Charitable contributions deduction:								
Number of returns	37,392,661	996,862	2,355,805	4,932,473	13,115,346	11,353,209	1,557,804	3,081,163
Amount	179,059,057	1,496,518	5,144,603	11,859,196	39,218,895	44,723,793	8,827,805	67,788,247
Taxable income:								
Number of returns	109,144,308	9,244,421	23,219,933	24,702,430	31,071,779	15,650,872	1,822,172	3,432,701
Amount	6,356,630,161	25,071,854	215,157,181	532,917,061	1,487,794,538	1,573,704,933	320,597,796	2,201,386,798
Alternative minimum tax:								
Number of returns	4,250,567	10,189	9,362	4,255	101,055	652,710	811,912	2,661,084
Amount	29,120,958	94,887	25,851	42,555	178,933	1,470,671	2,192,885	25,115,175
Income tax before credits:								
Number of returns	108,306,174	8,933,785	22,909,005	24,570,062	31,000,834	15,637,984	1,821,529	3,432,976
Amount	1,263,297,489	2,592,666	23,862,403	66,217,691	215,899,065	278,431,079	69,206,368	607,088,216
Total tax credits: [8]								
Number of returns	47,638,258	2,866,913	10,213,336	10,622,912	13,931,653	7,504,470	715,938	1,783,036
Amount	71,727,671	430,259	5,188,784	11,547,535	23,183,207	12,198,459	980,823	18,198,603
Child care credit:								
Number of returns	6,422,373	8,127	878,713	1,289,536	2,138,811	1,635,985	199,604	271,597
Amount	3,457,717	947	386,514	742,418	1,166,072	908,929	101,059	151,777
Credit for the elderly or disabled:								
Number of returns	65,050	42,281	22,769	0	0	0	0	0
Amount	8,860	6,509	2,351	0	0	0	0	0
Child tax credit:								
Number of returns	23,049,023	65,030	3,912,426	6,315,341	9,226,075	3,528,404	1,747	0
Amount	27,932,433	7,461	1,775,669	6,358,867	14,907,718	4,881,425	1,291	0
Education tax credits:								
Number of returns	10,220,402	759,846	2,271,984	2,298,819	3,141,439	1,748,314	0	0
Amount	10,701,456	184,767	1,693,307	2,382,452	3,892,421	2,548,509	0	0
Retirement savings contributions credit:								
Number of returns	6,998,725	316,228	3,065,086	2,658,465	958,946	0	0	0
Amount	1,220,809	53,066	513,784	500,572	153,386	0	0	0

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2012

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Residential energy credits:								
Number of returns	2,274,929	17,567	144,638	374,969	881,696	646,612	85,639	123,808
Amount	1,269,568	4,370	40,436	122,647	358,206	438,658	97,703	207,548
Foreign tax credit:								
Number of returns	7,110,374	131,366	389,933	720,019	2,008,189	2,024,746	438,717	1,397,406
Amount	18,044,839	7,008	37,653	121,852	522,091	1,210,561	631,157	15,514,517
General business credit:								
Number of returns	397,768	3,540	14,360	17,873	90,276	120,269	29,988	121,459
Amount	1,901,495	8,318	6,090	23,020	146,192	250,172	53,738	1,413,965
Prior-year minimum tax credit:								
Number of returns	248,990	* 2,077	2,415	11,767	37,368	102,132	36,796	56,436
Amount	795,932	* 302	136	11,242	42,134	139,645	31,872	570,601
Total earned income credit (EIC):								
Number of returns	28,185,550	13,709,934	9,657,456	4,812,682	* 5,479	0	0	0
Amount	65,408,702	25,139,004	33,463,571	6,805,993	* 135	0	0	0
EIC used to offset income tax before credits:								
Number of returns	4,189,432	1,560,306	1,012,233	1,616,892	0	0	0	0
Amount	1,229,492	138,018	460,391	631,083	0	0	0	0
EIC used to offset other taxes:								
Number of returns	6,879,942	4,004,830	2,034,773	839,302	* 1,038	0	0	0
Amount	6,880,453	3,372,172	2,824,111	684,138	* 32	0	0	0
EIC, refundable portion:								
Number of returns	24,733,068	11,651,204	9,397,206	3,680,217	* 4,441	0	0	0
Amount	57,298,757	21,628,813	30,179,069	5,490,771	* 103	0	0	0
Total refundable American Opportunity Credit:								
Number of returns	10,140,770	2,433,065	2,112,786	1,646,099	2,308,858	1,639,962	0	0
Amount	8,969,989	2,082,915	1,765,229	1,416,853	2,093,261	1,611,731	0	0
Refundable American Opportunity Credit used to offset income tax before credits:								
Number of returns	5,151,321	28,600	571,099	864,375	2,055,559	1,631,688	0	0
Amount	4,099,742	2,757	213,474	561,023	1,725,289	1,597,199	0	0
Refundable American Opportunity Credit used to offset other taxes:								
Number of returns	524,257	173,755	125,264	144,953	75,840	4,444	0	0
Amount	271,134	63,724	61,212	95,535	48,983	1,679	0	0
Refundable American Opportunity Credit refundable portion:								
Number of returns	5,468,814	2,376,518	1,816,851	902,046	361,885	11,513	0	0
Amount	4,599,113	2,016,433	1,490,543	760,295	318,988	12,853	0	0
Total additional child tax credit:								
Number of returns	20,823,664	6,339,577	9,315,550	4,190,717	959,074	18,736	* 10	0
Amount	28,099,060	6,182,837	14,021,421	6,513,589	1,356,886	24,312	* 15	0
Additional child tax credit used to offset other taxes:								
Number of returns	1,202,326	184,991	306,617	442,107	263,484	5,123	* 4	0
Amount	1,146,809	181,530	331,642	429,718	197,986	5,930	* 3	0
Additional child tax credit refundable portion:								
Number of returns	20,131,010	6,202,471	9,142,374	3,946,358	824,469	15,331	* 6	0
Amount	26,952,251	6,001,307	13,689,779	6,083,871	1,158,900	18,383	* 12	0

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2012

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total Regulated Investment Company credit:								
Number of returns	30,765	* 513	10,441	* 4,188	6,958	4,791	1,124	2,751
Amount	143,196	* 16	93,601	* 10,451	3,895	1,133	7,591	26,510
Regulated Investment Company credit used to offset income tax before credits:								
Number of returns	18,469	* 5	* 1,044	* 3,144	* 5,715	4,710	* 1,117	2,734
Amount	27,848	* 1	* 1,053	* 2,476	* 2,205	1,109	* 7,590	13,413
Regulated Investment Company credit used to offset other taxes:								
Number of returns	* 1,444	* 254	0	0	* 1,185	** 5	0	**
Amount	* 948	* 12	0	0	* 935	** 2	0	**
Regulated Investment Company credit refundable portion:								
Number of returns	13,083	* 254	10,441	* 1,044	1,243	76	* 7	18
Amount	114,400	* 3	92,548	* 7,975	755	22	* 1	13,097
Total adoption credit:								
Number of returns	* 2,429	* 1,061	0	0	0	* 1,030	* 338	0
Amount	* 28,355	* 14,177	0	0	0	* 13,758	* 419	0
Adoption credit used to offset income tax before credits:								
Number of returns	* 1,368	0	0	0	0	* 1,030	* 338	0
Amount	* 10,074	0	0	0	0	* 9,656	* 419	0
Adoption credit used to offset other taxes:								
Number of returns	0	0	0	0	0	0	0	0
Amount	0	0	0	0	0	0	0	0
Adoption credit refundable portion:								
Number of returns	* 2,091	* 1,061	0	0	0	* 1,030	0	0
Amount	* 18,280	* 14,177	0	0	0	* 4,103	0	0
Total refundable prior-year minimum tax credit:								
Number of returns	201,621	12,192	4,625	2,095	5,143	26,416	22,536	128,613
Amount	458,106	38,728	7,510	5,439	16,735	78,184	37,408	274,103
Refundable prior-year minimum tax credit used to offset income tax before credits:								
Number of returns	177,708	162	0	0	1,900	24,988	22,314	128,344
Amount	346,176	918	0	0	8,598	43,923	36,349	256,388
Refundable prior-year minimum tax credit used to offset other taxes:								
Number of returns	3,304	1,912	* 70	* 93	679	362	91	98
Amount	6,203	4,170	* 702	* 89	513	439	69	220
Refundable prior-year minimum tax credit refundable portion:								
Number of returns	24,890	10,684	4,608	2,011	4,282	2,783	168	355
Amount	105,728	33,640	6,807	5,349	7,624	33,822	990	17,495

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2012

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Table 1. Individual Income Tax Returns, Tax Year 2012 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income						
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$250,000	\$250,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total health insurance credit:								
Number of returns	11,396	* 1,052	0	* 3,486	* 3,606	* 3,075	0	* 178
Amount	24,756	* 2,592	0	* 9,065	* 8,336	* 4,201	0	* 563
Health insurance credit used to offset income tax before credits:								
Number of returns	9,301	0	0	* 2,442	* 3,606	* 3,075	0	* 178
Amount	14,131	0	0	* 1,074	* 8,294	* 4,201	0	* 563
Health insurance credit used to offset other taxes:								
Number of returns	* 1,051	0	0	* 1,044	* 7	0	0	0
Amount	* 900	0	0	* 877	* 24	0	0	0
Health insurance credit refundable portion:								
Number of returns	* 2,103	* 1,052	0	* 1,044	* 7	0	0	0
Amount	* 9,725	* 2,592	0	* 7,114	* 18	0	0	0
Self-employment tax:								
Number of returns	18,414,088	5,571,477	3,245,029	2,322,840	3,577,410	2,330,678	383,777	982,877
Amount	45,243,716	5,600,927	5,482,799	4,653,417	8,770,435	8,752,703	2,102,055	9,881,380
Total income tax:								
Number of returns	93,149,118	7,255,135	15,814,248	19,436,785	29,810,945	15,591,186	1,817,342	3,423,477
Amount	1,191,569,818	2,162,407	18,673,619	54,670,156	192,715,858	266,232,620	68,225,545	588,889,614
Total tax liability:								
Number of returns	96,946,427	9,778,819	16,461,976	19,856,298	29,999,831	15,605,875	1,818,532	3,425,096
Amount	1,235,478,192	4,306,609	21,303,481	58,830,154	203,061,743	277,026,193	70,693,399	600,256,613

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

** Data combined to prevent disclosure of information for specific taxpayers.

[1] Includes returns with adjusted gross deficit.

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

[3] Not included in adjusted gross income (less deficit).

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

[5] Other adjustments does not include the foreign housing deduction or the medical savings account deduction. However these are included in total deductions.

[6] Includes additional real estate taxes, motor vehicle taxes, and net disaster loss deductions from prior years, not shown separately.

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

[8] Includes EIC, American Opportunity Credit, Regulated Investment Company credit, refundable adoption credit, refundable prior-year minimum tax credit, and health insurance credit, used to offset income tax before credits, shown separately in this table.

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

Source: IRS, Statistics of Income Division, Individual Income Tax Returns, Preliminary Data, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

by Janette Wilson and Pearson Liddell

The IRS Statistics of Income (SOI) Division collects data on the sales of capital assets to identify trends in the capital gains and losses reported on individual tax returns. In 1999, SOI began a panel study of individual taxpayers to measure the trends in taxes and income, including capital gains and losses at different points in time. SOI designed the panel sample to represent all Tax Year 1999 returns, including late returns. This article presents information on the capital gains reported in Tax Years 2004 to 2007 for the panel of taxpayers selected in Tax Year 1999. It also reports capital gains for cross sections of individual taxpayers for Tax Years 2004 through 2007.¹

A comparison of the number of tax returns in the SOI Individual Cross-Section and those in the SOI Individual Panel shows that the number of panel filers decreased overall between Tax Years 1999 and 2007 (Figure A). Panel attrition may be explained by death, decreases in income below the filing requirements, returns filed after the closing date for this study, and filing status changes. In 1999, there were 127.1 million returns in the SOI Cross

Section and 127.0 million returns in the Individual Panel. In comparison, 143.0 million returns made up the SOI Cross Section and 105.8 million returns made up the Panel in 2007. These returns represented about three-quarters (74.0 percent) of the population. Any extrapolation from the panel to the entire population should be made with extreme caution.²

Summary of Panel Data, Tax Years 2004–2007

Net gains less losses of those taxpayers in the 1999-based Sales of Capital Assets (SOCA) Panel increased \$420.2 billion (or 84.7 percent), from \$496.3 billion in 2004 to \$916.5 billion in 2007. During this same period, capital gains rose 69.2 percent, from \$654.3 billion to \$1.1 trillion. Long-term gains made up the majority of these gains, increasing more than 70 percent, from \$576.5 billion to \$989.4 billion. Short-term gains also increased significantly, rising 51.2 percent, from \$77.8 billion to \$117.6 billion.

For all 4 years of the study, taxpayers realized the most combined short- and long-term net gains less losses from passthrough entities (partnerships, S corporations, and fiduciaries), followed by sales of corporate stock. Passthrough net gains less losses grew from \$176.3 billion in 2004 to \$351.0 billion in 2007. Net gains less losses from sales of corporate stock increased 109.4 percent during this period, from \$137.6 billion to \$288.1 billion.

In comparison, in 2004 and 2005, taxpayers reported the most capital gains from corporate stock sales, followed by passthrough entities. Taxpayers realized gains from corporate stock of \$227.8 billion in 2004 and \$318.9 billion in 2005. Capital gains from passthrough entities reached \$191.1 billion in 2004, increasing to \$255.2 billion the following year. Conversely, in 2006, taxpayers reported the most gains from passthrough entities (\$302.3 billion), followed by stock sales (\$294.6 billion).

Corporate stock made up the highest category in terms of losses for all 4 years of the study. Taxpayers reported \$90.1 billion capital stock losses in 2004 and \$96.6 billion in 2007. Losses from mutual fund sales made up the second highest category for 2004 (\$16.9 billion) and 2005 (\$13.6 billion); losses reported from options and futures sales (\$13.4 billion) led this category in 2006. Losses from passthrough entities (\$15.8 billion) made up the second highest category in terms of losses in 2007.

Short-term capital gains from corporate stock sales increased 36.0 percent, from \$33.9 billion in 2004 to \$46.0 billion in 2007. Passthrough gains for this same

Figure A

Comparison of Number of Returns in the Statistics of Income (SOI) Cross Section and SOI Individual Panel, Tax Years 1999–2007

[Number of returns is in millions]

Tax year	Number of returns in individual cross section	Number of returns in individual panel	Panel as a percent of cross section [1]
	(1)	(2)	(3)
1999	127.1	127.0	100.0
2000	129.4	120.4	93.1
2001	130.3	116.8	89.7
2002	130.1	113.1	87.0
2003	130.4	109.1	83.6
2004	132.2	109.2	82.6
2005	134.4	107.5	80.0
2006	138.4	106.9	77.2
2007	143.0	105.8	74.0

[1] Percents are based on unrounded data.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Janette Wilson and Pearson Liddell are economists with the Individual Research Section. This article was prepared under the direction of Michael Strudler, Chief.

¹ A previous SOI article reported on capital gains for the 1999 panel for Tax Years 1999 to 2003. See Wilson, Janette, and Pearson Liddell, "Sales of Capital Assets Panel Data, Tax Years 1999–2003," *Statistics of Income Bulletin*, Summer 2009, Volume 29, Number 1, pp 197–228.

² See Bryant, Victoria, "Attrition in the Individual Income Tax Return Panel Tax Years 1999–2005," Presented at the American Statistical Association's Joint Statistical Meetings, Denver, CO, August 2007.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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period rose 66.9 percent, from \$18.4 billion to \$30.6 billion. In comparison, long-term gains from corporate stock sales increased 74.7 percent, from \$193.9 billion to \$338.7 billion. Long-term passthrough gains also increased significantly for this period, rising from \$172.7 billion to \$336.1 billion.

In terms of losses, taxpayers realized the most capital losses from short- and long-term corporate stock sales. Short-term losses of this type increased from \$32.0 billion to \$41.2 billion. Conversely, long-term losses from corporate stock sales fell from \$58.2 billion in 2004 to \$46.4 billion in 2006 before rising to \$55.5 billion in 2007.

Description of SOCA Panel Data

SOI based the estimates in this article on a sample of individual tax returns filed for Tax Year 1999, and followed this sample population for each ensuing year. For Tax Year 1999, the SOI Individual Cross-Section Sample included 176,966 individual tax returns. From these

returns, SOI selected a SOCA cross-section sample of 121,053 taxpayers. For the SOCA panel base year, SOI selected a stratified subsample (83,432 returns) from the cross-section sample. Tables 1, 2, 3, and 5 show these data in current dollar amounts. Table 4 shows these data in constant dollar amounts.

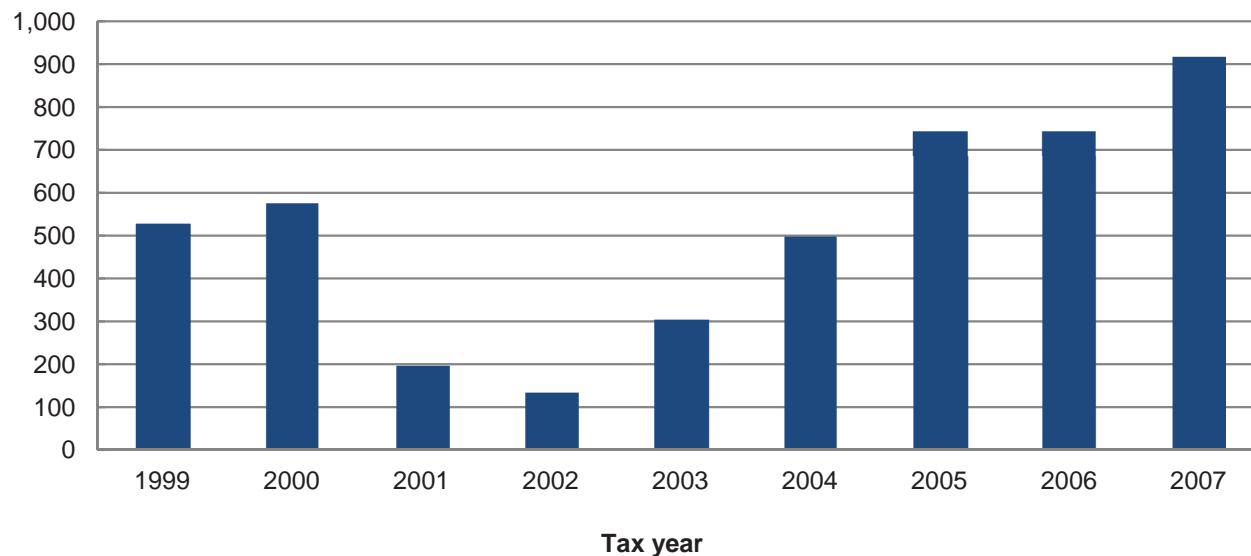
Capital Gains and Losses

A comparison of net capital gains less losses for 1999 through 2007 shows overall net gains declining between 1999 and 2002, and steadily increasing between 2002 and 2007. Taxpayers reported the most net gains less losses from capital asset sales (\$916.5 billion) in 2007, an overall increase of \$391.4 billion or 74.5 percent from 1999 (Figure B). The 2007 levels represent an increase of \$784.6 billion, or almost 600 percent from the lowest amount of \$131.9 billion reported in 2002. Between 2000 and 2002, net gains declined 77.0 percent, from \$574.1 billion to \$131.9 billion.

Figure B

Net Gains Less Losses from Sales of Capital Assets, Tax Years 1999–2007

Billions of dollars



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

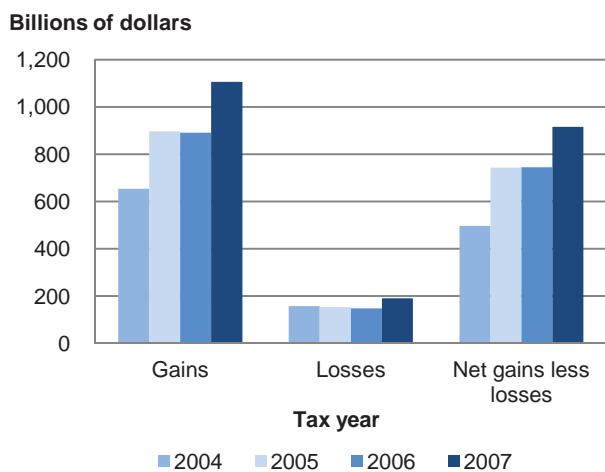
Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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In the 4 tax years included in this study, the amount of net gains less losses, capital gains, and capital losses reported varied dramatically (Figure C). In terms of gains, taxpayers realized the highest gains of \$1.1 trillion in 2007, an increase of 69.2 percent from \$654.3 billion in gains reported in 2004. Taxpayers also reported gains of \$896.9 billion in 2005 and \$891.6 billion in 2006. In comparison, between 2004 and 2007, reported losses increased 20.5 percent from \$158.0 billion to \$190.5 billion. Taxpayers realized the least amount of losses in 2006 (\$147.2 billion).

Figure C

Gains, Losses, and Net Gains Less Losses from Sales of Capital Assets, Tax Years 2004–2007

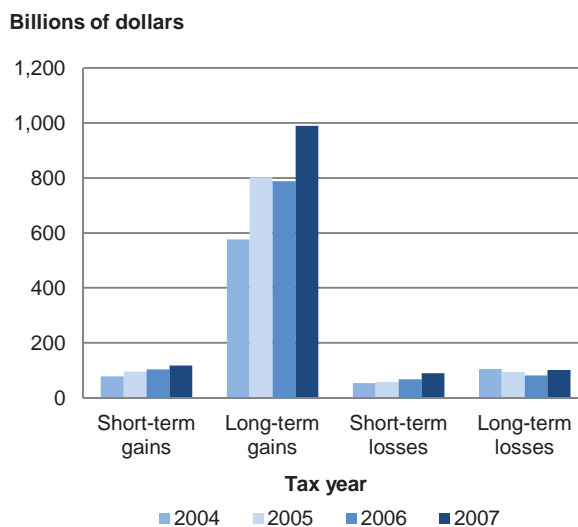


Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

A comparison of short- and long-term capital gains and losses shows that taxpayers reported the largest gains and losses in 2007, with the exception of long-term losses in 2004 (Figure D). Short-term gains increased steadily between 2004 and 2007 (from \$77.8 billion to \$117.6 billion), an overall increase of 51.2 percent. Reported long-term gains increased 71.6 percent during this same period, from \$576.5 billion in 2004 to \$989.4 billion in 2007, despite a slight decrease from \$801.8 billion in 2005 to \$788.5 billion in 2006. In terms of losses, taxpayers reported increasing short-term losses from \$53.0 billion in 2004 to \$89.0 billion in 2007, an almost 68-percent increase during the 4 years of this study. As cited

Figure D

Short- and Long-Term Gains and Losses from Sales of Capital Assets, Tax Years 2004–2007



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

above, taxpayers reported the largest long-term losses (\$105.0 billion) in 2004. Long-term losses declined the next two years to \$80.6 billion in 2006, but increased by more than 25 percent to \$101.4 billion, in 2007.

Gains and Losses from Selected Capital Asset Types

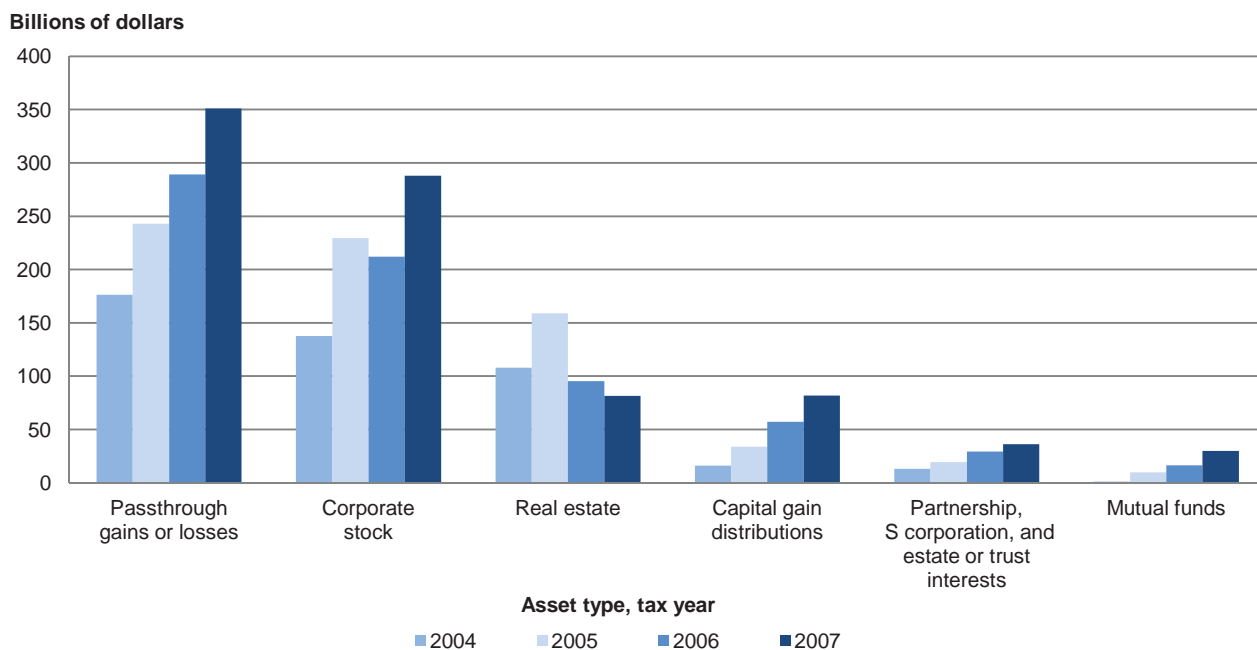
When comparing net capital gains less losses for selected asset types, taxpayers reported the most net gains for passthrough entities for each tax year (Figure E). Net gains from this asset type increased steadily during the years of the study, from \$176.3 billion in 2004 to \$351.0 billion in 2007. These gains represented 35.5 percent of the total \$496.3 billion net gains reported by taxpayers in 2004, and 38.3 percent of the total \$916.5 billion reported in 2007. Net gains realized from corporate stock sales were consistently the next highest category, with gains of \$137.6 billion (27.7 percent of total net gains) reported in 2004 and \$288.1 billion in 2007 (31.4 percent of the total). Most of the selected categories showed taxpayers reporting increasing net gains between 2004 and 2007, with the exception of those gains from real estate sales. The highest net capital gains of \$158.8 billion, for this category, were reported in 2005. Net gains from this asset type then declined almost 40 percent to \$95.4 billion in 2006, decreasing again to \$81.4 billion in 2007.

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Figure E

Net Gains Less Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007



Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

The latter level represents an overall 48.7-percent decline in net gains from sales of real estate from 2005 levels.

Short-Term Gains and Losses

Details on short-term gains and losses by selected asset type show that in terms of gains, corporate stock and passthrough gains were consistently the highest for each tax year (Figure F). Gains from corporate stock rose from \$33.9 billion (43.5 percent of total gains) in 2004 to \$46.0 billion in 2007 (39.1 percent of the total amount). Passthrough gains also increased, from \$18.4 billion to \$30.6 billion, representing 23.6 percent of the total in 2004 and 26.1 percent of the total amount in 2007. Options and futures accounted for the third highest category in terms of gains for each tax year, increasing from \$9.1 billion in 2004 to \$20.5 billion in 2007.

In comparison, corporate stock had the highest short-term losses, which steadily increased from \$32.0 billion to \$41.2 billion. These losses represented 60.3 percent of all short-term losses in 2004 and 46.2 percent in 2007. Losses from options and futures sales accounted for the second largest of all categories for 2005 through 2007, representing over 15 percent of all short-term losses for

these 3 tax years. In 2005, taxpayers reported \$10.1 billion in short-term losses of options and futures sales, \$12.9 billion in 2006, and \$14.3 billion in 2007.

Long-Term Gains and Losses

Taxpayers reported the most long-term gains from corporate stock sales with the exception of 2006, when they reported \$278.7 billion in gains from passthrough entities, compared to \$251.7-billion gains for corporate stock (Figure G). For this asset type, in 2004, taxpayers realized \$193.9-billion gains from corporate stock, \$287.7 billion in 2005, and \$338.7 billion in 2007. For the 4 years of the study, long-term gains from corporate stock sales represented almost 35 percent of total long-term gains. Gains from passthrough entities accounted for about 30 percent of total gains in 2004 and 2005, and almost 35 percent in the 2 subsequent tax years. In terms of losses, taxpayers reported the most overall from corporate stock sales, realizing the highest amount (\$58.2 billion) in 2004 and the least amount (\$46.4 billion) in 2006.

Whereas options and futures accounted for the second highest short-term loss category for most years of the study, for 2004 and 2005, mutual funds accounted

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Figure F

Short-Term Gains and Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Asset type	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	77,778,417	53,028,683	95,073,791	58,339,717	103,085,513	66,656,153	117,600,001	89,048,160
Corporate stock	33,860,751	31,968,449	40,219,714	36,214,182	42,840,017	36,280,197	46,034,293	41,151,324
U.S. Government and State and local obligations	331,880	460,730	396,596	496,958	473,986	579,597	729,825	1,979,840
Other bonds, notes and debentures	236,859	294,388	240,083	407,931	201,346	1,045,630	331,889	843,225
Options and futures	9,097,336	6,203,678	10,125,931	10,060,950	15,090,040	12,942,686	20,470,167	14,342,099
Mutual funds	3,890,521	2,969,439	3,717,889	2,548,780	4,431,051	3,695,161	6,021,782	6,484,356
Partnership, S corporation, and estate or trust interests	1,901,730	837,093	1,971,269	1,031,631	2,039,527	730,041	1,841,029	3,406,326
Residential rental property	2,797,121	360,933	5,143,844	287,451	2,370,504	343,924	1,185,919	520,996
Depreciable business personal property	375,137	351,762	376,391	168,428	599,697	142,436	255,379	411,357
Depreciable business real property	615,719	314,371	1,504,297	28,685	773,720	127,779	741,637	132,330
Farmland	52,948	134	51,882	3,245	1,276	57,849	8,977	856
Other land	986,903	171,879	1,297,522	75,036	842,400	248,131	396,403	3,138
Residences	259,039	29,579	298,417	63,750	313,622	58,606	190,771	128,900
Passthrough gains or losses	18,358,300	2,308,014	20,546,940	2,703,483	23,581,841	4,764,071	30,643,925	7,103,872
Other assets	5,014,173	6,758,234	9,183,016	4,249,206	9,526,485	5,640,044	8,748,004	12,539,539

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Figure G

Long-Term Gains and Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Asset type	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	576,491,049	104,956,475	801,798,879	94,464,947	788,510,577	80,579,874	989,370,484	101,402,616
Corporate stock	193,894,508	58,174,024	278,667,578	53,240,323	251,733,059	46,352,792	338,734,974	55,498,091
U.S. Government and State and local obligations	3,829,389	986,380	3,138,356	1,683,975	3,221,722	1,615,219	2,011,675	1,079,313
Other bonds, notes and debentures	1,005,621	849,326	985,166	1,011,896	763,364	833,709	1,298,018	674,342
Options and futures	3,020,964	714,510	806,307	982,705	1,106,648	505,152	1,558,409	569,062
Mutual funds	13,987,426	13,945,603	19,474,150	11,005,479	23,534,953	7,923,454	37,758,621	7,446,278
Partnership, S corporation, and estate or trust interests	16,669,467	4,854,649	24,651,463	6,319,672	32,196,025	4,302,262	48,657,144	10,894,635
Residential rental property	48,549,377	1,567,513	65,572,867	1,576,129	34,711,446	2,426,828	34,608,196	3,828,698
Depreciable business personal property	2,161,083	769,141	1,921,778	502,593	1,939,536	564,838	2,806,056	1,208,937
Depreciable business real property	29,043,809	864,102	50,695,573	586,048	26,595,997	1,142,874	22,104,104	730,862
Farmland	2,888,327	30,916	2,460,815	43,038	1,910,410	26,798	3,080,158	17,031
Other land	26,912,949	794,592	35,540,978	851,536	33,103,354	552,819	25,648,255	1,132,467
Residences	15,291,797	1,128,366	21,656,661	1,252,675	15,043,946	582,961	10,651,959	1,408,634
Passthrough gains or losses	172,743,519	12,478,290	234,614,909	9,390,915	278,719,839	8,423,731	336,064,387	8,651,748
Capital gain distributions	16,020,951	0	33,844,874	0	57,185,863	0	81,635,139	0
Other assets	30,471,860	7,799,064	27,767,406	6,017,963	26,744,415	5,326,438	42,753,390	8,262,519

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

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for the second-most losses for long-term sales. In 2004, taxpayers reported \$14.0-billion long-term losses from mutual funds and \$11.0 billion losses the following year. Taxpayers realized the second-most losses, of \$8.4 billion, from passthrough entities in 2006, and a year later, long-term partnership losses of \$10.9 billion were the second highest.

Capital Gains and Losses by Adjusted Gross Income and Selected Asset Type

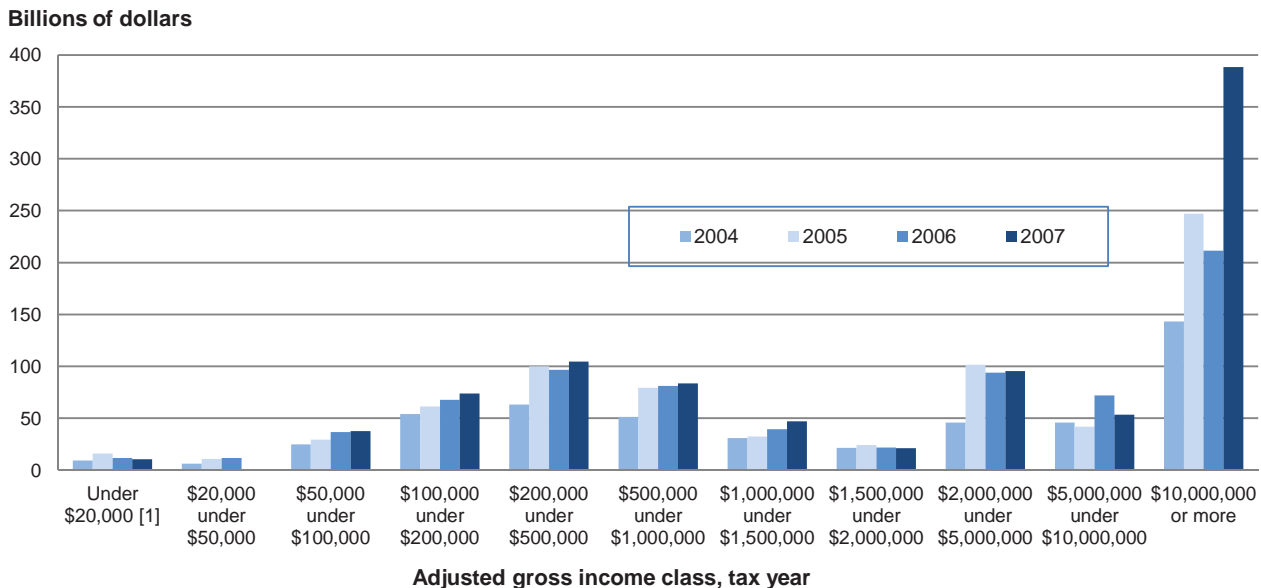
Capital gains were highly concentrated among taxpayers with an adjusted gross income (AGI) over \$10 million (Figures H and I). In 1999, these taxpayers reported \$117.1-billion net gains, and in 2002 (although still the highest net-gains-reporting AGI group), this group realized the least amount of net gains (\$66.5 billion). Gains reported by this income class steadily increased until 2007 when \$388.4-billion gains were reported. Taxpayers in the \$200,000-under-\$500,000 AGI class reported the second-most net gains for most tax years. This group

reported \$75.5-billion gains in 1999, the least amount of \$21.4 billion in 2001, and the most gains, \$104.6 billion, in 2007. Most groups, with the exception of those with an AGI of less than \$20,000 and those taxpayers with an AGI between \$1,500,000 and \$2,000,000, showed overall increases in net gains in 2007 compared to 2004. Taxpayers in the \$1,500,000-under-\$2,000,000 AGI group realized the most net gains in 2005; and those with an AGI of less than \$20,000 reported their largest gains in 2005. Both groups showed declines for net gains in 2007.

A comparison of net capital gains less losses for Tax Years 1999 through 2007 by asset type shows that for the first 2 years, the most net gains were reported from sales of corporate stock (Figure J). Net gains from corporate stock sales (\$224.4 billion) represented 42.7 percent of total net gains for 1999 and 41.2 percent (\$236.3 billion) of the total for 2000. Although taxpayers reported net losses of \$7.5 billion in 2002 from this asset type, the most losses (\$40.5 billion) were claimed on sales of mutual funds. Net gains reported from corporate stock

Figure H

Net Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Years 2004–2007



[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004-2007, February 2014.

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Figure I

Net Gains Less Losses from Sales of Capital Assets, by Adjusted Gross Income Class, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Adjusted gross income class	Tax year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	525,135,482	574,082,059	196,542,380	131,871,820	303,754,272	496,284,307	744,068,006	744,360,063	916,519,709
Under \$5,000 [1]	3,584,304	850,341	-9,332,893	-9,180,503	1,960,640	7,379,632	13,208,519	8,007,919	5,899,315
\$5,000 under \$10,000	1,910,578	992,449	-2,800,378	-3,175,941	-1,516,937	706,747	724,160	368,280	727,336
\$10,000 under \$15,000	1,876,549	1,059,248	-2,845,828	-3,908,135	-246,613	440,353	489,029	1,210,620	1,405,375
\$15,000 under \$20,000	2,714,908	1,730,258	-1,414,843	-4,048,246	-925,297	881,612	1,553,100	2,036,805	2,600,172
\$20,000 under \$25,000	2,422,171	2,910,950	-1,460,974	-1,351,414	147,195	1,048,502	1,378,137	988,463	1,696,277
\$25,000 under \$30,000	2,595,291	1,922,799	319,687	-2,455,033	132,454	938,831	1,213,388	1,994,161	2,665,745
\$30,000 under \$40,000	7,439,243	5,744,018	-2,393,313	-5,184,507	3,675,172	1,919,366	3,763,536	2,910,244	-8,976,638
\$40,000 under \$50,000	6,568,703	6,028,234	-501,309	-3,819,178	1,350,893	2,509,321	4,493,436	5,956,762	5,154,276
\$50,000 under \$75,000	20,384,663	16,883,445	-2,590,264	-3,899,206	3,416,949	10,175,084	12,457,669	16,566,066	17,125,026
\$75,000 under \$100,000	23,408,632	19,552,935	4,073,387	-2,005,899	7,133,988	14,680,782	17,024,033	20,252,630	20,650,871
\$100,000 under \$200,000	63,262,519	57,382,491	16,986,968	10,480,028	30,480,137	53,998,239	61,337,059	67,826,338	73,909,020
\$200,000 under \$500,000	75,493,907	79,171,925	21,370,954	23,766,128	48,441,235	63,096,265	99,950,246	96,631,087	104,556,334
\$500,000 under \$1,000,000	47,595,595	48,586,295	25,124,901	18,559,667	33,720,334	51,203,476	79,372,125	81,141,894	83,539,458
\$1,000,000 under \$1,500,000	28,349,003	31,357,673	11,982,843	10,211,532	29,434,538	31,050,651	32,328,705	39,357,234	47,048,130
\$1,500,000 under \$2,000,000	19,864,336	20,006,227	11,502,567	3,626,552	15,905,405	21,354,101	24,096,833	21,691,708	21,202,898
\$2,000,000 under \$5,000,000	60,649,518	90,841,925	33,353,000	21,968,369	35,225,109	45,895,681	101,657,996	94,005,135	95,622,797
\$5,000,000 under \$10,000,000	39,919,829	45,580,063	20,640,592	15,769,473	20,412,770	45,761,916	42,009,831	72,025,839	53,316,500
\$10,000,000 or more	117,095,733	143,480,783	74,527,283	66,518,133	75,006,300	143,243,748	247,010,203	211,388,878	388,376,817

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

sales steadily increased after 2002 to \$288.1 billion in 2007. Corporate stock sales averaged approximately 29 percent of all net gains after 2002.

After Tax Year 2000, the most net gains for each year were realized by passthrough entities. In 2001, taxpayers reported \$84.9 billion net gains for this type, which represented 43.2 percent of the total net gain amount of \$196.5 billion. In 2002, when taxpayers realized the least overall net gains (\$131.9 billion) for all years of the study, income from passthrough entities accounted for 52.5 percent of net gains (\$69.2 billion). In subsequent tax years, when the amount of net gains being reported steadily increased, the proportion of gains from passthrough entities was approximately 36 percent, steadily increasing to \$351.0 billion in 2007.

Gains and Losses by Length of Time Held

In terms of length of time held, for short-term sales, most gains and losses were reported on sales that were held less than 1 month (Figure K). For all years of the study, approximately a quarter or more of capital gains

reported on short-term sales were from those assets held less than a month. In 2004, taxpayers reported \$10.2-billion gains on assets held less than 1 month (24.9 percent of all gains), and this amount gradually increased to \$16.7 billion in 2007 (30.2 percent of all gains). In terms of short-term losses, taxpayers selling assets held for less than a month made up about a quarter of those losses. Looking at holding periods for long-term sales transactions, in 2004 and 2006, taxpayers reported the largest gains for assets held between 5 and 10 years, reporting \$59.6-billion gains of this type in 2004, and \$76.6 billion in 2006. In Tax Year 2005, taxpayers reported the most gains (\$109.9 billion) from assets held between 4 and 5 years. For all years of the study, taxpayers reported the most long-term gains (\$134.4 billion) in 2007 for transactions held between 2 and 3 years.

Yearly Distribution of Gains and Losses

Table 4, one of the five tables at the end of this article, provides information about the distribution of net gains and losses. This table shows the distribution of net gains

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Figure J

Net Gains Less Losses from Sales of Capital Assets, by Selected Asset Type, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Asset type	Tax year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	525,135,483	574,082,057	196,542,379	131,871,818	303,754,273	496,284,307	744,068,006	744,360,063	916,519,709
Corporate stock	224,438,833	236,282,420	31,308,482	-7,490,158	79,139,211	137,612,787	229,432,787	211,940,086	288,119,853
U.S. Government obligations	17,443	215,967	1,062,074	574,747	393,911	166,934	-37,504	-326,355	-1,371,319
State and local government obligations	-175,052	-773,134	847,057	815,971	1,525,899	2,547,225	1,391,524	1,827,247	1,053,665
Other bonds, notes, and debentures	251,093	-328,354	-490,286	-1,161,716	873,024	98,766	-194,579	-914,629	112,339
Put and call options	1,189,119	2,788,491	1,293,690	713,867	1,271,486	2,649,677	-569,461	664,377	1,737,402
Futures contracts	-1,695,952	2,265,710	1,775,484	3,208,610	790,594	2,550,435	458,044	2,084,472	5,380,012
Mutual funds, except tax-exempt bond funds	15,316,879	9,431,260	-28,437,011	-40,476,841	-18,121,719	1,281,929	9,628,184	16,446,336	30,747,855
Tax-exempt bond mutual funds	-1,248,039	-1,732,553	-401,075	121,507	10,533	-319,023	9,598	-98,947	-898,086
Partnership, S corporation, and estate or trust interests	17,832,301	16,977,257	11,334,921	14,203,376	14,227,701	12,879,455	19,271,429	29,203,248	36,197,212
Livestock	1,398,095	2,444,655	2,078,931	1,267,261	1,699,107	2,015,995	2,039,965	2,094,802	2,614,635
Timber	1,713,105	2,551,604	1,503,370	1,514,765	953,066	2,095,654	1,874,488	1,379,233	823,302
Involuntary conversions	58,568	-96,270	-105,920	695	92,686	-157,946	-54,169	287,752	9,529
Residential rental property	24,820,154	23,737,018	28,973,685	34,730,944	33,968,633	49,418,053	68,853,130	34,311,199	31,444,421
Depreciable business personal property	1,213,814	1,947,281	828,845	719,166	1,788,633	1,415,317	1,627,147	1,831,959	1,441,141
Depreciable business real property	13,862,743	15,475,859	18,334,060	19,190,829	22,399,511	28,481,054	51,585,136	26,099,065	21,982,548
Farmland	2,887,856	3,002,006	2,153,081	3,360,808	1,768,139	2,910,225	2,466,413	1,827,040	3,071,248
Other land	12,973,849	16,400,048	13,957,124	14,895,529	24,087,603	26,933,382	35,911,928	33,144,804	24,909,052
Residences	3,542,186	4,928,275	7,502,531	7,690,077	13,568,292	14,392,892	20,638,652	14,716,000	9,305,196
Other assets	7,461,794	12,551,800	980,724	4,152,636	5,382,656	15,138,579	18,710,826	16,493,088	21,908,750
Unidentifiable	5,006,526	873,266	4,208,218	-315,400	4,076,272	1,836,453	4,112,143	5,049,544	5,343,120
Passthrough gains or losses	132,546,389	142,587,031	84,883,407	69,222,442	109,181,430	176,315,514	243,067,451	289,113,879	350,952,692
Capital gain distributions	61,723,778	82,552,418	12,950,990	4,932,704	4,677,605	16,020,951	33,844,874	57,185,863	81,635,139

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

and losses realized over the 4-year period by average AGI class in three subparts to the table.³ These subparts present numbers and amounts for those taxpayers who realized a net gain or a loss (Table 4a), a net capital gain (Table 4b), and those who realized losses (Table 4c) for 1 or more tax years.

Taxpayers who realized no net gains or losses filed 281.8 million tax returns between Tax Years 2004 and 2007 (Table 4a). A comparison of taxpayers who realized a net gain or loss for 1, 2, 3, and 4 years shows that the number of tax returns increased from 38.4 million with realizations of a net gain or loss for 1 year, to 58.0 million reporting a gain or loss for 4 years. However, the amount realized increased from \$113.1 billion for those taxpayers who reported a gain or loss for 1 year, to \$2.2 trillion, for those who reported a gain or loss for all 4 years. A comparison of taxpayers who realized a net gain or loss

for 1 year and those with net gain or loss for 4 years shows that 77.6 percent in the first group reported an AGI of less than \$200,000, while only 15.3 percent of those in the second group had an AGI of less than \$200,000. In contrast, over half (53.5 percent) of returns with all 4 years had AGIs of \$2 million or more.

Cross-Section Data and Panel Data Comparison

The last table in this article shows cross-section data for Tax Years 2004 through 2007 (Table 5). Tax Year 1999 was the base year of the study, and for subsequent years, SOI used panel data with an added replenishment from its Continuous Work History Sample (CWHs) to make a cross-section estimate for each year. The CWHs represents the random sample portion of the SOI Individual Panel and the base year includes these returns. However,

³ To calculate average AGI, each year's AGI amounts were indexed to constant dollars. All of these constant AGI's were summed and then averaged.

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Figure K

Short- and Long-Term Gains and Losses from Sales of Capital Assets, by Length of Time Held, Tax Years 2004–2007

[Money amounts are in thousands of dollars]

Length of time held	2004		2005		2006		2007	
	Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total	41,010,666	35,119,929	49,371,413	36,202,101	52,213,400	41,276,574	55,231,336	50,128,214
Under 1 month	10,207,990	8,419,693	13,390,031	8,806,462	14,137,242	12,873,862	16,703,154	11,478,674
1 month under 2 months	4,369,982	4,083,316	5,709,563	5,065,566	5,656,469	5,516,652	5,371,734	8,563,089
2 months under 3 months	3,207,499	3,049,039	3,546,493	3,388,083	5,060,894	4,548,244	7,383,695	4,602,453
3 months under 4 months	3,066,234	2,437,883	3,383,752	2,888,253	3,329,278	2,450,374	3,100,072	3,346,862
4 months under 5 months	2,832,631	2,226,422	2,995,451	2,364,631	2,949,701	2,512,114	2,951,742	3,553,853
5 months under 6 months	2,570,615	1,914,712	3,395,357	2,037,582	4,744,364	2,553,653	2,608,244	2,460,804
6 months under 7 months	3,063,348	1,859,465	3,116,474	2,039,540	2,896,955	2,337,787	3,121,110	4,504,850
7 months under 8 months	2,759,144	1,509,304	2,721,323	1,485,162	2,889,973	1,526,176	2,747,012	2,250,290
8 months under 9 months	2,231,705	1,527,859	1,950,874	1,558,996	2,436,924	2,410,816	2,263,391	2,170,028
9 months under 10 months	1,986,864	1,535,535	2,554,965	2,067,769	2,234,627	1,348,542	2,291,225	2,090,776
10 months under 11 months	1,790,182	1,281,654	2,401,054	1,795,782	2,159,205	1,219,117	2,114,476	1,949,061
11 months under 12 months	1,603,683	1,335,277	2,166,200	1,614,851	1,891,762	1,175,991	2,587,645	1,652,616
1 year or more [1]	1,320,789	3,939,770	2,039,876	1,089,424	1,826,006	803,246	1,987,836	1,504,858
Long-term transactions								
Total	268,155,452	60,828,372	425,323,505	53,114,669	299,366,123	47,783,324	389,468,227	68,149,964
Under 18 months [2]	21,046,971	5,607,011	28,479,339	7,618,551	28,998,790	7,132,820	26,871,954	8,072,609
18 months under 2 years	14,164,747	2,980,318	16,055,528	4,512,307	17,071,388	4,582,904	19,617,355	5,387,118
2 years under 3 years	17,997,891	7,183,029	33,511,432	4,210,096	32,827,008	6,767,556	134,442,834	21,552,781
3 years under 4 years	35,644,955	11,259,582	19,349,385	5,256,669	21,167,974	3,058,506	22,361,029	4,542,234
4 years under 5 years	14,540,203	14,980,789	109,900,447	9,591,903	16,234,549	3,496,891	17,527,480	2,485,492
5 years under 10 years	59,598,893	12,770,700	58,835,035	18,156,809	76,642,752	17,995,641	65,780,864	14,861,016
10 years under 15 years	22,683,579	3,850,953	51,001,180	1,879,404	32,147,533	2,405,262	34,584,420	7,369,344
15 years under 20 years	34,717,461	933,380	32,345,669	1,016,796	24,113,251	1,145,950	18,342,337	2,016,136
20 years or more	47,760,752	1,262,610	75,845,490	872,134	50,162,878	1,197,794	49,939,954	1,863,234

[1] Dates showed holding period to be 1 year or more and transactions were not reclassified during editing.

[2] Includes some transactions where holding period was under 1 year and transactions were not reclassified during editing.

NOTE: Sales with indeterminable dates (these were dates that were unreadable or not included with the sale description) were subtracted from the total number of gains and losses.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

SOI added any primary taxpayer from this group who did not file a return in 1999 to the panel (see Data Source and Limitations for further explanation).

A comparison of the number of transactions, sales price, basis, and net capital gain less loss for those returns in the cross section that was created and those in the panel show that overall the cross-section estimates are higher than the panel numbers (Figure L). Tax Year 1999 panel and cross-section numbers are the same, as 1999 is the base year of the panel. For all tax years, with the exception of Tax Year 2002, the cross-section estimates are higher than the panel numbers. Also shown, for comparison purposes, are the published data for net capital gain less loss from the SOI Individual Cross-Section for

each tax year. For most years, these data are comparable with the exception of the estimates for 2002 and 2003, which differ by more than 10 percent.

Description of Tables

Tables 1 through 5 present detailed data on sales of capital assets for Tax Years 2004 through 2007. Tables 1 and 2 show aggregated data from transactions reported on the following tax forms: Form 1040, Schedule D (*U.S. Individual Income Tax Return, Capital Gains and Losses* and reconciliation of Forms 1099B, *Proceeds From Broker and Barter Exchange Transactions*); Form 4797 (*Sale of Business Property*); Form 6252 (*Installment Sale Income*); Form 8824 (*Like-Kind Exchanges*); Form

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Figure L

Comparison of Statistics of Income (SOI) SOCA Cross Section and SOI Individual Panel, Tax Years 1999–2007

[Money amounts are in thousands of dollars]

Tax year	All transactions: Panel [1]				All transactions: SOCA Cross Section [2]				SOI Complete Report Cross Section [3]
	Number	Sales price	Basis	Net gain less loss	Number	Sales price	Basis	Net gain less loss	Net gain less loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1999	179,036,504	3,692,260,458	3,345,549,329	525,135,483	179,036,504	3,692,260,458	3,345,549,329	525,135,483	531,170,093
2000	229,620,553	5,088,224,593	4,709,938,089	574,082,057	236,874,553	5,231,772,567	4,847,795,479	582,445,853	585,650,240
2001	185,159,297	2,834,718,909	2,715,813,938	196,542,379	197,379,297	3,016,425,527	2,896,539,270	205,947,701	206,824,931
2002	182,763,750	2,867,517,618	2,783,223,597	131,871,818	193,597,750	2,990,876,736	2,908,395,593	127,071,094	106,479,084
2003	173,413,092	3,081,431,990	2,855,551,806	303,754,273	186,689,092	3,206,959,002	2,975,950,410	310,491,092	269,659,181
2004	177,594,460	4,083,968,569	3,713,007,852	496,284,307	181,924,460	4,231,737,802	3,858,310,967	498,940,990	489,898,002
2005	213,277,900	12,216,056,213	5,307,702,917	744,068,006	219,029,900	12,326,036,562	5,407,741,851	756,933,628	699,162,404
2006	240,991,832	4,327,545,681	3,861,255,842	744,360,063	244,463,832	4,424,828,877	3,952,360,582	758,019,188	796,964,376
2007	251,706,886	5,148,482,713	4,564,359,838	916,519,709	258,650,885	5,287,308,159	4,687,002,867	937,091,625	917,630,180

[1] Estimates based on 1999–2007 SOCA Panel Data.

[2] Estimates based on Statistics of Income 2000–2007 SOCA Individual Cross-Section Sample data.

[3] Estimates based on *Statistics of Income—2003, Individual Income Tax Returns* (IRS Publication 1304).

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

4684 (*Casualties and Thefts*); Form 2439 (*Notice to Shareholder of Undistributed Long-Term Capital Gains*); and Form 6781 (*Gains and Losses from Section 1256 Contracts and Straddles*). Capital gains and losses reported on other forms that carried to Schedule D were also included. Specifically, Table 1 shows the distribution of net gains or losses realized by asset type. SOI counted capital gain distributions and passthrough income from partnerships, S corporations, and estates and trusts as one transaction even though the gains or losses may have been from more than one entity and reflected many transactions at the entity level. Table 2 shows the distribution of net gain or loss by AGI group. Table 3 shows the distributions of transactions by length of time held. Table 4 presents data on the distribution and amounts of net gains and losses realized over the 4 years of this study. SOI classified returns by the number of years that they reported gains and/or losses on their sales of capital assets. Table 5 shows cross-section data for Tax Years 2004 through 2007.

Explanation of Selected Terms

Categories of Assets:

Capital gain distributions—Distributions by mutual funds to shareholders of capital gains from sales of assets by mutual funds.

Corporate stock—Includes shares of publicly traded and closely held common and preferred stock, stock rights, and stock warrants. Short sales of corporate stock are also included.

Depreciable business personal property—Includes property used in business such as equipment, machinery, and vehicles.

Depreciable business real property—Includes office buildings, shopping malls, factory buildings, warehouses, and similar real property.

Farmland—Includes farm and ranch land, farms, and ranches.

Futures contracts—Includes futures contracts on commodities, foreign currency, interest rates, stock price indexes, and other financial derivatives and instruments.

Involuntary conversions—Includes involuntary conversions resulting from destruction, theft, condemnation, or eminent domain.

Livestock—Includes cattle and other animals held for work, breeding, bearing fur, and depreciable animals.

Mutual funds, except tax-exempt bond funds—Includes sales of shares of mutual funds and real estate investment trusts.

Other assets—Includes other assets not included in the above categories, such as collectibles, bad debts, and copyrights.

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Other bonds, notes, and debentures—Includes bonds and other debt obligations issued by corporations and all other types of debt obligations.

Other land—Includes undeveloped land other than farmland.

Partnerships, S corporations, and estates and trusts—Includes sales of partnership interests and S corporations. S corporations allocate earnings to shareholders and are taxed at the individual shareholder level.

Passthrough gains and losses—Includes capital gains on assets sold by partnerships, S corporations, and estates and trusts, and distributed to be taxed at the individual partner, shareholder, and beneficiary levels.

Put and call options—A call gives the holder the right to buy the underlying asset by a certain date for a certain price. A put option gives the right to sell an asset by a certain date for a certain price. This category includes put and call options, straddles, and futures contracts on corporate stock.

Residences—Principal residences and secondary homes.

Residential rental property—Includes apartments, duplexes, motels, nursing homes, and similar residential properties.

State and local government obligations—Includes bonds, notes, bills, and other certificates of indebtedness issued, backed, or guaranteed by States, cities, or local governments.

Tax-exempt bond mutual funds—Includes sale of shares of mutual funds and investment trusts invested in bonds and other debt instruments of State and local governments.

Timber—Includes cut or standing timber sales and timber that qualifies for Internal Revenue Code Section 1231 (involuntary conversion) treatment.

U.S. Government obligations—Includes bonds, notes, bills, and other certificates of indebtedness issued, backed, or guaranteed by the U.S. Government or Federal agencies.

Unidentifiable—Includes assets where the description is unreadable, unidentifiable, or not present.

Other Terms:

Basis—The original cost of the investment is adjusted by adding the cost of expenses of the sale or any improvement costs minus depreciation, amortization, and depletion deductions.

Capital asset—Property owned and used for investment, personal, or pleasure purposes.

Gain (or loss)—The difference between the sales price and the cost or other basis, less any depreciation.

Long term—The holding period for long-term capital gains and losses is more than 1 year.

Net capital gains—Capital gains less capital losses.

Sales price—The gross selling price of the asset, including the cash or fair market value of other property received.

Short term—The holding period for short-term capital gains and losses is 1 year or less.

Data Source and Limitations

SOI estimated the statistics presented here from a probability sample. The target population consisted of all Individual Income Tax Returns (Forms 1040, 1040A, 1040EZ and 1040PC, including electronic returns) filed by U.S. citizens and residents for Tax Year 1999. SOI selected the SOCA base-year sample from its 1999 SOI Individual Return Sample. To study SOCA in more detail, and collect SOCA data for longitudinal analyses, SOI selected a subsample from the 1999 Individual Return Sample. This served as the base-year SOCA Panel Sample.

The yearly SOI Individual Return Sample is a stratified random sample (Testa and Scali, 2005).⁴ The stratification is achieved by the return-type code and income code. SOI determined the income code by income groupings and “degree of interest.” In Tax Year 1999, the Individual Return Sample of 176,966 returns was drawn from the population of 127,321,626 returns. The Tax Year 1999 SOCA Panel Sample of 83,432 returns was also a stratified random sample, representing all individual income tax returns for the year, including late returns. In comparison, SOI designed the 1999 Individual Return Sample and 1999 SOCA Cross-Sectional Sample to represent all returns filed in Calendar Year 2000. Therefore, the 1999 SOCA Panel Sample was drawn from the 1999 Individual Return Sample and supplemented with the 2000 and 2001 Individual Return Samples, including returns filed up to 2 years late.

SOI followed the sampled panel returns in subsequent years, up until Tax Year 2007. In each year, a selected panel return stayed in the panel if at least one of the taxpayers’ Social Security numbers (primary or

⁴ See Testa, Valerie and Jama Scali, (2005) “Description of the Sample,” *Statistics of Income—2005, Individual Income Tax Returns*, Internal Revenue Service, Washington, DC.

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secondary) was filed in that year, regardless of the taxpayer's marital status. The panel data collected were used for both longitudinal analyses and cross-sectional estimations.

In every subsequent year, a small refreshment sample was added to the panel sample for cross-sectional estimation purposes only. This small refreshment sample is a 1-in-2,000-random sample, adding only those returns not already included in the sample. Therefore, each of these returns received a weight of 2,000.

Since the estimates here are based on a sample, they may differ from figures that would have been obtained if a complete census of all income tax returns had been taken. The particular sample used for estimates is one of the many possible samples that could have been selected using the same sample design. Estimates calculated from these different samples would vary, causing

the sampling error. To properly use the statistical data, the magnitude of the potential sampling error must be known. The coefficients of variation (CVs) are used to measure that magnitude. It is a measure of the spread of estimates from possible samples and used to evaluate the precision of estimates based on samples. In addition to sampling error, nonsampling error can also affect the estimates. For example, there may be errors in keying and cleaning the data, or misinterpretations of tax instructions by taxpayers.

Weights were applied to each sampled return when calculating estimates to account for the selection probabilities and other factors that might lead to differences between the sample and the population. Weights were calculated by dividing the population count of returns in a stratum by the number of sample returns for that stratum, and adjusted for misclassified and missing returns.

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Table 1A. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2004

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	177,594,460	4,083,968,569	3,713,007,852	496,284,307
Corporate stock	112,343,131	1,553,458,369	1,415,109,580	137,612,787
U.S. Government obligations	1,829,425	123,079,684	122,901,052	166,934
State and local government obligations	3,255,553	161,522,168	158,921,503	2,547,225
Other bonds, notes and debentures	1,645,058	160,141,549	160,038,132	98,766
Put and call options	3,505,392	31,956,524	29,360,736	2,649,677
Futures contracts	334,343	9,530,573	6,996,629	2,550,435
Mutual funds, except tax-exempt bond funds	25,500,069	350,142,725	348,857,139	1,281,929
Tax-exempt bond mutual funds	2,264,575	63,955,768	62,031,774	-319,023
Partnership, S corporation, and estate or trust interests	1,801,443	98,808,856	85,437,969	12,879,455
Livestock	637,808	4,137,512	1,594,587	2,015,995
Timber	98,942	3,367,500	1,271,843	2,095,654
Involuntary conversions	304,031	421,169	-361,264	-157,946
Residential rental property	1,445,394	199,368,026	138,423,680	49,418,053
Depreciable business personal property	1,892,478	13,525,640	9,454,726	1,415,317
Depreciable business real property	725,331	80,321,876	45,097,294	28,481,054
Farmland	115,334	8,044,894	3,954,028	2,910,225
Other land	907,861	69,217,524	38,371,946	26,933,382
Residences	447,744	132,643,622	82,697,173	14,392,892
Other assets	3,131,470	959,650,672	944,032,848	15,138,579
Unidentifiable	554,984	60,673,918	58,816,476	1,836,453
Passthrough gains or losses	4,631,501	N/A	N/A	176,315,514
Capital gain distributions	10,222,593	N/A	N/A	16,020,951

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

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Table 1B. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2005

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	213,277,900	12,216,056,213	5,307,702,917	744,068,006
Corporate stock	137,799,714	9,412,299,568	1,966,829,243	229,432,787
U.S. Government obligations	2,027,751	133,718,332	1,003,441,964	-37,504
State and local government obligations	3,081,962	212,952,208	210,545,798	1,391,524
Other bonds, notes and debentures	1,465,275	53,395,235	53,570,330	-194,579
Put and call options	4,559,660	26,082,012	26,528,841	-569,461
Futures contracts	415,571	9,105,252	9,018,011	458,044
Mutual funds, except tax-exempt bond funds	29,462,180	712,627,939	702,991,043	9,628,184
Tax-exempt bond mutual funds	3,434,807	53,879,219	53,920,667	9,598
Partnership, S corporation, and estate or trust interests	2,534,657	80,983,882	62,271,900	19,271,429
Livestock	684,783	4,049,771	1,224,580	2,039,965
Timber	134,934	3,188,037	1,313,534	1,874,488
Involuntary conversions	902,117	779,785	344,781	-54,169
Residential rental property	1,694,884	279,879,975	186,955,403	68,853,130
Depreciable business personal property	1,513,055	17,500,966	13,138,903	1,627,147
Depreciable business real property	774,192	137,322,921	70,999,000	51,585,136
Farmland	91,997	7,005,783	4,159,506	2,466,413
Other land	856,771	82,476,608	40,981,016	35,911,928
Residences	473,116	175,392,631	109,955,977	20,638,652
Other assets	3,351,935	762,711,420	742,656,880	18,710,826
Unidentifiable	645,694	50,704,668	46,855,542	4,112,143
Passthrough gains or losses	4,837,323	N/A	N/A	243,067,451
Capital gain distributions	12,535,519	N/A	N/A	33,844,874

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

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Table 1C. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2006

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	240,991,832	4,327,545,681	3,861,255,842	744,360,063
Corporate stock	159,974,004	2,443,185,612	2,226,356,803	211,940,086
U.S. Government obligations	2,230,887	150,570,893	149,884,128	-326,355
State and local government obligations	2,927,990	210,361,725	208,237,277	1,827,247
Other bonds, notes and debentures	1,688,899	50,452,920	51,071,585	-914,629
Put and call options	5,751,744	58,689,101	58,000,860	664,377
Futures contracts	719,391	24,544,250	22,521,884	2,084,472
Mutual funds, except tax-exempt bond funds	31,437,562	360,203,348	343,163,464	16,446,336
Tax-exempt bond mutual funds	2,504,466	45,024,687	45,139,478	-98,947
Partnership, S corporation, and estate or trust interests	3,921,090	104,128,299	75,858,912	29,203,248
Livestock	671,094	4,194,140	1,338,911	2,094,802
Timber	95,094	1,803,757	424,510	1,379,233
Involuntary conversions	269,816	613,363	35,664	287,752
Residential rental property	1,313,336	181,160,023	136,906,599	34,311,199
Depreciable business personal property	1,764,059	17,279,180	11,921,114	1,831,959
Depreciable business real property	602,404	79,760,719	49,884,910	26,099,065
Farmland	79,391	8,946,541	4,109,119	1,827,040
Other land	810,028	97,824,404	53,790,420	33,144,804
Residences	405,552	130,489,945	87,112,506	14,716,000
Other assets	4,029,604	293,861,683	276,147,728	16,493,088
Unidentifiable	1,577,580	64,451,090	59,349,970	5,049,544
Passthrough gains or losses	4,873,578	N/A	N/A	289,113,879
Capital gain distributions	13,344,263	N/A	N/A	57,185,863

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 1D. Short- and Long-Term Capital Gains and Losses, by Asset Type, Tax Year 2007

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	251,706,886	5,148,482,713	4,564,359,838	916,519,709
Corporate stock	159,374,528	1,977,005,143	1,686,781,401	288,119,853
U.S. Government obligations	2,166,044	135,587,777	137,229,015	-1,371,319
State and local government obligations	2,904,818	236,402,815	235,114,216	1,053,665
Other bonds, notes and debentures	1,688,624	95,274,255	95,124,787	112,339
Put and call options	4,894,839	55,631,056	53,253,074	1,737,402
Futures contracts	757,888	37,038,950	31,857,742	5,380,012
Mutual funds, except tax-exempt bond funds	40,190,784	525,907,131	496,349,482	30,747,855
Tax-exempt bond mutual funds	4,285,265	64,899,178	65,482,407	-898,086
Partnership, S corporation, and estate or trust interests	4,543,560	136,520,741	101,353,607	36,197,212
Livestock	605,563	5,531,716	2,189,332	2,614,635
Timber	78,091	2,155,327	857,884	823,302
Involuntary conversions	288,819	415,001	28,083	9,529
Residential rental property	1,192,148	179,917,767	136,222,517	31,444,421
Depreciable business personal property	2,040,494	17,174,672	11,304,646	1,441,141
Depreciable business real property	502,498	78,782,739	49,746,266	21,982,548
Farmland	82,702	8,135,361	4,882,784	3,071,248
Other land	583,409	57,095,141	28,255,627	24,909,052
Residences	342,229	115,687,840	86,218,211	9,305,196
Other assets	5,175,679	723,036,471	653,611,910	21,908,750
Unidentifiable	687,367	696,283,632	688,496,849	5,343,120
Passthrough gains or losses	5,044,549	N/A	N/A	350,952,692
Capital gain distributions	14,276,989	N/A	N/A	81,635,139

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 2A. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2004

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
All returns	23,328,723	4,083,968,569	3,713,007,852	496,284,307
Under \$5,000 [1]	1,314,453	165,173,801	158,747,090	7,379,632
\$5,000 under \$10,000	902,087	58,771,388	56,469,682	706,747
\$10,000 under \$15,000	1,024,226	53,023,043	51,100,295	440,353
\$15,000 under \$20,000	1,021,728	79,607,096	78,182,827	881,612
\$20,000 under \$25,000	894,108	34,584,940	31,194,597	1,048,502
\$25,000 under \$30,000	883,044	29,622,654	28,337,694	938,831
\$30,000 under \$40,000	1,659,393	74,129,945	72,138,300	1,919,366
\$40,000 under \$50,000	1,668,745	87,462,896	80,276,690	2,509,321
\$50,000 under \$75,000	4,062,964	258,644,745	242,792,180	10,175,084
\$75,000 under \$100,000	3,143,710	321,175,173	301,863,262	14,680,782
\$100,000 under \$200,000	4,496,976	479,781,959	424,933,525	53,998,239
\$200,000 under \$500,000	1,656,688	495,613,433	437,725,823	63,096,265
\$500,000 under \$1,000,000	376,281	309,083,736	265,319,508	51,203,476
\$1,000,000 under \$1,500,000	90,271	147,651,688	131,657,307	31,050,651
\$1,500,000 under \$2,000,000	52,885	162,316,673	151,901,398	21,354,101
\$2,000,000 under \$5,000,000	52,149	174,022,871	149,625,636	45,895,681
\$5,000,000 under \$10,000,000	14,975	116,658,521	98,191,847	45,761,916
\$10,000,000 or more	14,040	1,036,644,008	952,550,192	143,243,748

[1] Includes adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 2B. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2005

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
All returns	24,416,748	12,216,056,213	5,307,702,917	744,068,006
Under \$5,000 [1]	1,304,156	150,556,383	131,289,440	13,208,519
\$5,000 under \$10,000	780,283	63,121,182	62,336,814	724,160
\$10,000 under \$15,000	887,023	30,662,438	29,517,152	489,029
\$15,000 under \$20,000	970,250	74,790,186	71,761,200	1,553,100
\$20,000 under \$25,000	909,459	39,465,258	36,578,252	1,378,137
\$25,000 under \$30,000	851,877	38,653,859	35,166,395	1,213,388
\$30,000 under \$40,000	1,732,614	113,654,028	109,934,647	3,763,536
\$40,000 under \$50,000	1,734,025	425,415,744	419,581,631	4,493,436
\$50,000 under \$75,000	4,166,651	423,145,789	404,790,153	12,457,669
\$75,000 under \$100,000	3,264,914	260,736,305	240,880,289	17,024,033
\$100,000 under \$200,000	5,123,031	912,746,608	849,683,324	61,337,059
\$200,000 under \$500,000	1,935,839	693,005,923	1,468,176,056	99,950,246
\$500,000 under \$1,000,000	475,725	278,609,879	224,392,897	79,372,125
\$1,000,000 under \$1,500,000	113,498	156,146,953	132,609,872	32,328,705
\$1,500,000 under \$2,000,000	44,650	82,982,586	68,010,468	24,096,833
\$2,000,000 under \$5,000,000	89,265	670,037,497	606,181,518	101,657,996
\$5,000,000 under \$10,000,000	18,774	122,490,502	103,539,160	42,009,831
\$10,000,000 or more	14,714	7,679,835,095	313,273,650	247,010,203

[1] Includes adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 2C. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2006

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
All returns	24,149,411	4,327,545,681	3,861,255,842	744,360,063
Under \$5,000 [1]	1,103,056	220,132,666	211,933,779	8,007,919
\$5,000 under \$10,000	693,097	20,497,949	20,572,810	368,280
\$10,000 under \$15,000	787,012	53,247,739	52,333,362	1,210,620
\$15,000 under \$20,000	915,927	49,143,591	47,509,036	2,036,805
\$20,000 under \$25,000	727,258	105,564,449	104,876,619	988,463
\$25,000 under \$30,000	747,628	25,447,421	21,908,408	1,994,161
\$30,000 under \$40,000	1,577,440	85,787,925	81,745,093	2,910,244
\$40,000 under \$50,000	1,680,196	57,741,901	54,080,616	5,956,762
\$50,000 under \$75,000	4,095,574	249,730,005	231,234,032	16,566,066
\$75,000 under \$100,000	3,339,087	232,217,644	215,067,365	20,252,630
\$100,000 under \$200,000	5,451,300	748,601,157	688,628,832	67,826,338
\$200,000 under \$500,000	2,213,118	709,826,685	637,434,409	96,631,087
\$500,000 under \$1,000,000	515,917	325,737,260	265,651,234	81,141,894
\$1,000,000 under \$1,500,000	119,814	163,346,422	136,023,947	39,357,234
\$1,500,000 under \$2,000,000	45,489	93,452,883	79,294,734	21,691,708
\$2,000,000 under \$5,000,000	97,673	511,957,026	468,150,060	94,005,135
\$5,000,000 under \$10,000,000	23,944	199,577,622	178,339,017	72,025,839
\$10,000,000 or more	15,881	475,535,336	366,472,491	211,388,878

[1] Includes adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 2D. Returns with Short- and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income, Tax Year 2007

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

Adjusted gross income	All returns			
	Number of returns	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
All returns	24,529,064	5,148,482,713	4,564,359,838	916,519,709
Under \$5,000 [1]	965,595	201,794,901	201,168,436	5,899,315
\$5,000 under \$10,000	616,314	19,896,401	19,639,953	727,336
\$10,000 under \$15,000	739,506	27,837,900	26,348,910	1,405,375
\$15,000 under \$20,000	864,481	22,172,680	21,605,157	2,600,172
\$20,000 under \$25,000	729,313	28,374,600	27,605,689	1,696,277
\$25,000 under \$30,000	817,138	28,259,373	24,569,956	2,665,745
\$30,000 under \$40,000	1,608,216	48,225,812	58,542,204	-8,976,638
\$40,000 under \$50,000	1,579,763	195,978,739	192,202,355	5,154,276
\$50,000 under \$75,000	4,015,455	330,292,993	318,729,342	17,125,026
\$75,000 under \$100,000	3,407,014	187,030,954	169,639,968	20,650,871
\$100,000 under \$200,000	5,818,681	860,523,574	755,647,376	73,909,020
\$200,000 under \$500,000	2,444,215	808,739,785	730,051,198	104,556,334
\$500,000 under \$1,000,000	588,908	355,779,605	303,014,329	83,539,458
\$1,000,000 under \$1,500,000	147,703	193,263,245	161,505,264	47,048,130
\$1,500,000 under \$2,000,000	47,726	78,261,229	68,351,928	21,202,898
\$2,000,000 under \$5,000,000	94,309	385,919,147	332,078,178	95,622,797
\$5,000,000 under \$10,000,000	26,038	747,126,086	722,162,423	53,316,500
\$10,000,000 or more	18,689	629,005,691	431,497,170	388,376,817

[1] Includes adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 3A. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2004

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

Type of transaction, length of time held	Length of time held							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total	52,108,358	1,158,441,596	1,096,993,781	77,778,417	31,356,034	1,486,437,267	1,534,936,515	53,028,683
Under 1 month	15,317,865	375,954,339	365,719,348	10,207,990	8,935,276	229,362,376	237,768,678	8,419,693
1 month under 2 months	4,884,514	76,235,920	71,835,538	4,369,982	3,399,531	35,381,000	39,477,562	4,083,316
2 months under 3 months	3,177,272	42,638,043	37,660,760	3,207,499	2,499,690	26,701,091	29,732,507	3,049,039
3 months under 4 months	3,180,219	38,078,584	34,899,133	3,066,234	2,010,140	17,661,156	20,099,100	2,437,883
4 months under 5 months	2,694,655	33,665,685	30,524,927	2,832,631	1,793,018	15,270,738	17,497,175	2,226,422
5 months under 6 months	2,692,899	25,202,721	22,568,527	2,570,615	1,698,381	13,094,158	15,008,597	1,914,712
6 months under 7 months	2,470,448	24,482,234	21,416,552	3,063,348	1,516,373	14,202,665	16,043,680	1,859,465
7 months under 8 months	2,377,275	19,579,345	16,843,179	2,759,144	1,263,842	11,589,963	13,099,316	1,509,304
8 months under 9 months	2,020,394	16,138,540	13,919,429	2,231,705	1,071,151	10,737,288	12,259,506	1,527,859
9 months under 10 months	2,075,091	16,523,880	14,486,097	1,986,864	993,976	14,424,637	15,960,207	1,535,535
10 months under 11 months	1,965,728	17,635,825	15,436,574	1,790,182	851,928	7,262,264	8,543,401	1,281,654
11 months under 12 months	1,773,905	13,001,081	11,416,130	1,603,683	823,652	25,637,156	26,971,152	1,335,277
1 year or more [2]	689,534	12,168,984	10,893,531	1,320,789	289,451	13,363,730	17,374,754	3,939,770
Period not determinable	6,788,559	447,136,415	429,374,056	36,767,751	4,209,625	1,051,749,045	1,065,100,880	17,908,754
Long-term transactions								
Total	65,209,352	1,185,607,941	738,986,221	576,491,049	28,920,726	253,481,763	342,091,335	104,956,475
Under 18 months [3]	10,745,840	114,505,497	92,481,548	21,046,971	3,001,811	33,927,384	38,099,222	5,607,011
18 months under 2 years	6,714,660	67,020,587	51,262,875	14,164,747	1,894,648	16,113,184	19,103,117	2,980,318
2 years under 3 years	7,640,592	100,706,333	78,216,170	17,997,891	4,136,652	26,820,691	33,952,547	7,183,029
3 years under 4 years	3,523,225	86,904,824	47,947,221	35,644,955	4,055,329	24,128,084	35,364,858	11,259,582
4 years under 5 years	2,483,202	67,861,561	47,925,925	14,540,203	3,534,769	16,723,421	31,627,777	14,980,789
5 years under 10 years	5,679,606	171,767,602	100,206,177	59,598,893	3,743,378	26,780,173	39,863,615	12,770,700
10 years under 15 years	2,000,371	67,566,730	37,643,951	22,683,579	558,802	4,974,168	8,698,103	3,850,953
15 years under 20 years	930,268	66,923,813	22,907,234	34,717,461	154,251	3,770,729	4,703,668	933,380
20 years or more	1,330,895	98,208,025	35,108,430	47,760,752	169,625	1,565,816	2,828,425	1,262,610
Period not determinable	24,160,693	344,142,969	225,286,690	308,335,597	7,671,461	98,678,113	127,850,003	44,128,103

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 3B. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2005

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

Type of transaction, length of time held	Length of time held							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total	62,947,442	1,909,699,408	2,695,423,225	95,073,791	42,173,217	1,236,716,620	1,290,146,416	58,339,717
Under 1 month	18,844,701	617,304,350	1,473,830,962	13,390,031	12,834,788	255,831,022	264,598,486	8,806,462
1 month under 2 months	5,892,603	75,740,130	70,049,806	5,709,563	4,342,731	35,159,183	40,207,357	5,065,566
2 months under 3 months	3,803,418	52,575,126	49,081,594	3,546,493	3,343,596	25,184,818	28,611,195	3,388,083
3 months under 4 months	3,893,613	48,850,054	45,488,808	3,383,752	2,993,120	20,540,141	23,366,958	2,888,253
4 months under 5 months	3,281,927	31,483,792	28,474,188	2,995,451	2,354,642	17,090,939	19,452,294	2,364,631
5 months under 6 months	3,160,557	31,928,591	28,438,884	3,395,357	2,107,164	15,495,907	17,459,599	2,037,582
6 months under 7 months	3,020,237	36,042,146	32,688,542	3,116,474	1,804,977	21,215,196	23,252,111	2,039,540
7 months under 8 months	2,594,472	44,909,658	32,733,549	2,721,323	1,678,816	12,542,749	14,021,907	1,485,162
8 months under 9 months	2,569,765	21,225,811	19,288,590	1,950,874	1,553,320	11,666,438	13,224,804	1,558,996
9 months under 10 months	2,700,458	21,200,907	18,487,580	2,554,965	1,426,976	10,995,808	13,062,474	2,067,769
10 months under 11 months	2,534,525	18,886,433	16,485,241	2,401,054	1,461,345	10,562,168	12,355,492	1,795,782
11 months under 12 months	2,299,958	18,818,227	16,677,633	2,166,200	1,286,709	10,571,344	12,182,164	1,614,851
1 year or more [2]	732,466	18,426,921	16,440,734	2,039,876	372,007	4,671,256	5,753,184	1,089,424
Period not determinable	7,618,742	872,307,262	847,257,114	45,702,378	4,613,026	785,189,651	802,598,391	22,137,616
Long-term transactions								
Total	77,033,524	1,481,156,209	865,487,911	801,798,879	31,123,729	7,588,483,974	456,645,365	94,464,946
Under 18 months [3]	13,131,186	162,389,712	133,150,924	28,479,339	5,991,992	54,776,097	62,167,394	7,618,551
18 months under 2 years	7,735,760	85,464,140	67,784,285	16,055,528	3,196,170	29,449,242	33,939,435	4,512,307
2 years under 3 years	9,433,025	140,862,148	99,714,983	33,511,432	2,954,818	26,704,904	30,931,757	4,210,096
3 years under 4 years	5,411,186	84,460,894	59,566,436	19,349,385	2,979,948	19,271,849	24,527,767	5,256,669
4 years under 5 years	2,805,886	162,500,008	47,864,843	109,900,447	3,042,417	15,473,244	24,906,620	9,591,903
5 years under 10 years	6,482,282	208,651,451	127,208,116	58,835,035	5,122,503	7,244,324,782	48,573,955	18,156,809
10 years under 15 years	2,048,729	108,211,322	48,001,149	51,001,180	432,574	4,861,457	6,735,974	1,879,404
15 years under 20 years	828,018	64,392,242	25,468,355	32,345,669	172,497	1,627,685	2,644,580	1,016,796
20 years or more	1,315,979	131,778,049	35,094,205	75,845,490	179,182	2,688,465	3,501,743	872,134
Period not determinable	27,841,473	332,446,243	221,634,615	376,475,374	7,051,628	189,306,249	218,716,140	41,350,277

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 3C. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2006

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

Type of transaction, length of time held	Length of time held							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total	74,983,697	1,391,606,111	1,311,768,334	103,085,513	47,461,166	1,248,322,607	1,308,667,759	66,656,153
Under 1 month	20,343,544	392,010,819	378,515,309	14,137,242	12,454,515	277,059,442	290,006,853	12,873,862
1 month under 2 months	6,751,452	79,796,792	73,935,050	5,656,469	4,876,492	37,306,502	42,623,126	5,516,652
2 months under 3 months	5,136,141	65,767,630	60,755,035	5,060,894	3,880,146	33,119,536	37,620,546	4,548,244
3 months under 4 months	4,873,264	49,040,159	45,710,378	3,329,278	3,181,653	18,158,296	20,512,443	2,450,374
4 months under 5 months	4,367,547	33,478,120	30,538,148	2,949,701	3,020,122	19,341,067	21,835,045	2,512,114
5 months under 6 months	3,956,299	45,243,973	40,528,912	4,744,364	2,754,551	27,239,115	29,767,024	2,553,653
6 months under 7 months	3,702,458	42,443,963	39,274,107	2,896,955	2,414,459	15,920,231	18,255,692	2,337,787
7 months under 8 months	3,558,809	29,653,367	25,636,133	2,889,973	2,165,997	13,405,414	14,927,233	1,526,176
8 months under 9 months	3,099,229	21,973,381	19,403,750	2,436,924	1,953,440	15,872,567	18,278,340	2,410,816
9 months under 10 months	3,250,048	21,331,162	20,229,942	2,234,627	1,730,846	9,960,882	11,309,484	1,348,542
10 months under 11 months	2,984,347	18,376,324	16,211,962	2,159,205	1,564,063	10,847,413	12,098,144	1,219,117
11 months under 12 months	2,643,637	16,956,487	15,101,152	1,891,762	1,362,915	10,101,677	11,196,062	1,175,991
1 year or more [2]	878,172	34,135,113	32,351,571	1,826,006	440,914	5,055,422	5,858,378	803,246
Period not determinable	9,438,750	541,398,821	513,576,885	50,872,113	5,661,053	754,935,043	774,379,389	25,379,578
Long-term transactions								
Total	86,852,293	1,385,404,735	867,757,917	788,510,577	31,694,682	302,212,229	373,061,835	80,579,874
Under 18 months [3]	15,751,431	156,543,944	126,614,590	28,998,790	6,816,679	55,551,376	62,321,894	7,132,820
18 months under 2 years	9,473,310	83,854,704	66,149,666	17,071,388	3,919,551	28,687,484	33,262,492	4,582,904
2 years under 3 years	11,056,857	138,660,366	99,810,900	32,827,008	4,124,807	38,829,516	45,525,220	6,767,556
3 years under 4 years	5,964,886	75,257,535	51,437,964	21,167,974	1,865,438	20,504,791	23,555,028	3,058,506
4 years under 5 years	3,251,245	56,832,557	38,194,506	16,234,549	1,655,327	17,436,837	20,934,689	3,496,891
5 years under 10 years	6,934,444	203,902,039	108,611,931	76,642,752	5,734,163	30,961,898	48,921,712	17,995,641
10 years under 15 years	2,239,406	76,978,988	35,638,279	32,147,533	543,225	5,198,443	7,602,247	2,405,262
15 years under 20 years	859,516	46,335,313	17,943,324	24,113,251	169,019	4,941,548	6,087,498	1,145,950
20 years or more	1,287,171	89,065,797	29,241,751	50,162,878	135,532	2,570,605	3,768,352	1,197,794
Period not determinable	30,034,027	457,973,492	294,115,006	489,144,454	6,730,941	97,529,731	121,082,703	32,796,550

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004-2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 3D. Short- and Long-Term Capital Asset Transactions, by Length of Time Held, Tax Year 2007

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

Type of transaction, length of time held	Length of time held							
	Gain transactions [1]				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total	71,223,053	1,728,666,526	1,599,616,766	117,600,001	47,166,208	1,468,542,982	1,546,123,232	89,048,160
Under 1 month	18,512,554	352,618,525	337,267,345	16,703,154	13,071,263	237,053,918	245,804,019	11,478,674
1 month under 2 months	6,342,609	80,373,531	75,147,188	5,371,734	5,022,170	40,094,080	48,702,180	8,563,089
2 months under 3 months	4,819,942	56,249,609	48,994,409	7,383,695	3,744,426	27,417,949	32,028,773	4,602,453
3 months under 4 months	4,534,429	45,770,206	42,731,528	3,100,072	3,329,832	20,947,886	24,306,793	3,346,862
4 months under 5 months	3,835,966	35,202,679	32,311,000	2,951,742	2,799,530	18,278,952	21,829,157	3,553,853
5 months under 6 months	3,541,320	31,125,299	28,925,484	2,608,244	2,342,770	14,343,633	16,809,518	2,460,804
6 months under 7 months	4,461,803	51,421,758	48,584,106	3,121,110	2,443,476	18,852,300	23,310,518	4,504,850
7 months under 8 months	3,575,623	25,838,555	23,100,618	2,747,012	1,844,542	15,178,565	17,443,361	2,250,290
8 months under 9 months	3,020,052	19,753,238	17,560,896	2,263,391	1,740,013	13,959,197	16,142,162	2,170,028
9 months under 10 months	3,120,390	23,182,662	20,924,759	2,291,225	1,707,541	13,579,415	15,671,075	2,090,776
10 months under 11 months	2,633,641	17,791,561	15,755,430	2,114,476	1,732,414	13,752,901	15,690,430	1,949,061
11 months under 12 months	2,785,092	21,044,144	18,947,850	2,587,645	1,371,356	9,916,680	11,580,076	1,652,616
1 year or more [2]	904,610	77,694,275	33,063,207	1,987,836	454,595	23,677,112	25,487,998	1,504,858
Period not determinable	9,135,023	890,600,483	856,302,944	62,368,665	5,562,279	1,001,490,396	1,031,317,173	38,919,946
Long-term transactions								
Total	102,183,789	1,585,033,421	961,589,336	989,370,484	31,133,845	366,239,783	457,030,504	101,402,616
Under 18 months [3]	18,793,535	175,117,604	148,729,970	26,871,954	7,134,265	54,792,081	62,377,038	8,072,609
18 months under 2 years	11,672,733	97,985,241	79,773,075	19,617,355	4,269,304	33,120,913	38,498,483	5,387,118
2 years under 3 years	13,488,449	240,516,441	103,403,465	134,442,834	4,466,596	52,456,677	74,127,143	21,552,781
3 years under 4 years	7,717,193	101,087,581	73,027,103	22,361,029	2,414,748	25,193,266	29,739,973	4,542,234
4 years under 5 years	4,440,945	60,240,718	40,942,102	17,527,480	1,132,069	13,910,835	16,408,910	2,485,492
5 years under 10 years	8,424,950	190,838,901	113,107,445	65,780,864	4,745,492	37,015,808	51,895,878	14,861,016
10 years under 15 years	2,546,196	78,197,927	34,894,922	34,584,420	641,178	24,949,231	32,352,963	7,369,344
15 years under 20 years	849,547	48,486,673	23,045,004	18,342,337	138,324	2,561,667	4,578,001	2,016,136
20 years or more	1,334,672	85,409,936	24,194,689	49,939,954	138,385	12,306,207	14,169,462	1,863,234
Period not determinable	32,915,567	507,152,399	320,471,560	599,902,257	6,053,485	109,933,099	132,882,654	33,252,652

[1] Transactions with no gain or loss are included with gain transactions.

[2] Dates showed holding period to be 1 year or more and transactions not reclassified during editing.

[3] Includes some transactions where holding period was under 1 year and transactions not reclassified during editing.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 4A. Distribution of Number of Returns and Amount for Returns with Net Gains or Losses Realized, Tax Years 2004–2007

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

Adjusted gross income	Number of returns with no net gains or losses realized all years	Returns with net gains or losses realized for one year		Returns with net gains or losses realized for two years		Returns with net gains or losses realized for three years		Returns with net gains or losses realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns:	281,825,604	38,355,505	113,104,696	22,594,465	134,117,562	22,266,964	225,151,555	57,991,962	2,197,181,418
Under \$5,000 [1]	12,111,510	1,103,903	2,149,953	773,733	2,069,560	939,935	7,842,658	2,162,540	28,142,583
\$5,000 under \$10,000	18,941,696	1,390,788	997,117	644,380	537,591	812,251	541,848	1,551,453	2,496,697
\$10,000 under \$15,000	25,439,374	1,810,153	1,589,385	944,848	501,121	839,223	855,369	1,530,139	2,124,290
\$15,000 under \$20,000	28,078,509	1,895,583	2,018,413	1,093,142	873,850	1,008,622	1,506,190	2,019,060	2,097,155
\$20,000 under \$25,000	25,699,349	2,009,862	2,585,452	979,829	1,832,686	942,073	1,196,085	1,789,421	3,327,225
\$25,000 under \$30,000	23,919,184	2,228,654	3,222,553	1,146,969	2,340,152	982,246	1,977,306	1,954,523	5,111,825
\$30,000 under \$40,000	39,872,136	4,313,127	7,951,040	2,100,226	4,395,281	1,627,369	4,273,604	3,635,456	10,790,714
\$40,000 under \$50,000	28,427,280	4,023,904	8,849,929	2,083,876	4,669,195	1,802,130	5,160,820	4,134,942	14,163,786
\$50,000 under \$75,000	44,679,485	7,919,864	18,646,752	4,679,855	12,702,990	4,308,897	13,804,698	9,783,932	38,439,749
\$75,000 under \$100,000	20,243,020	5,502,156	16,749,494	3,118,176	12,785,249	3,251,383	13,458,177	7,744,619	51,012,404
\$100,000 under \$200,000	13,329,324	5,240,551	23,006,061	3,964,206	27,324,481	4,361,986	35,302,283	13,187,206	177,659,904
\$200,000 under \$500,000	993,813	823,866	21,660,787	925,406	25,102,004	1,133,680	50,489,871	6,004,978	266,666,223
\$500,000 under \$1,000,000	70,199	76,643	1,541,909	84,117	10,493,677	184,796	19,061,537	1,556,201	208,507,492
\$1,000,000 under \$1,500,000	10,251	7,224	732,141	35,546	13,286,508	33,697	5,246,088	380,017	110,702,575
\$1,500,000 under \$2,000,000	8,117	4,946	82,413	15,209	3,581,058	9,141	4,432,820	162,680	99,438,264
\$2,000,000 under \$5,000,000	2,196	3,998	723,950	2,865	2,589,150	23,859	19,001,308	269,232	250,925,894
\$5,000,000 under \$10,000,000	123	198	13,485	1,109	891,636	3,415	20,949,478	64,112	161,515,235
\$10,000,000 or more	37	82	583,863	975	8,141,374	2,262	20,051,414	61,451	764,059,403

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 4B. Distribution of Number of Returns and Amount for Returns with Net Gains Realized, Tax Years 2004–2007

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

Adjusted gross income	Number of returns with no net gains realized all years	Returns with net gains realized for one year		Returns with net gains realized for two years		Returns with net gains realized for three years		Returns with net gains realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns:	312,137,362	42,464,074	189,057,780	23,919,808	310,902,158	22,220,754	550,479,202	22,325,430	1,665,945,072
Under \$5,000 [1]	14,024,056	1,257,752	4,793,702	677,793	5,006,796	644,104	10,970,501	489,115	23,608,329
\$5,000 under \$10,000	20,104,276	1,479,293	1,208,251	594,965	961,828	635,201	2,470,588	526,835	1,870,628
\$10,000 under \$15,000	26,634,033	1,929,406	1,567,336	823,182	1,196,119	619,370	1,346,490	558,416	2,667,757
\$15,000 under \$20,000	29,590,993	1,938,119	2,375,855	1,008,409	1,834,425	797,011	2,113,714	760,389	2,404,815
\$20,000 under \$25,000	27,106,872	1,978,172	3,103,393	816,946	2,211,524	732,832	1,881,257	785,718	3,732,593
\$25,000 under \$30,000	25,476,561	2,102,040	4,403,617	984,781	2,679,364	962,700	3,696,470	705,499	3,766,224
\$30,000 under \$40,000	42,320,607	4,481,643	9,502,972	1,855,671	5,906,898	1,535,440	6,669,949	1,355,022	8,447,314
\$40,000 under \$50,000	30,984,519	3,964,834	10,025,013	2,002,098	7,568,707	1,867,521	7,300,661	1,653,182	11,271,232
\$50,000 under \$75,000	50,154,967	8,560,452	23,540,844	4,758,007	18,363,727	4,087,083	20,277,441	3,820,273	28,563,593
\$75,000 under \$100,000	24,333,925	5,945,728	20,913,168	3,416,971	19,450,949	3,024,522	22,967,154	3,148,368	36,222,293
\$100,000 under \$200,000	18,469,565	6,868,895	40,746,317	4,709,903	50,051,879	4,784,131	66,941,543	5,255,960	113,634,462
\$200,000 under \$500,000	2,471,940	1,673,487	38,613,827	1,804,873	66,206,644	1,831,484	98,818,111	2,104,434	163,529,483
\$500,000 under \$1,000,000	351,912	194,776	6,781,845	286,247	28,521,871	476,234	51,153,883	663,425	153,869,591
\$1,000,000 under \$1,500,000	56,956	43,409	3,796,405	91,872	24,001,914	93,670	22,321,698	180,904	79,983,353
\$1,500,000 under \$2,000,000	28,665	12,771	1,790,282	29,816	7,518,532	39,848	29,038,743	89,648	69,299,013
\$2,000,000 under \$5,000,000	21,542	25,151	4,662,467	45,976	21,964,175	61,904	59,870,180	148,173	186,935,927
\$5,000,000 under \$10,000,000	4,644	5,548	8,531,506	8,539	21,430,332	9,818	26,320,419	40,720	128,073,727
\$10,000,000 or more	1,329	2,598	2,700,979	3,760	26,026,474	17,881	116,320,399	39,349	648,064,738

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 4C. Distribution of Number of Returns and Amount for Returns with Net Losses Realized, Tax Years 2004–2007

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

Adjusted gross income	Number of returns with net losses realized all years	Returns with net losses realized for one year		Returns with net losses realized for two years		Returns with net losses realized for three years		Returns with net losses realized for four years	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns:	355,500,190	31,481,157	457,356,892	15,552,990	142,766,807	8,595,501	38,411,357	11,954,712	-32,159,569
Under \$5,000 [1]	14,206,465	775,841	6,064,961	577,545	2,432,980	438,006	527,821	1,094,340	-2,899,895
\$5,000 under \$10,000	21,236,207	872,032	1,602,816	413,109	52,826	335,182	-348,344	484,040	-1,251,246
\$10,000 under \$15,000	28,294,225	992,964	504,953	594,936	-150,099	245,620	-261,209	438,473	-1,108,186
\$15,000 under \$20,000	31,308,515	1,248,411	1,081,948	634,064	263,576	343,676	-284,970	562,219	-1,521,498
\$20,000 under \$25,000	28,947,313	1,231,071	1,027,161	444,665	228,722	310,347	-418,180	487,138	-1,295,668
\$25,000 under \$30,000	27,348,542	1,526,289	1,877,105	562,620	322,142	322,305	288,857	471,819	-1,255,633
\$30,000 under \$40,000	46,454,095	2,573,260	4,155,856	1,153,916	708,251	631,039	-41,415	736,054	-1,959,736
\$40,000 under \$50,000	35,253,434	2,688,159	4,950,019	1,176,992	1,454,943	508,832	-135,570	846,739	-2,318,886
\$50,000 under \$75,000	59,062,823	6,055,101	13,068,528	2,973,190	5,678,601	1,411,401	-25,463	1,884,089	-5,133,018
\$75,000 under \$100,000	30,567,666	4,597,563	15,985,727	2,027,028	5,402,525	1,285,594	578,417	1,391,497	-3,799,746
\$100,000 under \$200,000	26,505,910	6,161,696	56,754,108	3,337,596	23,900,461	1,810,557	6,120,114	2,269,359	-6,178,436
\$200,000 under \$500,000	4,764,244	2,059,917	84,277,197	1,341,183	33,211,092	741,710	9,695,595	988,357	-2,622,909
\$500,000 under \$1,000,000	933,404	476,522	39,969,846	205,221	15,195,221	140,884	4,449,390	217,017	-601,002
\$1,000,000 under \$1,500,000	245,080	94,676	22,274,953	52,944	9,376,282	29,548	2,225,376	44,724	-125,724
\$1,500,000 under \$2,000,000	119,456	39,080	25,190,962	14,266	3,728,536	12,150	1,694,872	15,800	-44,676
\$2,000,000 under \$5,000,000	168,207	60,780	42,505,156	34,230	19,023,803	21,935	3,698,252	17,331	-33,065
\$5,000,000 under \$10,000,000	42,908	10,855	37,098,984	6,261	5,237,936	4,869	8,555,538	4,441	-12,561
\$10,000,000 or more	41,697	16,941	98,966,611	3,224	16,699,010	1,845	2,092,275	1,273	2,318

[1] Includes adjusted gross deficit.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 5A. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2004

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	181,924,460	4,231,737,802	3,858,310,967	498,940,990
Corporate stock	115,419,131	1,662,180,854	1,524,941,674	136,491,641
U.S. Government obligations	1,831,425	123,179,684	123,001,052	166,933
State and local government obligations	3,287,553	165,339,124	163,980,743	1,304,941
Other bonds, notes, and debentures	1,797,058	161,104,765	160,981,494	118,620
Put and call options	3,691,392	32,427,985	29,910,551	2,571,324
Futures contracts	340,343	9,530,573	6,996,629	2,550,435
Mutual funds, except tax-exempt bond funds	2,274,576	64,152,804	62,252,198	-342,411
Tax-exempt bond mutual funds	1,847,443	99,702,387	86,324,483	12,888,033
Partnership, S corporation, and estate or trust interests	25,866,069	357,355,398	356,978,967	372,773
Livestock	649,807	4,163,982	1,594,587	2,038,479
Timber	98,942	3,367,500	1,271,843	2,095,655
Involuntary conversions	314,031	413,515	-368,264	-147,933
Residential rental property	1,519,394	215,887,554	152,353,158	50,450,080
Depreciable business personal property	1,920,478	13,656,637	9,748,900	1,214,112
Depreciable business real property	725,331	80,321,876	45,097,294	28,481,054
Farmland	115,334	7,781,320	3,954,028	2,910,225
Other land	931,861	70,903,878	38,990,088	28,001,594
Residences	465,744	138,273,575	86,264,929	15,307,762
Other assets	3,203,470	960,583,444	944,875,550	15,240,652
Unidentifiable	574,984	61,118,708	59,161,065	1,958,200
Passthrough gains or losses	4,743,501	N/A	N/A	179,196,836
Capital gain distributions	10,306,593	N/A	N/A	16,071,987

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 5B. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2005

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	219,029,900	12,326,036,562	5,407,741,851	756,933,628
Corporate stock	142,065,713	9,451,768,898	2,002,762,758	233,262,103
U.S. Government obligations	2,187,751	134,103,768	1,003,830,268	-40,372
State and local government obligations	3,143,962	219,261,127	216,736,840	1,509,399
Other bonds, notes, and debentures	1,497,274	53,645,421	53,839,863	-213,927
Put and call options	4,907,660	27,116,350	27,791,045	-726,440
Futures contracts	423,571	9,106,160	9,034,113	442,851
Mutual funds, except tax-exempt bond funds	29,736,181	714,945,453	705,369,059	9,568,831
Tax-exempt bond mutual funds	3,448,807	56,024,439	56,063,213	12,272
Partnership, S corporation, and estate or trust interests	2,566,657	81,141,449	62,378,402	19,322,493
Livestock	688,783	4,554,770	1,459,948	2,234,886
Timber	136,934	3,198,777	1,317,717	1,881,044
Involuntary conversions	920,117	780,985	345,981	-54,169
Residential rental property	1,792,885	297,478,014	200,486,372	71,525,069
Depreciable business personal property	1,543,054	17,670,796	13,247,697	1,624,358
Depreciable business real property	780,193	138,191,559	71,681,419	51,771,355
Farmland	91,997	7,005,783	4,159,506	2,466,414
Other land	880,771	83,583,768	41,442,090	36,197,389
Residences	487,116	177,965,837	111,792,373	21,118,806
Other assets	3,415,935	796,708,774	776,491,560	18,719,401
Unidentifiable	661,694	51,784,434	47,511,627	4,521,096
Passthrough gains or losses	4,979,323	N/A	N/A	247,779,323
Capital gain distributions	12,673,519	N/A	N/A	34,011,446

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 5C. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2006

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	244,463,832	4,424,828,877	3,952,360,582	758,019,188
Corporate stock	161,716,004	2,473,845,919	2,256,415,865	212,540,561
U.S. Government obligations	2,230,886	150,570,893	149,884,128	-326,355
State and local government obligations	2,945,990	212,235,402	210,129,001	1,809,199
Other bonds, notes and debentures	1,706,899	50,805,475	51,798,011	-1,288,501
Put and call options	5,907,744	60,942,728	59,937,754	981,109
Futures contracts	733,391	24,619,596	22,521,883	2,159,818
Mutual funds, except tax-exempt bond funds	32,203,562	363,217,768	345,944,578	16,668,841
Tax-exempt bond mutual funds	2,550,466	45,790,215	45,927,850	-121,791
Partnership, S corporation, and estate or trust interests	3,997,090	108,385,778	77,644,382	31,675,257
Livestock	671,094	4,194,140	1,338,911	2,094,802
Timber	95,094	1,803,756	424,510	1,379,232
Involuntary conversions	307,816	613,363	35,664	287,751
Residential rental property	1,399,335	199,637,815	157,920,497	35,767,178
Depreciable business personal property	1,836,059	17,618,908	11,971,668	2,110,955
Depreciable business real property	634,404	85,842,363	53,482,100	28,583,519
Farmland	79,390	8,946,541	4,109,119	1,827,039
Other land	828,028	102,259,434	56,503,062	34,867,192
Residences	423,552	134,973,477	90,554,594	14,825,646
Other assets	4,089,604	298,386,193	280,596,200	16,568,871
Unidentifiable	1,595,580	80,139,116	75,220,804	4,874,294
Passthrough gains or losses	4,997,578	N/A	N/A	293,224,011
Capital gain distributions	13,514,263	N/A	N/A	57,510,557

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Sales of Capital Assets Panel Data Reported on Individual Tax Returns, 2004–2007

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Table 5D. Short- and Long-Term Capital Gains and Losses, by Asset Type, Cross Section, Tax Year 2007

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

Transactions by asset type	All transactions			
	Number	Sales price	Basis	Net gain or loss
	(1)	(2)	(3)	(4)
Total	258,650,885	5,287,308,159	4,687,002,867	937,091,625
Corporate stock	163,774,528	2,040,184,976	1,748,036,849	290,004,923
U.S. Government obligations	2,172,043	135,703,583	137,344,811	-1,371,309
State and local government obligations	2,904,818	236,402,815	235,114,216	1,053,666
Other bonds, notes, and debentures	1,708,624	108,637,933	108,536,925	63,880
Put and call options	5,346,839	63,793,200	60,485,341	2,667,278
Futures contracts	763,888	37,053,484	31,896,200	5,356,088
Mutual funds, except tax-exempt bond funds	41,264,785	532,064,129	502,370,294	30,884,041
Tax-exempt bond mutual funds	4,307,265	65,092,318	65,676,475	-899,014
Partnership, S corporation, and estate or trust interests	4,581,560	138,721,683	103,269,047	36,482,714
Livestock	619,563	5,538,917	2,189,670	2,617,557
Timber	80,091	2,161,255	862,748	824,366
Involuntary conversions	304,819	415,001	15,583	-2,972
Residential rental property	1,284,148	194,461,705	146,495,987	35,251,857
Depreciable business personal property	2,172,494	17,992,228	11,511,456	1,824,531
Depreciable business real property	554,498	84,395,401	53,432,036	23,909,440
Farmland	94,702	8,884,001	5,350,941	3,351,730
Other land	627,409	60,282,373	29,979,635	26,312,521
Residences	364,228	120,150,236	89,716,098	9,667,906
Other assets	5,283,679	739,015,217	666,149,555	25,425,515
Unidentifiable	707,367	696,357,704	688,568,999	5,523,656
Passthrough gains or losses	5,208,549	N/A	N/A	355,740,766
Capital gain distributions	14,524,989	N/A	N/A	82,402,483

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and passthrough transactions, (b) part of the total gain or loss on certain depreciable assets is treated as ordinary income rather than capital gain or loss, (c) in certain cases where taxpayers reported futures contracts with a loss, the sales price and basis were often reported as negative amounts, and (d) some sales may have nondeductible losses or nontaxable gains such as wash sales, or sales of principal residences, and these transactions are not balanced. Tax Year 1999 was the base year of the study, and for subsequent years, panel data were used with an added replenishment from the SOI Continuous Work History Sample (CWHS) to make a cross section for each tax year.

Source: IRS, Statistics of Income Division, Sales of Capital Assets Panel Data, Tax Years 2004–2007, February 2014.

Split-Interest Trusts, Filing Year 2012

by Lisa S. Rosenmerkel

As the name implies, a split-interest trust (SIT) can have both charitable and noncharitable beneficiaries. Preparers file Form 5227, *Split-Interest Trust Information Return*, for each calendar year a split-interest trust exists.¹ Form 5227 is an information return used to disclose the financial activities of the trust, not to calculate tax liability.

A split-interest trust can be created by executing a will or a separate trust instrument. In either case, the instrument specifies the term of the trust, designates the trustee(s) and beneficiaries, and provides parameters for managing assets and distributing income. The instrument

usually specifies the trust's contents when it is created. The individual who owns, and then transfers, the assets that make up the trust corpus is the grantor.² Individuals and entities receiving income and assets from the trust are the beneficiaries.

A trustee holds, invests, and distributes the trust's income and assets. This may be an individual, a group of individuals, or an entity, such as a bank or charity. Each trustee must ensure that all transactions, including distributions, conform to the requirements of the trust instrument and to any applicable laws. Additionally, the trustee coordinates the preparing, verifying, and submitting of all required Federal and State tax forms.

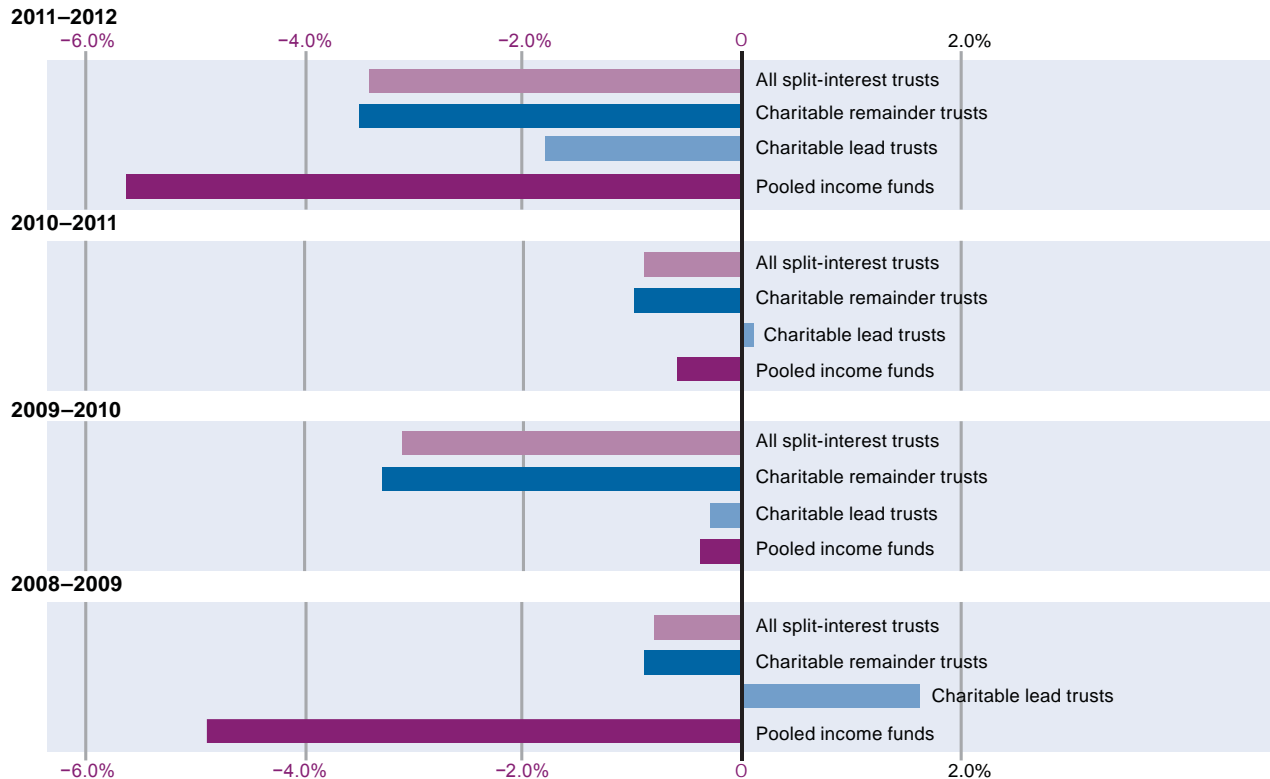
The number of Forms 5227 filed with the IRS has declined consistently in recent years. Preparers filed 113,688 information returns in Filing Year 2012, a 3-percent decline from 2011 (Figure A).^{3,4} Split-interest

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Figure A

Percentage Change in Number of Split-Interest Trust Returns, Filing Years 2008–2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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

² The corpus (or principal) of a trust consists of the original assets transferred into the trust. Often referred to as the body of the trust, the corpus may generate income streams.

³ A filing year includes all returns submitted to the IRS and processed between January 1 and December 31.

⁴ Figure A includes data for six charitable remainder unitrusts otherwise excluded from this article. Data for these outliers are also included in the aggregate tables presented at the conclusion of this article, as well as the online versions. All other figures and calculations in this article exclude data for these six trusts, which accounted for significant proportions of various asset and income categories and distorted the time-series and composition analysis.

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trusts include three distinct types: charitable remainder trusts, charitable lead trusts, and pooled income funds. For 2012, charitable remainder trusts continued to be the most common type of split-interest trust, accounting for 93 percent of returns filed for the year despite a 4.4-percent decline from the number of returns filed in 2011.

Charitable remainder trusts (CRTs) distribute income in a series of fixed payments to one or more noncharitable beneficiaries for a defined period, after which the trust is dissolved and remaining assets transferred to one or more charitable beneficiaries.^{5,6,7} CRTs include two types of trusts: charitable remainder unitrusts (CRUTs) and charitable remainder annuity trusts (CRATs). These differ by how the noncharitable distribution amount is calculated. CRUTs make up the vast majority (80 percent) of charitable remainder trusts. These trusts distribute a fixed percentage of the fair market value of the trust property, valued annually. Called the “unitrust percentage,” this percentage must be between 5 percent and 50 percent of the net fair market value of the trust assets.⁸ The number of CRUT returns filed declined by nearly 3 percent (from 93,822 to 91,244) between 2011 and 2012.

In comparison, CRATs account for less than 14 percent of the CRT population. These trusts also distribute a fixed percentage between 5 percent and 50 percent annually. However, the percentage is based on the fair market value of the property on the date the trust was funded. The number of CRAT returns declined from 15,862 to 14,616 between 2011 and 2012.

Unlike CRTs, annual distributions under charitable lead trusts (CLTs) are not constrained by minimum or maximum payout restrictions. CLTs distribute a fixed annual payment to a predetermined charitable beneficiary for a set time, after which the remaining trust assets are transferred to a noncharitable beneficiary. These trusts made up about 6 percent of all split-interest trusts in 2012. Trustees of CLTs filed 6,498 returns for the year, a decline of only 1.8 percent from the number filed for Filing Year 2011.

Pooled income funds (PIFs) are the least common split-interest trust, accounting for less than 2 percent of all Forms 5227 filed in 2012. The number of PIF returns declined to 1,324 returns in 2012, down nearly 6 percent from the previous year. Under a pooled income fund arrangement, private donors pool their assets to

contribute to a charitable organization and, in return, receive income payments for the remainder of the grantors' lifetimes.⁹ Assets transferred to the fund are irrevocable, meaning they cannot be removed from the trust or replaced with other assets without the beneficiary's consent, in this case, the donee charity. The donee charity, commonly a large educational institution, is responsible for managing the fund, including investing assets and making distributions to beneficiaries. Each year, grantors receive a distribution from the fund based on the ratio of their contributions to the value of the investment pool and return on fund assets for that year. At the time of the donor's death, the charity receives the grantor's prorated share of the PIF's value.

Filer Characteristics

Consistent with previous years, in 2012, ongoing trusts—those in neither the first nor last year of existence—filed the majority of Forms 5227 (93.8 percent). The Forms 5227 population for the year included slightly more initial returns than in 2011; however, only 2 percent of the current-year population included returns filed for newly created trusts. Final returns were more common, and in 2012, preparers for terminating trusts filed 4,768 returns, accounting for over 4 percent of the total population. Charitable lead trusts were the most dynamic in 2012, with larger percentages of initial filings (7 percent) and terminations (6 percent), compared to any other split-interest trust.

The average lifespan of a SIT terminating in Filing Year 2012 was approximately 15 years. Terminating trusts for each of the SIT types in 2012 had longer lifespans than those terminating in 2011. A potential explanation could be the decline of new trust formation. Each year, fewer trusts are created, and as a result, the average age of existing trusts, including those terminating during the year, increases. Terminating PIFs had the longest average lifespan of all SIT types, followed by CRATs, CRUTs, and CLTs. Pooled income funds tend to have extended lifespans due to their institutional structure, in which a single charity oversees the assets of multiple donors. However, the 2012 average lifespan of 36 years was far higher than in previous filing years. In comparison, CRATs (15 years) and CRUTs (14 years) terminating in Filing Year 2012 had similar average lifespans perhaps

⁵ The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary. For more information on the allowable duration of charitable remainder trusts, see Internal Revenue Code sections 664(d)(1)(A) and 664(d)(2)(A).

⁶ In order to qualify as a noncharitable beneficiary, the individual or individuals must be one or more of the following: the donor, the donor's spouse, a linear ancestor of a noncharitable beneficiary, or the spouse of a linear ancestor of a noncharitable beneficiary. For more information, see Treasury Regulations 1.1170A-6(c)(2)(i).

⁷ The qualifications for a “charitable beneficiary” are detailed in Internal Revenue Code section 170(c).

⁸ The date of valuation for charitable remainder unitrusts is determined at the time of creation and is noted in the trust document. It can be any day of the year but must remain consistent throughout the life of the trust.

⁹ Pooled income funds are further discussed under Internal Revenue Code section 642(c)(5).

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because both types of charitable remainder trusts are likely to terminate at the death of a noncharitable beneficiary. CLTs terminating in 2012 had an average lifespan of more than 13 years.

As in previous years, paid preparers completed the majority (78 percent) of returns filed in 2012 (Figure B). For returns that did not indicate a paid preparer, nearly 87 percent reported institutions, such as banks or charities, as the trustee. When entities such as these act as trustee, it is likely that the return was professionally prepared, even if a paid preparer did not sign the form. For example, while paid preparers completed about 53 percent of the returns filed for PIFs, 95 percent of these returns without a paid preparer's signature indicated the presence of institutional trustees. Returns for CLTs were most likely to be completed by a paid preparer in 2012; only 18 percent of returns filed for this trust type did not utilize a paid preparer.

Income and Deductions

In total, Form 5227 filers reported \$11.7 billion in gross income for 2012, a sharp increase (up 20.6 percent) from \$9.7 billion reported in 2011 (Figure C).¹⁰ The gross income for a trust fund equals the sum of all income received from any source before deductions. The average gross income for split-interest trusts was approximately \$108,000 per return, an increase of 26 percent over the prior year. The median value was approximately \$12,000 per return, indicating a wide range of reported values.

CRUTs represented the majority of returns filed, accounting for the highest amount of gross income (nearly \$8.2 billion). However, trustees for CRUTs reported the lowest average gross income (approximately \$37,000) and median value (\$6,000) per return. In contrast, 6,178 charitable lead trust filers reported a combined gross income of \$2.9 billion and the highest average gross income (approximately \$474,000) and median value

Figure B

Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Split-Interest Trust, Filing Year 2012

[All figures are estimates based on samples]

Preparer status, type of trustee	All split-interest trusts	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
All returns	113,682	14,616	91,244	6,498	1,324
Paid preparer [1]	88,971	9,793	73,121	5,357	701
Unpaid preparer	24,711	4,823	18,123	1,141	624
Noninstitutional trustee	3,271	388	2,583	269	* 31
Institutional trustee	21,440	4,436	15,540	872	592

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

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

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Figure C

Gross Income, by Type of Split-Interest Trust, Filing Year 2012

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

Item	All split-interest trusts	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
Number of returns	113,682	14,616	91,244	6,498	1,324
Number of returns with gross income	108,317	14,240	86,609	6,178	1,290
Amount of gross income reported [1]	11,729,501	526,173	8,181,136	2,926,201	95,990

[1] Gross income is defined as the sum of all income from any source prior to deductions.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

¹⁰ All dollar amounts presented in this article, as well as the related figures and tables, are in nominal dollars, and have not been adjusted for inflation.

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(\$57,000) per return. Trustees for pooled income funds reported an average gross income of \$74,000 per return, with a median value of \$8,000 per return.

A trust may incur unrelated business taxable income (UBTI) when it receives income from a trade or business that it conducts regularly, but is not substantially related to the trust's tax-exempt purpose.¹¹ Charitable remainder trusts with UBTI also file Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. In Filing Year 2012, nearly 400 filers of CRT returns reported UBTI on Form 5227, which was more than double the number in 2011.¹² CRUTs made up more than 91 percent of charitable remainder trusts reporting UBTI for the year.

For reporting purposes, three categories make up a split-interest trust's income: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types (Figure D). Ordinary income includes income that does not result from the sale or exchange of capital asset interest, such as ordinary dividends. Total ordinary income rose by more than 1 percent in 2012, from \$4.7 billion to \$4.8 billion. Dividends and business income continued to be the largest component of ordinary income, increasing by 13 percent between the two years. Likewise, total capital gains increased between 2011 and 2012, more than doubling to \$4.0 billion in 2012. While trusts reported short-term losses of \$274 million, these did not offset the reported long-term

gains of more than \$4 billion. The smallest component of income, total nontaxable income, declined 12 percent between 2011 and 2012. Total nontaxable income includes interest earned on investments in State or local government bonds. In comparison, total deductions increased 13 percent, or \$113.0 million, in 2012. Interest and taxes remained the smallest deductions reported for SITs, although both categories reported marked increases over the prior-year values.

Balance Sheet

Overall, total end-of-year assets reported for SITs increased by less than 1 percent between 2011 and 2012. A trust's total end-of-year assets include cash, receivables, and investments. Total investments continued to make up the majority of assets, increasing more than 1 percent, from \$97.6 billion in 2011 to \$98.7 billion in 2012. This growth was attributed entirely to a nearly \$2.7-billion increase in other investments (Figure E). Other investments was the only category that increased in 2012 and prior years. These include annuities, bonds issued by foreign governments, hedge funds, and venture capital investments. The value of all remaining investment categories declined during the year. While corporate stock remained the largest investment category, it posted a decline, falling more than 1 percent from 2011 to 2012. Investments in land, buildings, and equipment showed the largest decrease, falling 11 percent between the two years. Federal and State Government obligations also decreased nearly 11 percent.

The change in total end-of-year assets varied by type of split-interest trust. Trustees of charitable lead trusts reported the only increase in total assets and total investments. However, land, buildings, and equipment and government obligations declined. Charitable remainder annuity trusts reported the largest decline of all SIT types for both total assets (down 9.6 percent) and investments (down 6.3 percent). Total investments held by pooled income funds declined 1 percent. In contrast, liabilities for all SITs increased 24 percent, from \$1.8 billion in 2011 to \$2.2 billion in 2012.

Charitable Distributions

Trustees for all split-interest trusts must report any distributions of trust principal or income for charitable purposes on Form 5227. The details of these charitable distributions, as well as of the trusts' income and asset

Figure D

Income and Deductions of Split-Interest Trusts, Filing Years 2011 and 2012

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

Item	2011	2012	Percentage change
	(1)	(2)	(3)
Number of returns	117,704	113,682	-3.4
Total income [1]	6,601,833	8,978,139	36.0
Total ordinary income	4,708,552	4,776,257	1.4
Total capital gains (losses)	1,705,599	4,036,028	136.6
Total nontaxable income	187,682	165,854	-11.6
Total deductions [2]	862,849	975,827	13.1

[1] Total income is the sum of ordinary income, capital gains (losses), and nontaxable income, prior to any deductions.

[2] Total deductions includes deductions allocable to income and corpus (i.e., the principal of the trust).

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

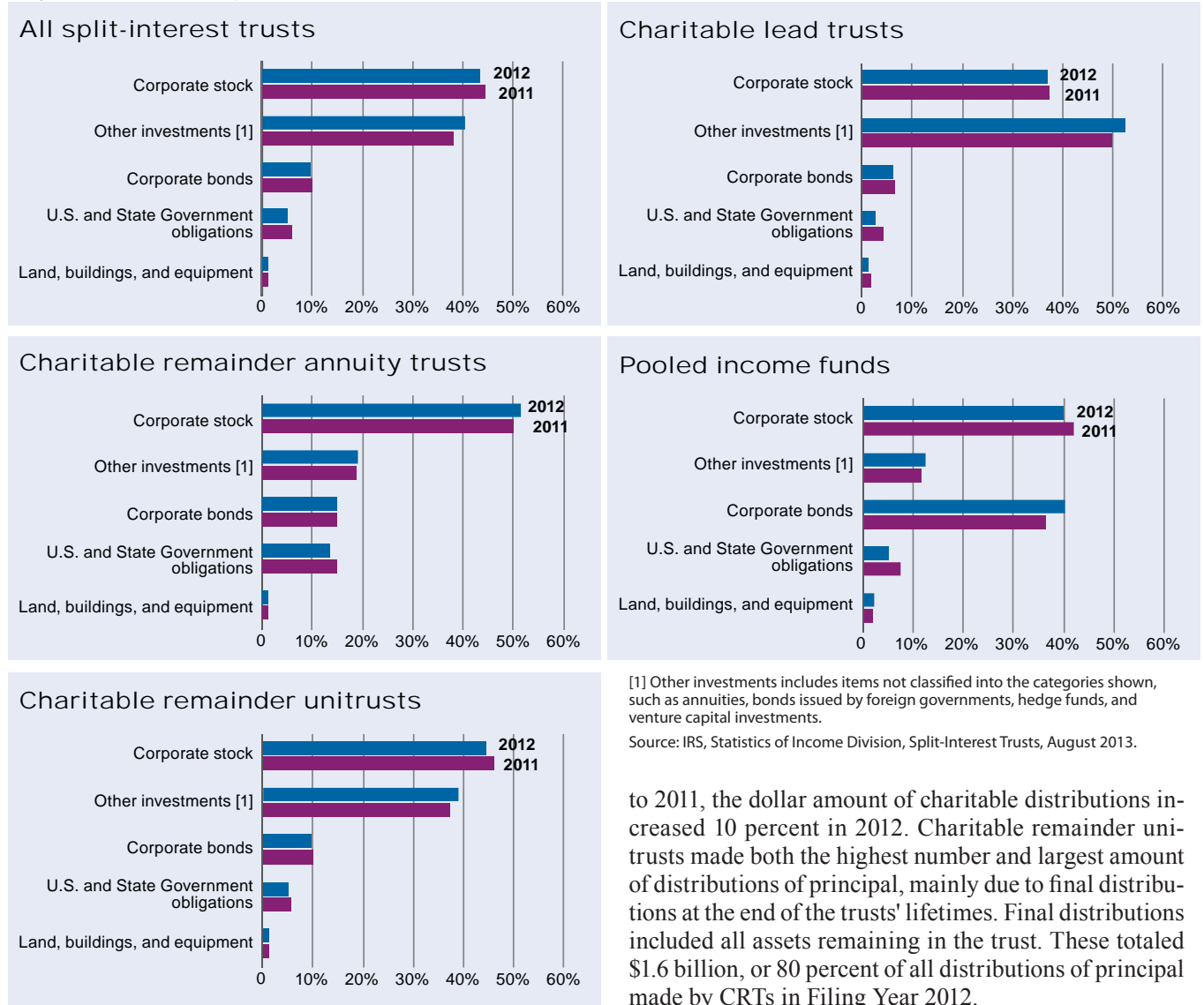
¹¹ Any income that a charitable remainder trust receives from a trade or business that is not substantially related to its exempt purpose is subject to tax. One example of unrelated business income is debt-financed income, which includes dividends from stock purchased through a margin account. For more information, see IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

¹² For more information on the amounts reported on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*, visit the Tax Stats Website: <http://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Form-4720>.

Figure E

Investment Allocations, by Type of Split-Interest Trust, Filing Years 2011 and 2012

[All figures are estimates based on samples]



[1] Other investments includes items not classified into the categories shown, such as annuities, bonds issued by foreign governments, hedge funds, and venture capital investments.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

holdings, are available to the public.¹³ SITs made distributions of principal more frequently and in larger dollar amounts than distributions of income, as in prior years. In total, 6,175 SITs, more than 5 percent of the filing population, reported distributions of principal to charities. SITs made 16,500 distributions of principal totaling \$2.5 billion to charities in Filing Year 2012.¹⁴ Compared

to 2011, the dollar amount of charitable distributions increased 10 percent in 2012. Charitable remainder unitrusts made both the highest number and largest amount of distributions of principal, mainly due to final distributions at the end of the trusts' lifetimes. Final distributions included all assets remaining in the trust. These totaled \$1.6 billion, or 80 percent of all distributions of principal made by CRTs in Filing Year 2012.

As in previous years, distributions of income to charities were less frequent and of smaller amounts than those derived from principal. Only 3,956 split-interest trusts reported distributing income to charitable organizations. Trustees made 15,580 distributions of income in 2012. The amount of distributions more than doubled between 2011 and 2012 to \$1.8 billion. As would be expected given their structures, charitable lead trusts dominated both the number and amount of charitable distributions of income.

¹³ This change was effective for Filing Year 2007 forward. The only portion of the Form 5227 not available for public inspection is Schedule A, which includes details of distributions to and donations from individuals and noncharitable entities.

¹⁴ The number of distributions made refers to the number made to unique charities on a given return. If a trust made multiple distributions to a single charity during the tax year, the distributions were counted as a single distribution.

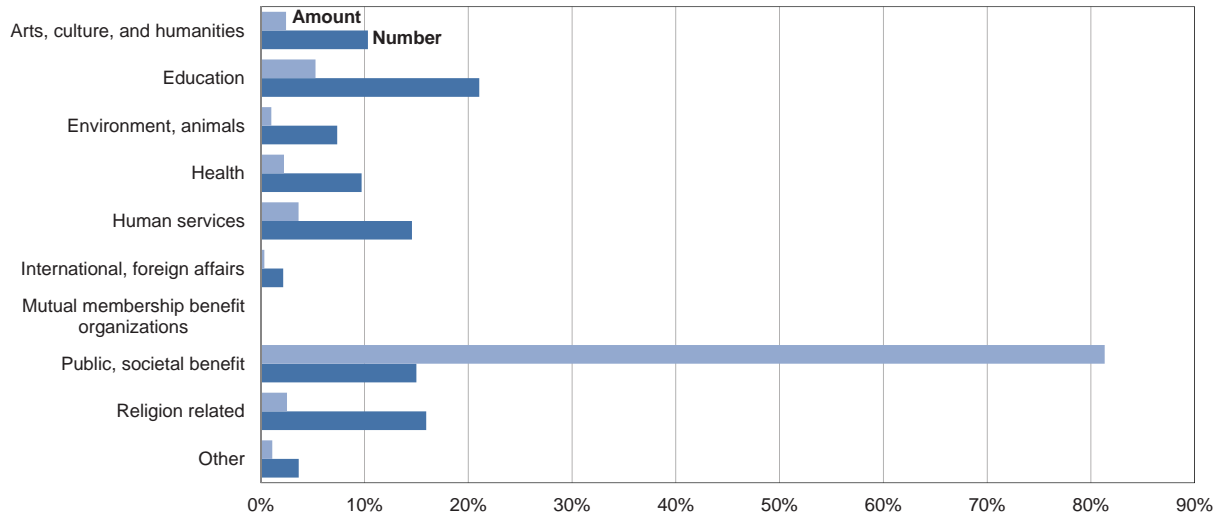
Split-Interest Trusts, Filing Year 2012

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Figure F

Split-Interest Trust Charitable Distributions of Income, by Purpose, Filing Year 2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Pooled income funds were the least likely to make distributions of income.

SOI categorizes charitable beneficiaries into 10 major groups based on their institutional purpose and major programs and activities as defined by the National Taxonomy of Exempt Entities (NTEE).¹⁵ Charities whose missions benefit the public or society received the largest amount (\$2.5 billion or 59 percent) and the greatest number (5,126) of distributions of income and principal from split-interest trusts in 2012 (Figures F, G). As in 2011, the Walton Family Foundation received the highest dollar amount of any charity in the public or societal benefit category. This Foundation received \$816.5 million from split-interest trusts in 2012, the highest amount of any charity in any category.

Education-oriented charities were second in both the number and amount of distributions of income and principal from SITs overall (Figure G). In total, trustees reported 7,463 distinct donations of income and principal to charities whose charitable purpose was related to education, 20 percent of the total. The North Carolina State University Foundation received the highest dollar amount of any education-related charity, or approximately \$225.6

million in 2012. As with 2011, Yale University received the largest number of distributions (108) from SITs of any education-related charity in Filing Year 2012, for a total of \$15.5 million.

Noncharitable Distributions

Unlike charitable remainder annuity trusts, noncharitable distribution amounts of charitable remainder unitrusts are based on a fixed percentage of the fair market value of the trust property, valued annually. Called the “unitrust percentage,” this percentage must be between 5 percent and 50 percent. As in past years, the majority of CRUTs filing in 2012 reported unitrust percentages between 5 and 10 percent (Figure H). Less than 1 percent of filings reported unitrust percentages greater than 20 percent although an additional 1.6 percent of filings reported an interest percentage of less than 5 percent or greater than 50 percent.

Trustees of CRUTs can select one of three structures for calculating noncharitable distributions. In Filing Year 2012, the majority of all CRUT trustees reported using the standard structure (Figure I). The standard structure requires trustees to distribute the unitrust amount to

¹⁵ The National Taxonomy of Exempt Entities (NTEE) was developed by the National Center for Charitable Statistics. For information, see the National Center for Charitable Statistics Website: www.nccs.urban.org.

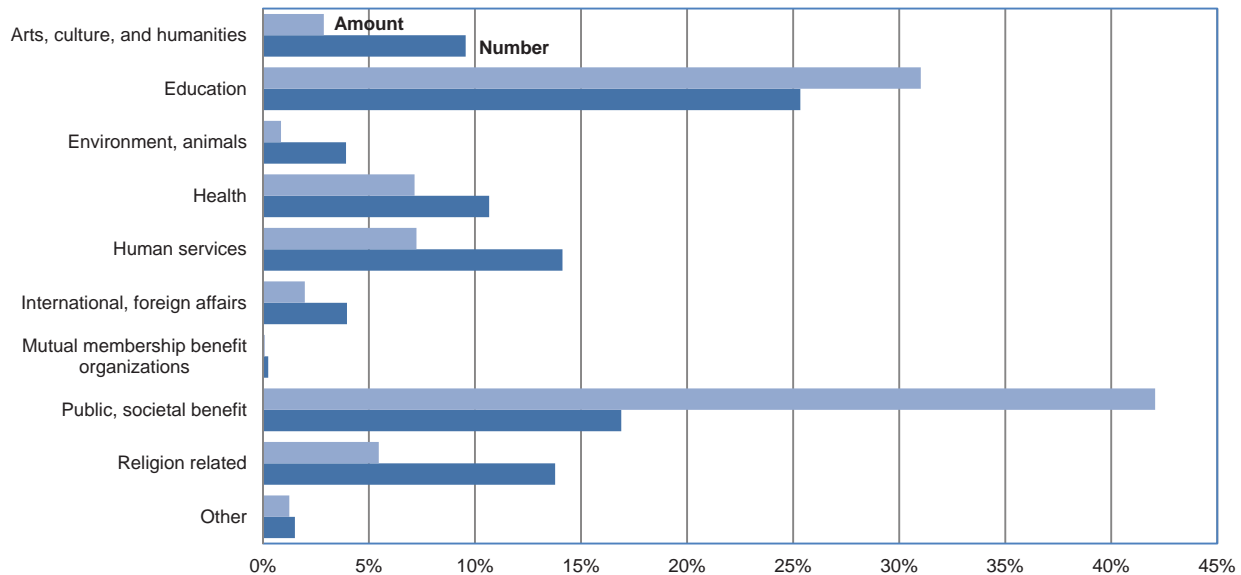
Split-Interest Trusts, Filing Year 2012

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Figure G

Split-Interest Trust Distributions of Principal, by Purpose, Filing Year 2012

[All figures are estimates based on samples]



Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Figure H

Charitable Remainder Unitrusts: Reported Unitrust Percentage, Filing Year 2012

[All figures are estimates based on samples]

Unitrust percentage	Number of returns	Percent of total
All returns	91,250	100.0
5 percent, under 10 percent	77,980	85.5
5 percent, under 6 percent	20,033	22.0
6 percent, under 7 percent	18,169	19.9
7 percent, under 8 percent	18,094	19.8
8 percent, under 9 percent	16,875	18.5
9 percent, under 10 percent	4,809	5.3
10 percent, under 20 percent	11,274	12.4
20 percent, under 35 percent	367	0.4
35 percent, under 50 percent	129	0.1
Other unitrust percentage [1]	1,500	1.6

[1] Includes returns for which the unitrust percentage was reported as less than 5 percent or greater than 50 percent.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

beneficiaries. This amount is calculated as the unitrust percentage multiplied by the net fair market value of assets and ensures the most stable payment for beneficiaries. However, in years of poor investment performance, the trustee may have to liquidate trust assets to make the

payment. In addition to the standard charitable remainder unitrust structure, two common variants allow for added flexibility in meeting the noncharitable distribution requirement. The net income charitable remainder unitrust (NI-CRUT) variant permits the trustee to distribute only

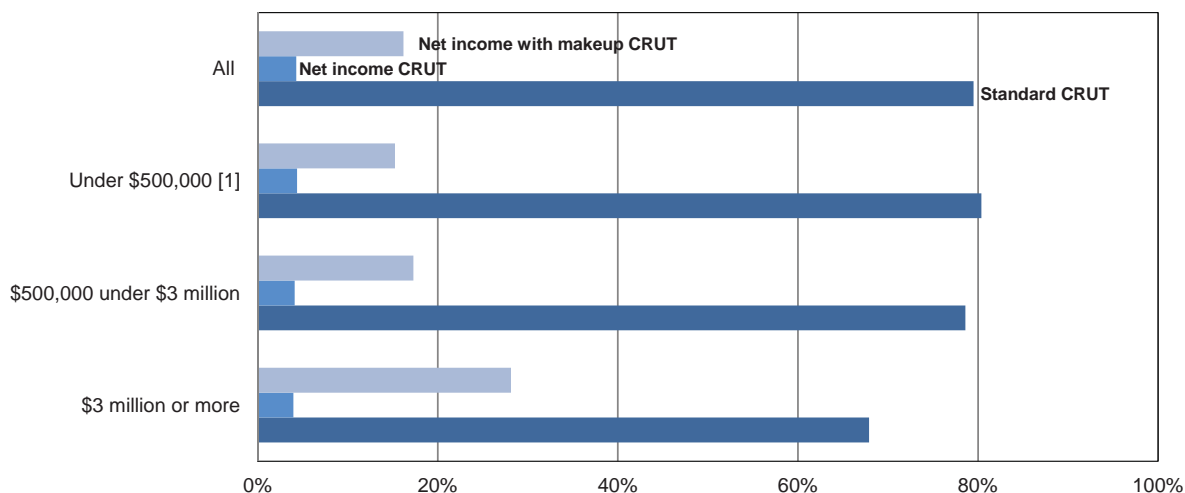
Split-Interest Trusts, Filing Year 2012

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Figure I

Percentage Distribution of Charitable Remainder Unitrust (CRUT) Structures, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

[All figures are estimates based on samples]



[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, *Split-Interest Trust Information Return*, Part IV, line 50, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.
Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

the amount of trust income earned in that year, when that amount is less than the distribution that would otherwise be required.¹⁶ By allowing the trustee to limit distributions in years when the trust's income is low, depletion of the trust corpus can be avoided. Only 4 percent of CRUTs identified as NI-CRUTs. The net income with makeup charitable remainder unitrust (NIM-CRUT) variant works somewhat like a NI-CRUT, in that the trustee is allowed to distribute the lesser of the trust income or the required percentage of fair market value.¹⁷ However, for NIM-CRUTs, any deficits in required distributions accumulate, and the trustee must make up for these deficiencies when trust income permits. Approximately 16 percent of CRUTs identified as NIM-CRUTs. CRUTs with \$3 million or more in end-of-year book value assets were more likely to be NIM-CRUTs than those holding lower value portfolios.

The Current Distributions Schedule on Schedule A of Form 5227 details current-year noncharitable distributions made by trustees of both CRATs and CRUTs. Overall, the amount of noncharitable distributions remained relatively stable, increasing by just over 3 percent in 2012. Long-term capital gains continued to dominate

the distributions in 2012 (Figure J). Ordinary income, primarily composed of interest and dividends, was the second most common distribution overall. As in 2011, short-term capital gains were the least common distribution made for CRATs. Charitable remainder unitrusts were less likely than annuity trusts to distribute non-taxable income. Distributions from the trust corpus (or principal) represented a higher percentage of total distributions for CRATs than for CRUTs. This may be because of the strict distribution requirements that typify CRAT agreements. Since the noncharitable distribution amount is fixed throughout the trust's life, trustees may find it necessary to liquidate assets in the corpus to meet the yearly requirement.

Asset Contributions

The Assets and Donor Information section of Schedule A, Form 5227, details both initial and additional asset contributions to the trust, as well as the date and source of the contribution. In Filing Year 2012, some 2,183 split-interest trusts reported receiving a total of 8,025 asset contributions (Figure K). Contributions totaled more than \$5.2 billion in 2012, an increase of 74 percent over

¹⁶ For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).

¹⁷ For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).

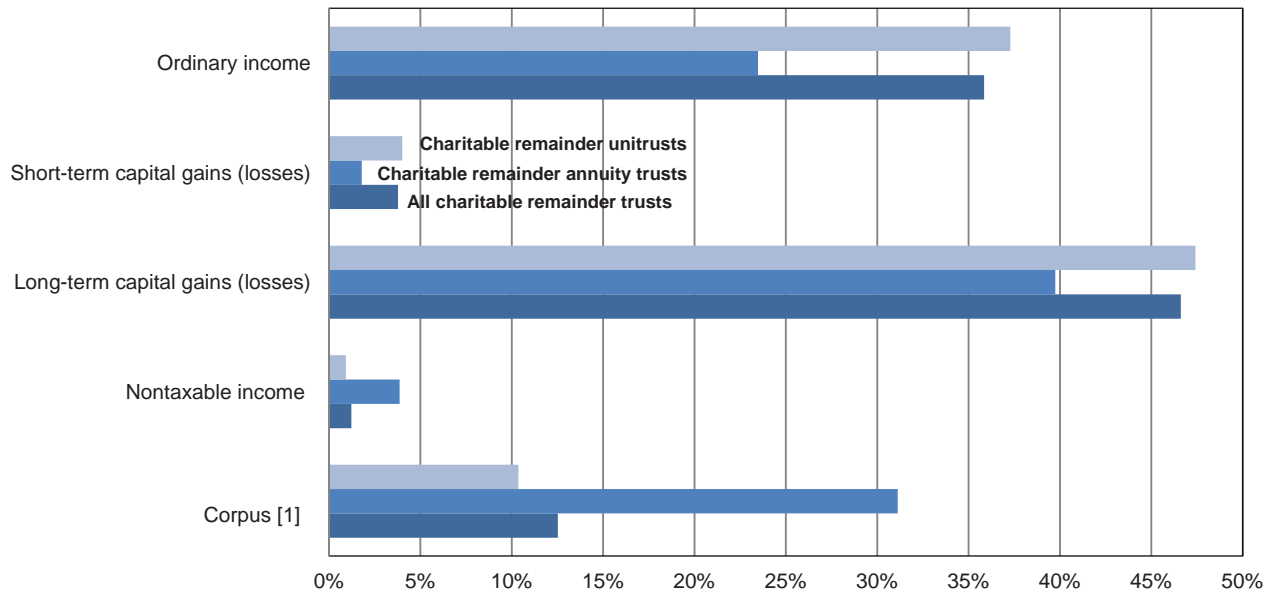
Split-Interest Trusts, Filing Year 2012

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Figure J

Allocation of Noncharitable Distributions, by Charitable Remainder Trust Type, Filing Year 2012

[All figures are estimates based on samples]



[1] The Corpus (or principal) of a trust consists of the original assets transferred into the trust. Often referred to as the body of the trust, the corpus may generate income streams.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Figure K

Asset Contributions, by Filing Status and Asset Type, Filing Year 2012

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

Item	All	Initial trusts	Ongoing and final trusts
	(1)	(2)	(3)
Number of returns	113,682	2,241	111,441
Number of returns with asset contributions	2,183	414	1,769
Number of asset contributions [1]	8,025	4,023	4,002
Total asset contributions	5,240,621	2,996,250	2,244,371
Cash and money market accounts	2,673,699	893,240	1,780,458
Stocks [2]	1,353,381	990,883	362,497
Bonds	82,676	73,684	* 8,991
Real estate [3]	262,361	248,038	* 14,323
Other assets [4]	868,504	790,403	78,101

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

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

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

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

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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2011. Initial returns often report asset contributions, which will form the beginning corpus of the trust as outlined in the trust document. Of the returns that reported asset contributions, 19 percent were filed for initial trusts. These initial returns accounted for 57 percent of the total value of all contributions. However, asset contributions may extend well into the life of the trust. Ongoing and final trusts comprised 81 percent of the returns reporting asset contributions, but only 43 percent of the total value of all contributions. Cash and money market accounts contributions increased sharply in 2012, and as a result, they made up the highest percentage (51 percent) of the value of all asset contributions, followed by stocks (26 percent), and other assets (11 percent). Other assets include retirement assets, annuities, partnerships, insurance assets, and art. Bonds were the least likely type of asset contributed to a split-interest trust in 2012, making up well less than 1 percent of all contributions.

Summary

The number of Forms 5227 filed with the IRS has consistently declined in recent years. Preparers filed 113,688 Forms 5227 with the IRS in Filing Year 2012, a 3.4-percent decline from Filing Year 2011. While the number of filings declined for all types, charitable remainder trusts continued to be the most common split-interest trust, accounting for 93 percent of returns filed for the year.

Income received by trusts is divided into three income categories for reporting purposes: ordinary income, capital gains, and nontaxable income. As in prior years, ordinary income made up the majority of trust income for all trust types. Overall, total end-of-year assets, which include cash, receivables, and investments, reported for split-interest trusts increased only slightly, by 1 percent, between 2011 and 2012. In contrast, liabilities increased by 24 percent, to \$2.2 billion.

Trustees for all split-interest trusts must report any trust distributions of principal or income for charitable purposes on Form 5227. As in prior years, split-interest trusts made distributions of principal more frequently and in larger dollar amounts than distributions of income. Some 16,500 distributions of principal totaling \$2.5 billion were made to charities in Filing Year 2012. Trustees made 15,580 distributions of income in 2012. The amount of distributions increased by more than \$1 billion or 126.2 percent, to \$1,793.7 billion between 2011 and 2012. Charities related to public or societal benefit received the largest amount and the greatest number of distributions of income and principal from split-interest trusts in 2012.

In 2012, split-interest trusts reported asset contributions of more than \$5.2 billion, an increase of 74 percent over 2011. Cash and money market accounts comprised 51 percent of the value of all asset contributions.

Data Sources and Limitations

The IRS Statistics of Income Division (SOI) collects the data presented in this article from a sample of Forms 5227, *Split-Interest Trust Information Returns*, selected during Filing Year 2012. A filing year includes returns received by the IRS for processing between January 1 and December 31 of a given year. These returns include primarily those submitted for the previous tax year; however, a filing year may also include late-filed returns for numerous other tax years. For Filing Year 2012, returns received for Tax Year 2011 made up approximately 99 percent of returns included in the sample while Tax Year 2010 returns comprised about 1 percent of the sampled returns. The SOI sample also includes partial-year returns, for either initial or final reporting periods. All returns included in the sample were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File.

For Filing Year 2012, a sample of 11,087 returns was drawn from an estimated population of 113,979. This sample count also includes returns selected for the sample, but later rejected. Returns were rejected if they were not one of the four types of trusts included in the study, or if no money amounts were reported. All split-interest trusts with an end-of-year book value of total assets of \$10 million or more were included in sample. The remaining trusts were randomly selected for the sample at various rates of less than 100 percent depending on the type of the trust (charitable remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported end-of-year book value of total assets. Figure L details the sampling strata and rates. The data entry process revealed some trusts with incorrect type classifications. In these cases, SOI corrected the trust information to reflect the correct type. However, SOI based the weights used for these trusts on the original sample selection classification. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure M. All samples were designed to provide reliable estimates of financial activity.

SOI collected all data from original returns as they were filed, and subjected the returns to comprehensive testing and data verification procedures to ensure the

Split-Interest Trusts, Filing Year 2012

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Figure L

Population Sample, and Sampling Rates, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2012

Type of trust, item	All	Reported size of end-of-year book value of total assets [1]		
		Less than \$1 million	\$1 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)
Charitable remainder annuity trusts:				
Population [2]	13,854	12,571	1,229	54
Sample	1,308	786	468	54
Sampling rate (percentage)	9.4	6.3	38.1	100.0
Charitable remainder unitrusts:				
Population [2]	92,285	80,057	11,539	689
Sample	8,494	3,946	3,859	689
Sampling rate (percentage)	9.2	4.9	33.4	100.0
Charitable lead trusts:				
Population [2]	6,496	4,085	2,087	324
Sample	1,059	215	520	324
Sampling rate (percentage)	16.3	5.3	24.9	100.0
Pooled income funds:				
Population [2]	1,344	1,132	185	27
Sample	226	109	90	27
Sampling rate (percentage)	16.8	9.6	48.6	100.0

[1] This is the value the tax preparer reported on Form 5227, *Split-Interest Trust Information Return*, Part IV, line 50, column (b). "Less than \$1 million" includes returns that did not report end-of-year book value of total assets from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

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

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

highest quality of data. The SOI generally did not incorporate any changes made to the return by the taxpayer (on an amended return) or during IRS processing. A complete discussion of the reliability of estimates based on samples, methods for evaluating the magnitude of

both sampling and nonsampling error, and the precision of the sample estimates can be found in SOI Sampling Methodology and Data Limitations later in this issue of the SOI Bulletin or at www.irs.gov/pub/irs-soi/sampling.pdf.

Split-Interest Trusts, Filing Year 2012

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Figure M

Coefficients of Variation for Selected Items, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2012

Type of trust, Item	All	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
Coefficient of variation (percentage)				
	(1)	(2)	(3)	(4)
Charitable remainder annuity trusts:				
Number of returns	0.01	0.02	0.06	0.06
Total ordinary income	0.04	0.10	0.07	0.05
Total capital gains	0.21	0.46	0.24	0.26
Total capital losses	0.07	0.18	0.13	0.11
Total nontaxable income	0.08	0.19	0.14	0.13
End-of-year total assets (book value)	0.02	0.04	0.04	0.04
End-of-year total liabilities (book value)	0.17	0.25	0.26	0.28
Charitable remainder unitrusts:				
Number of returns	[3]	0.01	0.02	0.02
Total ordinary income	0.01	0.04	0.02	0.01
Total capital gains	0.09	0.23	0.09	0.07
Total capital losses	0.01	0.07	0.05	0.01
Total nontaxable income	0.05	0.22	0.06	0.05
End-of-year total assets (book value)	0.00	0.02	0.01	0.01
End-of-year total assets (fair market value) [2]	0.01	0.02	0.02	0.01
End-of-year total liabilities (book value)	0.04	0.10	0.10	0.04
Charitable lead trusts:				
Number of returns	0.00	0.05	0.05	0.04
Total ordinary income	0.07	0.65	0.06	0.02
Total capital gains	0.14	0.35	0.13	0.16
Total capital losses	0.11	0.27	0.27	0.07
Total nontaxable income	0.07	0.42	0.25	0.06
End-of-year total assets (book value)	0.01	0.09	0.04	0.01
End-of-year total liabilities (book value)	0.08	0.38	0.24	0.07
Pooled income funds:				
Number of returns	0.01	0.03	0.14	0.08
Total ordinary income	0.03	0.11	0.11	0.04
Total capital gains	0.09	0.31	0.14	0.11
Total capital losses	0.07	0.27	0.29	0.05
Total nontaxable income	0.94	0.94	N/A	N/A
End-of-year total assets (book value)	0.03	0.10	0.10	0.04
End-of-year total liabilities (book value)	0.07	0.33	0.33	0.07

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

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

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

[3] Less than 0.005 percent.

Source: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 1. Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	14,616	11,944	1,429	912	279	52
Total net income (loss)	361,445	80,517	49,430	79,464	69,072	82,962
Net ordinary income	154,771	36,987	21,558	36,807	28,184	31,235
Total ordinary income	203,594	53,336	28,623	46,933	36,973	37,728
Interest income	49,947	11,210	8,290	10,145	10,031	10,271
Ordinary dividends and business income (loss)	124,883	31,091	19,630	25,569	22,609	25,983
Rents, royalties, partnerships, other estates and trusts, etc.	8,981	1,323	* 25	2,687	3,949	996
Farm income (loss)	* 107	0	0	* 107	0	0
Ordinary gain (loss)	1,407	* -1	* 12	* 1,287	* 112	* -4
Other income (loss)	18,269	9,712	665	7,139	272	* 481
Deductions allocable to ordinary income	48,823	16,349	7,065	10,127	8,789	6,493
Net capital gains (losses)	182,254	38,958	23,250	37,752	33,342	48,952
Total capital gains (losses)	188,035	40,908	24,674	39,085	34,148	49,219
Total short-term capital gains (losses)	-17,081	434	-1,982	-2,326	-5,362	-7,847
Total long-term capital gains (losses)	205,116	40,474	26,656	41,410	39,510	57,066
Deductions allocable to capital gains (losses)	5,781	1,951	1,424	1,333	806	* 267
Net nontaxable income	24,420	4,572	4,622	4,906	7,546	2,774
Total nontaxable income	28,537	5,581	5,177	5,774	8,995	3,010
Tax-exempt interest	27,136	4,233	5,132	5,773	8,990	3,009
Other nontaxable income	1,401	1,349	* 45	* 1	* 5	* 1
Deductions allocable to nontaxable income	4,118	1,010	555	868	1,449	236
Total deductions [2]	59,110	19,495	9,044	12,392	11,184	6,995
Interest	1,153	* 40	* 4	378	49	* 683
Taxes	491	50	36	129	223	* 54
Trustee fee	35,261	11,365	5,829	7,622	6,791	3,654
Attorney, accountant, and return preparer fees	6,616	3,712	875	939	579	512
Other allowable deductions	15,589	4,329	2,300	3,325	3,542	2,093

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

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Split-Interest Trusts, Filing Year 2012

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Table 2. Charitable Remainder Annuity Trusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	14,616	11,944	1,429	912	279	52
Total accumulations of income	3,318,030	725,557	416,171	600,205	781,646	794,451
Net ordinary income	383,467	68,919	28,839	78,710	115,692	91,306
Net capital gains (losses)	2,788,907	635,306	363,855	498,085	602,127	689,535
Net nontaxable income	145,655	21,333	23,477	23,410	63,827	13,609
Prior-year undistributed income	2,956,585	645,041	366,740	520,741	712,574	711,488
Net ordinary income	228,696	31,931	* 7,281	41,904	87,509	60,071
Net capital gains (losses)	2,606,653	596,348	340,604	460,333	568,785	640,583
Net nontaxable income	121,236	16,761	18,855	18,504	56,281	10,835
Current-year net income	361,445	80,517	49,430	79,464	69,072	82,962
Net ordinary income	154,771	36,987	21,558	36,807	28,184	31,235
Net capital gains (losses)	182,254	38,958	23,250	37,752	33,342	48,952
Net nontaxable income	24,420	4,572	4,622	4,906	7,546	2,774
Distributions of income	385,327	130,862	67,233	72,609	65,945	48,679
Net ordinary income	132,964	34,293	22,101	31,399	21,153	24,018
Net capital gains (losses)	230,768	90,692	40,597	36,139	39,529	23,812
Net nontaxable income	21,595	5,877	4,535	5,072	5,262	* 849
Undistributed at end of year	2,932,702	594,695	348,938	527,596	715,701	745,772
Net ordinary income	250,503	34,626	* 6,738	47,312	94,539	67,288
Net capital gains (losses)	2,558,139	544,614	323,258	461,946	562,598	665,723
Net nontaxable income	124,060	15,455	18,941	18,338	58,565	12,760

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Split-Interest Trusts, Filing Year 2012

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Table 3. Charitable Remainder Annuity Trusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	14,616	11,944	1,429	912	279	52
Total net assets	6,447,093	1,272,029	1,039,877	1,475,705	1,338,531	1,320,951
Total assets	6,520,672	1,312,399	1,046,866	1,481,013	1,352,154	1,328,239
Cash	130,023	32,742	29,376	23,585	31,676	12,643
Savings and temporary cash investments	453,912	86,461	69,776	119,459	75,189	103,027
Accounts receivable	3,174	1,054	* 89	1,295	* 31	* 704
Receivables due from officers, directors, trustees, etc.	* 6,202	* 4,584	* 645	* 93	* 876	* 5
Other notes and loans receivable	119,258	22,017	* 13,251	42,245	* 7,733	* 34,011
Inventories for sale or use	* 164	0	0	* 164	0	0
Prepaid expenses and deferred charges	* 569	* 23	* 64	* 282	* 197	* 3
Total investments	5,633,015	1,112,874	912,797	1,249,732	1,182,304	1,175,308
Securities	4,492,273	875,670	815,951	999,944	1,019,507	781,200
Government obligations	763,747	99,321	118,642	148,902	266,273	130,608
Corporate stock	2,892,104	589,263	545,429	663,534	576,355	517,522
Corporate bonds	836,423	187,086	151,880	187,508	176,878	133,070
Land, buildings, and equipment	64,675	* 9,735	0	* 26,085	* 23,922	* 4,933
Other investments	1,076,067	227,469	96,846	223,702	138,875	389,174
Charitable purpose land, buildings, and equipment	19,435	* 1,016	0	* 2,839	* 13,554	* 2,027
Other assets	154,917	51,625	* 20,867	41,319	40,595	* 510
Total liabilities	73,579	40,370	6,990	5,309	13,623	7,287
Accounts payable and accrued expenses	15,498	13,268	* 981	1,077	* 87	* 85
Deferred revenue	* 1,352	* 1,352	0	0	0	0
Loans from officers, directors, trustees, etc.	* 530	* 117	0	* 413	0	0
Mortgages and other notes payable	* 3,411	* 3,323	0	0	* 89	0
Other liabilities	52,788	22,311	6,008	3,818	13,448	* 7,202

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Split-Interest Trusts, Filing Year 2012

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Table 4. Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	91,250	65,444	13,587	9,012	2,532	675
Total net income (loss)	6,636,295	565,554	498,741	815,691	729,685	4,026,624
Net ordinary income	2,847,252	234,370	183,104	335,468	295,830	1,798,480
Total ordinary income	3,782,748	348,977	252,850	438,862	370,356	2,371,703
Interest income	591,007	51,492	47,809	88,213	70,959	332,534
Ordinary dividends and business income (loss)	1,489,880	259,749	186,733	290,994	258,588	493,816
Rents, royalties, partnerships, other estates and trusts, etc.	314,574	11,903	4,293	21,971	17,973	258,435
Farm income (loss)	* 167	0	* 28	0	* 139	0
Ordinary gain (loss)	10,014	9,183	152	331	526	-178
Other income (loss)	1,377,105	16,650	13,835	37,352	22,172	1,287,097
Deductions allocable to ordinary income	935,495	114,607	69,745	103,394	74,526	573,223
Net capital gains (losses)	3,702,473	318,105	304,183	456,154	416,692	2,207,339
Total capital gains (losses)	4,331,806	334,380	316,780	470,206	427,150	2,783,291
Total short-term capital gains (losses)	-530,830	-22,434	-7,697	-9,819	-23,010	-467,871
Total long-term capital gains (losses)	4,862,637	356,814	324,476	480,024	450,160	3,251,162
Deductions allocable to capital gains (losses)	629,333	16,274	12,596	14,052	10,458	575,952
Net nontaxable income	86,569	13,079	11,453	24,070	17,163	20,805
Total nontaxable income	105,270	15,897	14,092	30,345	21,593	23,343
Tax-exempt interest	93,141	10,284	12,827	27,949	21,241	20,840
Other nontaxable income	12,129	5,613	1,266	2,396	351	2,503
Deductions allocable to nontaxable income	18,700	2,818	2,639	6,275	4,429	2,538
Total deductions [2]	1,584,820	134,367	85,015	124,109	89,602	1,151,727
Interest	376,258	564	228	1,407	1,685	372,374
Taxes	9,534	1,696	568	2,316	1,574	3,380
Trustee fee	199,315	58,891	41,826	51,796	28,715	18,088
Attorney, accountant, and return preparer fees	61,706	27,203	9,871	11,048	7,260	6,324
Other allowable deductions	938,008	46,013	32,522	57,543	50,368	751,561

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

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 5. Charitable Remainder Unitrusts: Accumulation and Distribution Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	91,250	65,444	13,587	9,012	2,532	675
Total accumulations of income	66,911,225	6,647,075	5,385,809	9,185,635	9,273,302	36,419,404
Net ordinary income	12,060,296	334,441	250,288	616,974	592,837	10,265,755
Net capital gains (losses)	54,142,905	6,132,068	5,058,565	8,378,479	8,541,744	26,032,050
Net nontaxable income	708,024	180,566	76,956	190,182	138,721	121,599
Prior-year undistributed income	60,274,929	6,081,521	4,887,068	8,369,943	8,543,616	32,392,780
Net ordinary income	9,213,043	100,071	67,184	281,506	297,007	8,467,275
Net capital gains (losses)	50,440,431	5,813,962	4,754,381	7,922,325	8,125,051	23,824,711
Net nontaxable income	621,455	167,488	65,502	166,112	121,558	100,794
Current-year net income	6,636,295	565,554	498,741	815,691	729,685	4,026,624
Net ordinary income	2,847,252	234,370	183,104	335,468	295,830	1,798,480
Net capital gains (losses)	3,702,473	318,105	304,183	456,154	416,692	2,207,339
Net nontaxable income	86,569	13,079	11,453	24,070	17,163	20,805
Distributions of income	5,244,384	742,540	554,438	881,898	787,334	2,278,174
Net ordinary income	1,801,097	244,282	190,668	329,900	271,013	765,234
Net capital gains (losses)	3,388,815	490,020	356,120	536,552	503,943	1,502,181
Net nontaxable income	54,471	8,239	7,650	15,446	12,378	10,758
Undistributed at end of year	61,666,840	5,904,534	4,831,371	8,303,737	8,485,968	34,141,230
Net ordinary income	10,259,198	90,159	59,620	287,074	321,824	9,500,521
Net capital gains (losses)	50,754,089	5,642,047	4,702,445	7,841,926	8,037,801	24,529,869
Net nontaxable income	653,553	172,327	69,305	174,736	126,343	110,841

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 6. Charitable Remainder Unitrusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	91,250	65,444	13,587	9,012	2,532	675
Total net assets	85,240,003	11,233,567	9,435,936	14,307,813	12,517,904	37,744,783
Total assets	86,857,297	11,382,774	9,599,220	14,571,850	12,774,783	38,528,669
Cash	1,563,078	248,260	219,882	288,071	237,262	569,602
Savings and temporary cash investments	4,007,335	632,289	558,056	811,585	709,051	1,296,353
Accounts receivable	128,560	21,235	23,148	23,714	23,862	36,601
Receivables due from officers, directors, trustees, etc.	8,814	1,375	* 2,088	4,247	* 497	* 608
Other notes and loans receivable	1,003,072	108,701	160,197	215,529	239,270	279,375
Inventories for sale or use	* 1,021	0	0	* 508	0	* 513
Prepaid expenses and deferred charges	9,369	1,378	* 3,429	1,324	518	2,719
Total investments	78,200,204	10,016,840	8,261,226	12,792,016	11,160,363	35,969,759
Securities	42,651,665	7,876,019	6,523,270	9,926,996	7,953,102	10,372,279
Government obligations	3,747,306	394,390	468,853	839,211	827,487	1,217,364
Corporate stock	31,868,286	6,072,593	4,924,706	7,469,903	5,981,834	7,419,249
Corporate bonds	7,036,074	1,409,036	1,129,710	1,617,882	1,143,780	1,735,666
Land, buildings, and equipment	884,233	100,664	106,128	250,599	201,013	225,829
Other investments	34,664,306	2,040,157	1,631,828	2,614,420	3,006,249	25,371,651
Charitable purpose land, buildings, and equipment	275,173	38,039	* 31,995	102,377	56,046	46,716
Other assets	1,660,658	314,647	339,196	332,477	347,913	326,424
Total liabilities	1,617,294	149,208	163,284	264,037	256,879	783,886
Accounts payable and accrued expenses	141,976	25,844	15,339	28,120	32,356	40,316
Deferred revenue	56,882	* 2,853	* 13,189	8,164	* 31,408	* 1,269
Loans from officers, directors, trustees, etc.	4,085	* 702	* 2,161	971	* 117	* 134
Mortgages and other notes payable	92,856	* 2,357	* 12,462	* 10,291	* 14,883	52,863
Other liabilities	1,321,495	117,452	120,133	216,491	178,116	689,304

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 7. Charitable Remainder Unitrusts: End-of-Year Fair Market Value Asset Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	91,250	65,444	13,587	9,012	2,532	675
Total assets	92,712,995	12,601,325	10,121,902	15,677,560	13,249,298	41,062,911
Cash	1,561,793	249,915	221,891	281,866	237,142	570,978
Savings and temporary cash investments	3,999,456	646,911	557,702	810,792	685,428	1,298,623
Accounts receivable	127,517	20,927	23,043	23,499	23,129	36,919
Receivables due from officers, directors, trustees, etc.	8,726	* 1,287	* 2,088	4,247	* 497	* 608
Other notes and loans receivable	966,666	109,333	150,612	208,503	219,921	278,296
Inventories for sale or use	* 1,125	0	0	* 582	0	* 542
Prepaid expenses and deferred charges	9,160	1,378	* 3,429	1,123	518	2,712
Total investments	83,804,520	11,024,623	8,770,513	13,874,746	11,661,179	38,473,459
Securities	45,649,941	8,549,809	6,958,627	10,578,083	8,429,557	11,133,865
Government obligations	3,902,884	403,606	488,580	885,571	867,454	1,257,673
Corporate stock	34,518,143	6,683,678	5,299,444	8,010,167	6,373,789	8,151,064
Corporate bonds	7,228,915	1,462,525	1,170,603	1,682,345	1,188,314	1,725,127
Land, buildings, and equipment	1,172,745	256,804	162,888	340,297	216,537	196,219
Other investments	36,981,834	2,218,010	1,648,998	2,956,366	3,015,086	27,143,375
Charitable purpose land, buildings, and equipment	478,181	188,648	* 63,661	111,666	56,080	58,126
Other assets	1,755,847	358,301	328,961	360,535	365,403	342,648

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 8. Charitable Lead Trusts: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	6,498	2,658	1,406	1,353	757	324
Total income (loss)	1,963,724	161,272	-45,382	36,776	337,283	1,473,774
Total ordinary income	1,167,723	131,275	30,925	71,271	163,367	770,886
Interest income	182,650	3,528	3,811	12,005	29,851	133,455
Ordinary dividends and business income (loss)	888,223	112,775	23,706	48,367	85,205	618,170
Rents, royalties, partnerships, other estates and trusts, etc.	81,075	14,814	2,055	9,060	45,758	9,387
Farm income (loss)	* 45	0	0	0	* 90	* -45
Ordinary gain (loss)	-3,195	* 28	* -23	418	773	-4,391
Other income (loss)	18,926	128	1,376	1,422	1,690	14,310
Total capital gains (losses)	763,956	28,781	-79,306	-38,608	166,427	686,662
Total short-term capital gains (losses)	-155,938	-17,172	-17,976	-53,600	-63,326	-3,864
Total long-term capital gains (losses)	919,894	45,953	-61,330	14,992	229,753	690,526
Total nontaxable income	32,045	1,216	2,999	4,113	7,490	16,227
Tax-exempt interest	29,847	1,212	2,999	4,103	7,489	14,045
Other nontaxable income	2,198	* 4	0	* 10	* 1	* 2,182

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

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

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

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Table 9. Charitable Lead Trusts: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	6,498	2,658	1,406	1,353	757	324
Total net assets	23,705,416	413,545	995,305	2,266,958	4,048,280	15,981,328
Total assets	24,080,869	458,669	1,006,185	2,294,287	4,110,324	16,211,405
Cash	519,789	22,856	24,990	65,712	148,486	257,745
Savings and temporary cash investments	2,047,732	30,287	69,831	158,911	214,754	1,573,949
Accounts receivable	22,287	* 518	* 206	1,553	8,789	11,222
Receivables due from officers, directors, trustees, etc.	* 69,222	0	0	* 6,562	* 18,509	* 44,151
Other notes and loans receivable	470,760	* 970	0	44,149	65,578	360,063
Inventories for sale or use	* 584	* 48	0	0	* 536	0
Prepaid expenses and deferred charges	2,860	* 48	* 312	* 1,477	* 5	* 1,018
Total investments	20,265,575	385,613	882,153	1,954,126	3,505,887	13,537,796
Securities	9,377,456	282,500	621,103	1,315,800	1,693,129	5,464,925
Government obligations	582,484	21,525	32,425	92,492	149,140	286,901
Corporate stock	7,510,624	221,138	539,195	1,036,586	1,244,148	4,469,558
Corporate bonds	1,284,348	39,837	49,483	186,721	299,841	708,466
Land, buildings, and equipment	248,458	* 9,090	* 14,450	* 19,480	* 27,425	178,013
Other investments	10,639,660	94,023	246,601	618,847	1,785,333	7,894,857
Charitable purpose land, buildings, and equipment	* 39,868	0	0	* 10,402	* 12,151	* 17,316
Other assets	642,192	18,330	* 28,693	51,395	135,629	408,146
Total liabilities	375,453	45,123	10,880	27,329	62,044	230,077
Accounts payable and accrued expenses	78,248	* 3,069	* 2,262	3,110	39,111	30,696
Deferred revenue	* 10,855	0	0	0	0	* 10,855
Loans from officers, directors, trustees, etc.	* 1,172	* 943	0	* 229	* [2]	0
Mortgages and other notes payable	57,100	* 2,835	* 38	* 4,173	* 2,849	47,205
Other liabilities	228,078	38,277	* 8,580	19,817	20,084	141,320

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

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

[2] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Split-Interest Trusts, Filing Year 2012

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Table 10. Pooled Income Funds: Income, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,324	1,011	104	122	64	23
Total income (loss)	30,756	3,025	* -572	4,151	15,065	9,088
Total ordinary income	53,384	4,213	* 2,997	7,636	12,809	25,729
Interest income	16,448	1,080	* 964	3,090	4,751	6,563
Ordinary dividends and business income (loss)	36,272	3,075	* 2,050	4,528	8,056	18,562
Rents, royalties, partnerships, other estates and trusts, etc.	* 628	0	* -17	0	0	* 645
Farm income (loss)	0	0	0	0	0	0
Ordinary gain (loss)	* [2]	0	* [2]	0	0	0
Other income (loss)	37	* 58	0	* 18	* 2	* -41
Total capital gains (losses)	-22,630	-1,190	* -3,569	-3,486	2,256	-16,641
Total short-term capital gains (losses)	-21,627	-357	* -573	-2,213	-3,339	-15,144
Total long-term capital gains (losses)	-1,003	-833	* -2,995	-1,273	5,595	-1,497
Total nontaxable income	* 2	* 2	0	* [2]	0	0
Tax-exempt interest	* 2	* 2	0	* [2]	0	0
Other nontaxable income	0	0	0	0	0	0

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

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

[2] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Split-Interest Trusts, Filing Year 2012

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Table 11. Pooled Income Funds: End-of-Year Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2012

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,324	1,011	104	122	64	23
Total net assets	1,254,989	114,910	80,459	199,917	335,990	523,713
Total assets	1,403,113	115,033	80,585	200,320	354,338	652,837
Cash	9,699	554	* 92	1,890	3,291	3,872
Savings and temporary cash investments	41,525	8,027	* 2,771	7,584	11,709	11,435
Accounts receivable	2,150	* 27	* 38	* 12	* 47	* 2,026
Receivables due from officers, directors, trustees, etc.	* [2]	0	0	0	* [2]	0
Other notes and loans receivable	* 12,126	0	0	* 449	* 37	* 11,640
Inventories for sale or use	0	0	0	0	0	0
Prepaid expenses and deferred charges	* 38	0	0	* 38	0	0
Total investments	1,307,802	93,257	77,684	187,971	333,164	615,725
Securities	1,116,334	78,349	* 63,976	162,150	264,143	547,716
Government obligations	69,925	7,282	* 6,507	10,977	* 7,904	* 37,255
Corporate stock	521,295	29,214	* 16,133	54,211	105,056	316,681
Corporate bonds	525,114	41,853	* 41,336	96,962	151,183	193,780
Land, buildings, and equipment	* 28,257	0	0	0	* 23	* 28,234
Other investments	163,211	14,909	* 13,708	25,821	68,998	* 39,775
Charitable purpose land, buildings, and equipment	* 7,962	0	0	0	0	* 7,962
Other assets	21,810	13,167	0	* 2,375	* 6,089	* 179
Total liabilities	148,124	123	* 126	402	* 18,348	129,124
Accounts payable and accrued expenses	20,523	* 64	0	* 98	* 14,069	6,292
Deferred revenue	* 99,464	0	0	0	* 3,821	* 95,643
Loans from officers, directors, trustees, etc.	0	0	0	0	0	0
Mortgages and other notes payable	* 25,962	0	0	0	0	* 25,962
Other liabilities	2,175	* 59	* 126	* 305	* 458	1,227

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

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

[2] Value is less than \$500.

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

SOURCE: IRS, Statistics of Income Division, Split-Interest Trusts, August 2013.

Nonprofit Charitable Organizations, 2010

by Paul Arnsberger

Nonprofit charitable organizations exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3) filed 269,474 Forms 990 and 990-EZ and reported \$2.9 trillion in assets for Tax Year 2010, an increase of 9 percent from the previous year. These organizations reported \$1.6 trillion in total revenue, nearly three-quarters (\$1.2 trillion) of which came from program services, and \$1.5 trillion in expenses.¹ These statistics are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, and the short form version of this information return.²

Charitable Organizations Tax-Exempt Under IRC Section 501(c)(3)

To qualify for tax-exempt status, an organization must show that its purpose serves the public good, as opposed to a private interest. The activities of a nonprofit organization are limited in that they must further one or more of the purposes for which the organization was granted tax-exempt status. Organizations exempt under IRC section 501(c)(3) include those with religious, charitable, scientific, literary, or educational purposes. In practice, these categories cover a broad range of charitable organizations and activities, including nonprofit hospitals, youth organizations, community foundations, schools, service organizations, museums, low-income housing, and environmental preservation groups. These organizations may not allow net earnings to inure to the benefit of a shareholder or individual. Activities aimed at influencing legislation cannot be a substantial part of an organization's activities. Additionally, the organization may not intervene in a political campaign on behalf of, or in opposition to, any candidate.³ Generally, a donor's contribution to one of these organizations is deductible for income tax purposes.

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Filing Population and Threshold Changes

Of the 1,280,739 active organizations recognized by the Internal Revenue Service (IRS) under IRC section 501(c)(3), about 21 percent filed Form 990 or Form 990-EZ returns for Tax Year 2010.⁴ Certain nonprofit charitable organizations were not required to file either of those forms; these included churches and certain other religious organizations, as well as organizations with annual gross receipts totaling less than \$50,000. Nonprofit private foundations, which are also tax exempt under section 501(c)(3) (and included in the number of active organizations mentioned above), file Form 990-PF, *Return of Private Foundation*, and are not included in these statistics.⁵

For Tax Year 2010, changes to both the filing and Form 990-EZ thresholds affected the population of nonprofit charitable filers. For the first time since Tax Year 1982, the threshold at which organizations were required to file an information return (either Form 990 or Form 990-EZ) increased to \$50,000; prior to Tax Year 2010, organizations with annual gross receipts less than \$25,000 were exempt from filing an information return.⁶ Additionally, 2010 marked the third year in a row that the Form 990-EZ filing threshold was revised. For Tax Year 2007, only organizations with assets less than \$250,000 and gross receipts less than \$100,000 were eligible to file the short form. For Tax Year 2008, the redesigned Form 990 permitted a much larger pool of organizations, those with assets less than \$2.5 million and gross receipts less than \$1 million, to file Form 990-EZ. For 2009, the asset (\$1.25 million) and receipt (\$500,000) thresholds were reduced further; and for Tax Year 2010, they were revised downward again to \$500,000 and \$200,000. For all tax years since 2008, certain organizations that fell below the Form 990-EZ threshold were still required to file the long form due to activities in which they engaged during the year, such as operating a hospital, maintaining donor-advised funds, or compensating employees above a certain threshold.

¹ The statistics in this article exclude private foundations, most organizations with receipts totaling less than \$50,000, as well as most churches and certain other types of religious organizations. While the article focuses on organizations exempt under Internal Revenue Code section 501(c)(3), SOI also collects data on organizations exempt under sections 501(c)(4) through (c)(9). Tables 2, 3, and 4 at the end of this article include data from these organizations. IRC sections 501(c)(1), (c)(2), and (c)(10) through (c)(27) describe additional tax-exempt organizations. Because they constitute a small proportion of financial activity for the nonprofit sector, SOI does not collect data for these organizations.

² Unless otherwise indicated, data presented in this article are from both Form 990 and Form 990-EZ filers. The tables at the end of the article present data by type of form. Tables 1, 2, and 3 provide detailed data for Form 990 filers. Table 4 presents Form 990-EZ data.

³ See Internal Revenue Service Publication 557, *Tax-Exempt Status for Your Organization*, for more information on the requirements for tax exemption under IRC section 501(c)(3) and other IRC sections.

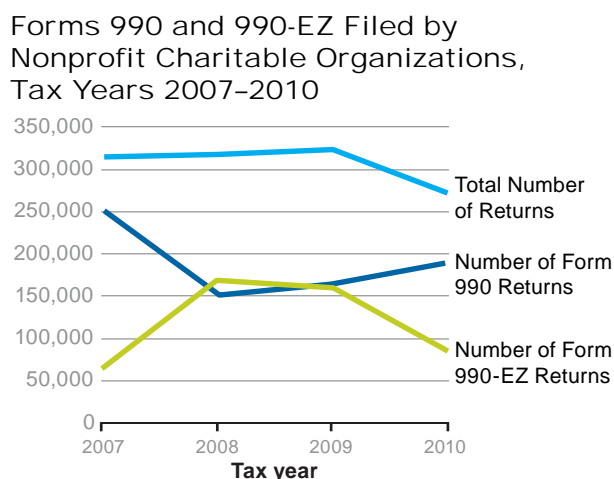
⁴ Data presented in this article are from Tax Year 2010 Forms 990 and 990-EZ filed in Calendar Years 2011 and 2012. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, is based on data obtained from the 2011 *IRS Data Book* Table 25 for Fiscal Year 2010.

⁵ For information on private foundations, see Belmonte, Cynthia, "Domestic Private Foundations and Related Excise Taxes, Tax Year 2009," *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3.

⁶ Since 2008, organizations that have gross receipts below the filing threshold have been required annually to submit a short electronic document called Form 990-N.

These threshold changes have affected the filing patterns of nonprofit charitable organizations. After a significant increase for 2008 (the year the redesigned form was introduced), the number of Form 990-EZ filers dropped in both 2009 and 2010 because of the new thresholds (Figure A). Further, with the overall filing threshold raised (to \$50,000 for receipts) for Tax Year 2010, the total population of nonprofit charitable organization filers decreased 16 percent, driven by a 48-percent decrease in the number of Forms 990-EZ returns. This represents the first time since Tax Year 1985—the first year the IRS began regularly collecting these statistics—that the number of Forms 990 and 990-EZ filers was lower than the previous year. For the sake of comparison, excluding organizations with receipts between \$25,000 and \$50,000 from the population for Tax Year 2009 showed that the total number of filers (267,895) was slightly fewer than for Tax Year 2010.

Figure A



SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

Financial Highlights and Characteristics

Despite the significant drop in the filing population, nonprofit charitable organizations that filed Forms 990 and 990-EZ for Tax Year 2010 reported aggregate increases in nearly all financial categories. This was due, in part, to the fact that the organizations no longer required to file for 2010 contributed little to the sector's overall financial activity in previous years. Charitable organizations exempt under IRC section 501(c)(3) reported over \$2.9 trillion in assets for 2010, an increase of 9 percent from

2009. Nonprofit charitable organizations hold about half of all assets as investments, primarily in securities, which for 2010 totaled over \$1.2 trillion.

Total revenue reported by charities increased to \$1.6 trillion for Tax Year 2010. Income from program services comprised 72 percent (\$1.1 trillion) of the revenue reported by organizations exempt under IRC section 501(c)(3). Program service revenue includes fees collected by organizations in support of their tax-exempt purposes, such as tuition; hospital patient charges (including Medicare and Medicaid payments); and admission fees collected by museums, performing arts groups, and community organizations. The other major source of revenue comes from contributions, gifts, and grants made to charitable organizations. For Tax Year 2010, charities reported \$344.9 billion from donors and grantmakers. While not a major source of charitable revenue, income from sales of securities and other assets continued to show dramatic gains, increasing from reported losses of \$41.1 billion in 2008, to gains of \$3.9 billion in 2009 and \$33.9 billion in 2010.

Charities holding \$50 million or more in assets filed only 2 percent of returns for Tax Year 2010 (Figure B). However, nonprofit charitable organizations in this size category accounted for the majority of the sector's assets (81 percent) and revenue (72 percent). Conversely, organizations reporting less than \$500,000 in assets made up more than half (59 percent) of the filing population and represented the smallest shares of the sector's total assets (less than 1 percent) and total revenue (3 percent).

Revenue Analysis: A Panel Approach

The Statistics of Income (SOI) Division bases the estimates for this study on a stratified sample of returns selected based on the organization's assets. Because of this, the samples include many of the same nonprofit charitable organizations year after year. SOI identified over 7,000 organizations that filed Form 990 and were selected for each sample for Tax Years 2000 through 2010. These organizations comprise a retroactive panel of charitable organizations for statistical research. The benefit of studying the nonprofit sector through a retroactive panel is that such analysis excludes certain variations caused by either the introduction or attrition of organizations in the population, which affect the aggregate statistics.⁷

SOI classified the 7,105 organizations in the panel by the size of assets reported in Tax Year 2000 and tracked the financial activity of each asset group for the next 11 study years. Within this panel, SOI classified

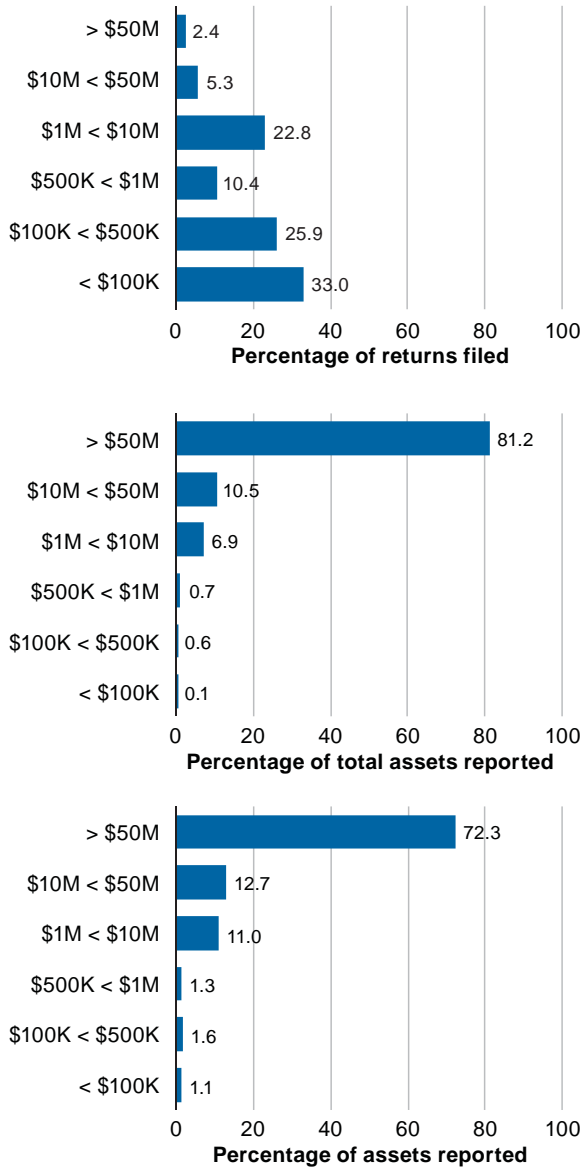
⁷ The downside of a retroactive panel is the introduction of survivorship bias into the analysis. That is, because the panel excludes short-lived organizations, it may not be representative of the population.

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Figure B

Nonprofit Charitable Organizations, by Asset Size, Tax Year 2010



SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

organizations reporting over \$100 million in assets for Tax Year 2000 as large; those with assets between \$10 million and \$100 million as medium; and organizations with assets less than \$10 million as small. Since the largest organizations tend to dominate the financial activity

of the nonprofit sector, SOI based the panel analysis on cumulative change, as a percentage, for each size class.

Investment income, contributions, and program service revenue make up the three major sources of revenue for the three size classes (Figure C).⁸ Between Tax Years 2000 and 2010, of the major sources of revenue reported by organizations in the panel, program service revenue proved the most consistent over time, increasing between 2 percent and 9 percent each year for each of the three size classes. On the other hand, investment income reported by the designated charities was a more volatile source of revenue. After declining for 2 years at the beginning of the decade, investment income reported by organizations grew 75 percent from 2003 until 2006, before dropping again. Contributions, gifts, and grants fell somewhere in between program service revenue and investment income in terms of volatility, but this category also showed the greatest variation among the three size classes.

Because of the recession lasting from December 2007 until June 2009, each of the size classes reported a drop in revenue for Tax Year 2008. Small filers experienced only a slight dip of less than 1 percent, while organizations in the panel with assets over \$100 million reported an 11 percent decline in revenue for the year. This decrease is notable, in part, because program service revenue, which accounts for 80 percent of the large organizations' revenue, on average, actually rose 4 percent in 2008. Significant decreases in other sources of revenue, namely contributions (down 20 percent), investment income (down 45 percent), and especially sales of assets, which fell 180 percent from 2007 to 2008, drove the decline.

Since Tax Year 2000, the small charitable organizations in the panel have shown steady increases in total revenue in 10 of the 11 years studied. (The exception is the small decline in 2008 noted above.) These organizations rely more heavily on contributions (an average of 41 percent of total revenue) than their medium and large counterparts. Unlike medium and large organizations, those in the small category did not report a significant decline in contributions in the peak recession year of 2008. In fact, contributions for this group rose nearly 4 percent, which is consistent with the trend beginning in Tax Year 2002.

Nonprofit Charitable Organizations Classified by NTEE Codes

The National Center for Charitable Statistics developed the National Taxonomy of Exempt Entities (NTEE)

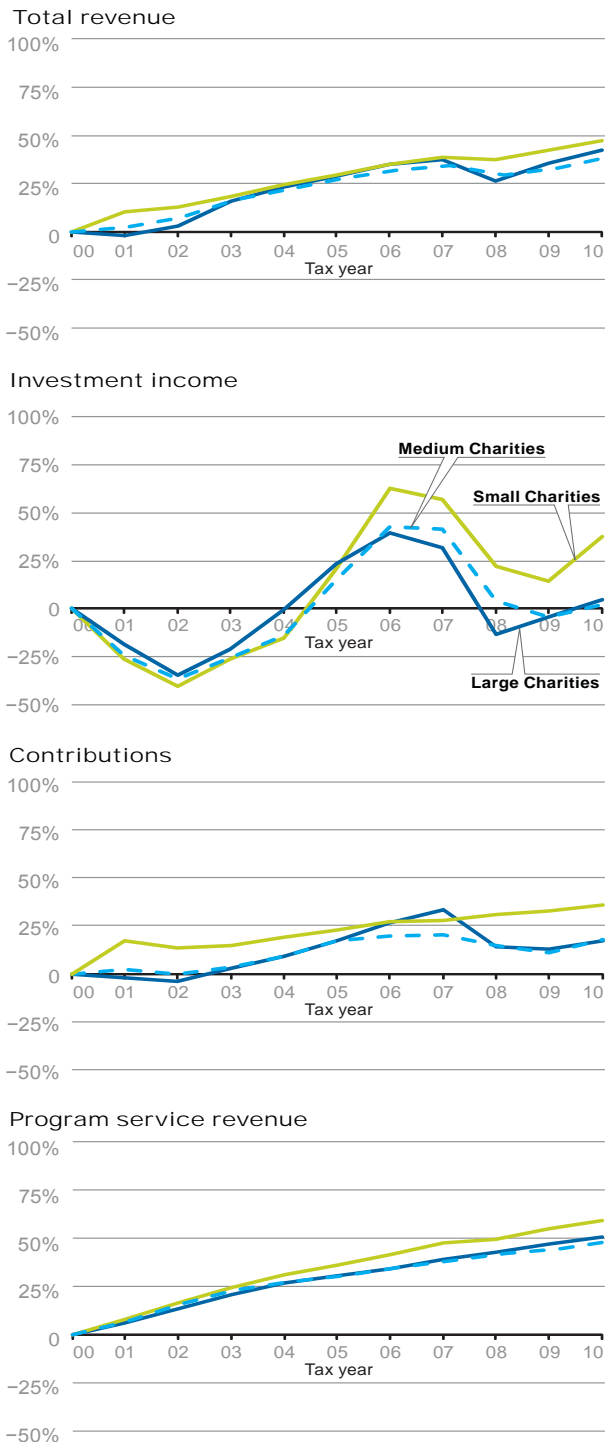
⁸ SOI adjusted dollar values for inflation using the 2005 chain-type price index for Gross Domestic Product (GDP) as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

Nonprofit Charitable Organizations, 2010

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Figure C

Cumulative Change in Revenue and Sources of Revenue for a Panel of Nonprofit Charitable Organizations, Tax Years 2000–2010



NOTE: All data are adjusted for inflation using the 2005 chain-type price index as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.
SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

system for classifying organizations by institutional purpose and major programs and activities (Figure D).⁹ For statistical purposes, SOI classifies organizations based on information provided in the “Statement of Program Service Accomplishments” section of Forms 990 and 990-EZ.

For Tax Year 2010, nonprofit charitable organizations in the NTEE category, “Health,” reported the highest shares of assets and revenue, followed by “Education” and “Human Services.” Organizations in the “Health” category reported \$1.2 trillion in assets and \$909.9 billion in revenue, by far the highest portion of financial activity among the nine categories. Although hospitals and organizations operating hospitals made up just 8 percent of the organizations in this category, they accounted for the large majority of assets (65 percent) and revenue (71 percent) reported.¹⁰ Like many large charities, hospital organizations relied on program service revenue as their predominant source of revenue. Organizations operating hospitals reported \$606.1 billion in program service revenue for the year, accounting for 54 percent of the total program service revenue reported by all nonprofit charitable organizations. In addition to hospital organizations, the “Health” category includes medical research and advocacy organizations, substance abuse treatment centers, and hospital support foundations.

While organizations in the “Health” category reported the highest shares of assets and revenue, they accounted for 12.8 percent (or 34,463) of all organizations filing Forms 990 and 990-EZ for Tax Year 2010. In comparison, the NTEE “Education” category ranked second both in terms of returns filed (47,916) and assets (\$993.3 billion) for 2010. Educational institutions held over one-third of all assets reported on Forms 990 and 990-EZ by organizations exempt under IRC section 501(c)(3). These organizations reported \$309.5 billion in revenue, comprised primarily of program service revenue (59 percent) and contributions, gifts, and grants (29 percent). While colleges and universities accounted for the majority of financial activity in the “Education” category, including total assets (62 percent) and total revenue (64 percent) reported, organizations such as educational foundations and booster clubs; preschools; elementary and secondary schools; scholarship funds; and PTAs filed some 97 percent of the returns in this category.

⁹ For information on the National Taxonomy of Exempt Entities classification system, see the National Center for Charitable Statistics Website: www.nccs.urban.org.
¹⁰ Hospital organizations were identified by the presence of Schedule H included with the Form 990. Most, but not all, organizations that operated a hospital were included in the NTEE “Health” category. Some 3 percent of the total revenue reported by organizations filing a Schedule H came from universities operating a hospital as part of a medical school program and classified in the “Education” category.

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Figure D

Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Tax Year 2010

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

NTEE major category [1]	Number of returns	Total assets	Net assets	Revenue			Total expenses
				Total revenue	Contributions, gifts, and grants	Program service revenue	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	269,474	2,946,521	1,772,449	1,593,012	344,942	1,147,324	1,497,202
Arts, culture, and humanities	26,053	106,018	85,378	30,018	16,910	9,362	27,233
Education	47,916	993,332	675,175	309,485	88,536	183,583	280,820
Environment, animals	12,312	41,563	35,029	14,683	9,833	3,688	13,718
Health	34,463	1,170,245	589,253	909,890	64,809	809,071	865,142
Human services	103,577	320,676	150,014	219,030	91,815	116,033	208,756
International, foreign affairs	5,390	28,714	21,190	23,689	20,370	2,139	22,372
Mutual, membership benefit	747	18,224	8,459	2,906	123	1,930	2,542
Public, societal benefit	23,720	241,641	187,735	73,045	44,977	19,911	67,052
Religion related	15,296	26,108	20,216	10,266	7,569	1,607	9,569

[1] The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into the categories shown above. It was developed by the National Center for Charitable Statistics.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$50,000, as well as most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

Human service organizations, the largest category in terms of the number of returns filed, made up 38 percent of all organizations filing Forms 990 and 990-EZ filed for Tax Year 2010. Revenue reported by these organizations (\$219.0 billion) came predominantly from a balance of program services (\$116.0 billion) and contributions (\$91.8 billion). This category comprises a wide range of organizations, such as low-income housing providers, recreational clubs, disaster relief organizations, and daycare and senior centers.

Summary

For 2010, nonprofit charitable organizations (excluding private foundations) tax exempt under IRC section 501(c)(3) reported \$2.9 trillion in total assets and \$1.6 trillion in revenue, both increases from 2009. The number of Forms 990 and 990-EZ filed by these organizations dropped to 269,474 due to an increase in the filing threshold for Tax Year 2010.

Observing nonprofit financial activity through a retroactive panel of organizations offers the benefit of excluding variation due to addition and attrition of certain organizations. SOI tracked the financial activity of a panel of over 7,000 nonprofit charitable organizations over an 11-year period, Tax Years 2000 through 2010.

Using National Taxonomy of Exempt Entities codes to look at institutional purpose and programs and

activities, “Health” was the predominant category, accounting for 40 percent of total assets and 57 percent of total revenue reported by nonprofit charitable organizations. Within this category, organizations that operated hospitals accounted for more than half of the program service revenue reported by all nonprofit charitable organizations for Tax Year 2010.

Data Sources and Limitations

SOI based the statistics in this article on a sample of Tax Year 2010 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations were required to file the 2010 form when their accounting periods ended any time between December 31, 2010, and November 30, 2011. The sample did not include private foundations, which were required to file Form 990-PF. SOI excluded most churches and certain other types of religious organizations from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with average receipts of more than the filing threshold of \$50,000.

The sample design was divided into two parts: the first sampling frame included all returns filed by organizations exempt under IRC section 501(c)(3); the second sampling frame included all returns filed by organizations exempt under sections 501(c)(4) through (9).¹¹ SOI

¹¹ Includes: 501(c)(4)—civic leagues, social welfare organizations, and local associations of employees; 501(c)(5)—labor, agricultural, and horticultural organizations; 501(c)(6)—business leagues, chambers of commerce, real estate boards, and like organizations; 501(c)(7)—social and recreational clubs; 501(c)(8)—fraternal beneficiary societies and associations; and 501(c)(9)—voluntary employees’ beneficiary associations.

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collected the data presented here from returns originally filed with the IRS and excluded organizations tax exempt under other IRC sections from the sample. Data were subjected to comprehensive testing and correction procedures to improve statistical reliability and validity. However, in most cases, SOI did not incorporate changes made to the original return because of either administrative processing or taxpayer amendment into its database.

SOI classified the two samples into strata based on the type of return and size of end-of-year total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 14,415 returns was selected from a population of 272,306. Sampling rates ranged from 100 percent for organizations with total assets of \$50,000,000 or more to 0.90 percent for organizations reporting total assets of less than \$1,000,000. Additionally, SOI selected returns filed electronically that included Schedule H at the time of sampling at a rate of 100 percent. The second sample contained 6,411

records selected from the population of 94,945 returns filed by organizations exempt under sections 501(c)(4) through (c)(9). Sampling rates ranged from 100 percent for organizations with assets of \$10,000,000 or more to 1.11 percent for organizations with assets of less than \$300,000. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 2010. However, SOI excluded these returns from the final sample and the estimated population counts.

Because the data are based on samples, they are subject to sampling error. To use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure E shows CVs for selected financial data. A discussion of methods for evaluating the nonsampling error can be found later in this issue in SOI Sampling Methodology and Data Limitations.¹²

¹² This information can also be found on SOI's Tax Stats Webpage at: <http://www.irs.gov/pub/irs-soi/sampling.pdf>.

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Figure E

Coefficients of Variation for Selected Items, by Internal Revenue Code Section, Tax Year 2010

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	0.08	5.91	5.77	4.51	6.19	9.33	6.25
Total assets	0.08	0.52	1.69	0.96	2.35	0.22	0.25
Cash—non-interest bearing	1.17	3.15	6.09	4.33	6.05	7.37	4.22
Savings and temporary cash investments	0.66	1.70	3.91	2.76	5.89	2.51	1.30
Pledges and grants receivable	1.14	12.55	41.02	12.69	77.75	81.75	16.73
Accounts receivable	0.57	1.26	4.81	3.19	4.25	1.69	1.16
Receivables from officers, etc.	11.36	2.33	67.59	15.26	6.39	84.75	* 0.00
Receivables from disqualified persons	34.99	0.00	0.00	86.74	* 0.00	* 0.00	0.24
Notes and loans receivables	0.87	0.26	4.12	2.67	12.72	0.83	17.68
Inventories for sale or use	1.67	9.02	12.93	10.28	9.51	12.33	0.09
Prepaid expenses or deferred charges	1.08	3.70	5.50	3.21	5.80	35.61	5.57
Land, buildings, and equipment (net)	0.31	2.31	4.16	3.24	2.42	8.19	0.43
Investments in public securities	0.31	0.66	1.82	0.77	10.42	0.11	0.35
Investments in other securities	0.27	1.34	2.53	2.38	17.40	0.25	0.21
Program-related investments	1.05	6.28	42.39	3.15	11.98	0.06	8.44
Intangible assets	4.96	8.13	1.66	3.40	2.86	0.87	* 0.00
Other assets	0.50	0.94	5.61	3.00	8.41	0.21	0.33
Total liabilities	0.31	0.59	2.98	1.16	3.69	0.10	1.41
Accounts payable and accrued expenses	0.51	1.17	5.02	5.58	4.80	1.92	2.51
Grants payable	2.32	0.39	37.89	6.97	66.78	1.68	0.00
Deferred revenue	1.01	1.91	8.93	2.56	6.65	20.35	4.43
Tax-exempt bond liabilities	0.30	1.19	* 0.00	1.16	65.41	91.54	* 0.00
Escrow account liability	2.80	0.33	11.99	3.42	53.09	0.00	8.05
Payables to officers, directors, etc.	15.00	24.67	99.43	35.35	20.26	86.54	* 0.00
Secured mortgages and notes payable	1.23	1.88	7.82	3.59	4.71	23.79	0.00
Unsecured notes and loans payable	1.45	0.61	23.73	9.26	17.41	61.24	7.37
Other liabilities	0.83	1.15	2.98	0.40	4.56	0.06	1.65
Total revenue	0.56	0.74	3.67	2.57	3.54	0.67	1.74
Total contributions	1.77	10.93	10.01	9.33	9.33	12.01	3.47
Federated campaigns	10.13	77.60	* 0.00	33.17	75.46	64.85	* 0.00
Membership dues	7.87	11.11	11.43	9.02	9.82	11.98	0.01
Fundraising events	4.58	27.82	74.50	38.42	49.36	32.09	* 0.00
Related organizations	4.80	12.77	52.55	47.37	38.82	92.14	* 0.00
Government grants (contributions)	3.35	5.76	16.92	23.01	67.07	0.32	0.00
All other contributions, gifts, etc.	1.85	22.27	22.62	10.82	26.74	29.00	30.15
Program service revenue	0.57	0.41	4.11	2.47	3.92	0.57	1.85
Investment income	0.38	1.25	2.06	1.24	7.23	0.10	0.35
Tax-exempt bond proceeds	1.71	43.04	92.79	92.08	87.97	0.75	19.78
Royalties	2.56	0.96	13.11	4.78	34.50	0.00	0.00

Footnotes at end of figure.

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Figure E—Continued

Coefficients of Variation for Selected Items, by Internal Revenue Code Section, Tax Year 2010—Continued

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net rental income	3.61	6.95	11.94	12.89	25.35	25.65	36.18
Net rent—Real estate	3.58	6.96	11.94	11.95	28.69	26.80	34.95
Gross rents—Real estate	2.29	7.00	8.11	6.87	19.60	14.72	0.44
Rental expense—Real estate	2.99	11.98	12.77	9.00	24.22	30.80	0.00
Net rent—Personal property	36.71	74.88	444.87	103.53	26.45	69.17	0.00
Gross rents—Personal property	38.22	25.38	58.56	43.28	24.33	67.88	0.00
Rental expense—Personal property	42.26	17.65	89.59	84.35	45.69	0.00	* 0.00
Total net gain from sales of assets	1.08	3.42	3.76	3.22	123.80	147.40	0.21
Net gain from sales—Securities	0.45	1.42	2.98	2.49	18.63	53.70	0.21
Gross sales—Securities	0.21	0.51	1.51	1.45	13.37	0.16	0.52
Sales expense—Securities	0.22	0.50	1.51	1.46	13.54	0.12	0.53
Net gain from sales—Other assets	8.83	10.50	19.51	28.45	54.34	129.41	0.74
Gross sales—Other assets	6.19	11.17	8.27	14.36	35.04	31.90	0.02
Sales expense—Other assets	5.80	12.02	7.75	15.94	32.81	9.53	0.00
Net fundraising income	10.20	20.46	46.97	24.81	47.56	26.54	76.93
Gross fundraising	5.58	21.94	41.13	20.55	25.80	22.58	76.84
Fundraising expenses	6.74	26.25	40.91	21.13	23.86	28.91	76.78
Net gaming income	20.26	16.46	65.27	73.77	40.79	19.43	98.70
Gross income from gaming	25.77	22.25	36.21	97.70	50.59	22.59	98.70
Gaming expenses	27.51	24.63	26.66	99.00	59.36	24.66	98.70
Net income from sales of inventory	6.08	13.62	32.93	4.84	5.41	17.19	0.00
Gross sales of inventory	5.73	8.73	26.76	7.32	4.60	14.51	0.00
Cost of goods sold (inventory)	6.83	7.54	24.26	13.21	5.46	16.77	0.00
Other revenue	1.86	10.23	11.24	6.00	10.04	2.52	0.79
Total expenses	0.58	0.76	3.70	2.64	3.72	0.68	2.46
Program services	0.62	0.67	[2]	[2]	[2]	[2]	[2]
Management and general	0.77	1.41	[2]	[2]	[2]	[2]	[2]
Fundraising	1.99	24.05	[2]	[2]	[2]	[2]	[2]

* No money amount reported.

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] Not required to be reported.

NOTE: Includes data from Forms 990 only. For more information on the requirements for tax exemption under section 501(c)(3) and other IRC sections, see Internal Revenue Service Publication 557, *Tax Exempt Status for Your Organization*.

SOURCE: IRS Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

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Table 1. Form 990 Returns of 501(c)(3) Organizations: Balance Sheet and Income Statement Items, by Asset Size, Tax Year 2010

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

Item	Total	Asset size					
		Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	186,417	29,995	45,833	28,148	61,536	14,396	6,508
Total assets	2,939,212,356	1,235,087	11,702,735	20,575,739	203,269,850	309,171,500	2,393,257,444
Cash—non-interest bearing	74,495,126	676,550	3,438,801	3,175,699	15,780,305	13,770,946	37,652,826
Savings and temporary cash investments	193,380,228	176,549	2,937,539	3,961,714	24,307,004	28,795,122	133,202,300
Pledges and grants receivable	69,659,545	21,160	656,158	622,702	8,787,221	11,276,424	48,295,879
Accounts receivable	140,976,687	106,362	616,286	881,900	10,123,389	15,497,497	113,751,253
Receivables from officers, etc.	632,894	*4,100	*830	*4,297	67,923	173,647	382,098
Receivables from disqualified persons	116,569	0	0	*2,956	*10,564	67,160	35,890
Notes and loans receivables	96,987,264	*5,752	113,811	139,900	4,053,822	8,599,775	84,074,204
Inventories for sale or use	16,547,087	27,775	220,736	222,593	1,702,775	1,874,701	12,498,508
Prepaid expenses and deferred charges	21,686,901	21,337	122,496	108,216	1,853,670	2,761,572	16,819,609
Land, buildings, and equipment (net)	859,743,068	144,190	2,740,825	7,517,306	84,869,366	118,078,923	646,392,458
Investments in public securities	691,347,780	*6,778	426,903	2,033,516	31,661,255	61,869,633	595,349,696
Investments in other securities	514,513,726	*46	219,227	859,474	8,521,490	24,128,533	480,784,956
Program-related investments	49,115,676	*315	*23,945	*95,625	1,376,200	4,128,095	43,491,496
Intangible assets	7,596,687	*8,324	*13,617	*14,617	633,840	1,277,146	5,649,143
Other assets	202,413,116	35,850	171,561	935,223	9,521,025	16,872,326	174,877,130
Total liabilities	1,173,080,989	917,137	3,382,490	6,232,511	74,951,438	116,872,004	970,725,410
Accounts payable and accrued expenses	215,107,310	349,778	1,054,464	1,002,680	14,343,011	21,822,057	176,535,320
Grants payable	18,619,749	*4,884	118,815	*111,671	1,616,294	2,355,050	14,413,034
Deferred revenue	66,274,053	56,920	342,249	388,881	5,108,915	10,329,242	50,047,847
Tax-exempt bond liabilities	388,544,473	*619	*13,109	*2,849	3,793,533	23,684,052	361,050,311
Escrow account liability	6,680,677	0	*5,592	*1,947	246,768	786,321	5,640,049
Payables to officers, directors, etc.	1,553,320	90,264	105,384	*57,985	479,197	429,028	391,462
Secured mortgages and notes payable	174,443,185	113,175	899,159	2,874,559	34,515,126	36,522,781	99,518,384
Unsecured notes and loans payable	36,408,772	47,060	209,948	249,377	2,395,289	3,368,755	30,138,343
Other liabilities	265,449,449	254,435	633,771	1,542,562	12,453,303	17,574,717	232,990,661
Total revenue	1,585,785,036	12,008,030	23,897,361	21,487,748	175,409,469	202,403,718	1,150,578,709
Total contributions	340,572,947	5,538,788	13,919,169	8,689,401	81,165,059	66,670,578	164,589,952
Federated campaigns	2,883,698	*21,893	57,711	143,252	1,249,130	584,255	827,456
Membership dues	3,846,615	162,378	293,107	359,052	799,244	1,095,282	1,137,552
Fundraising events	7,123,029	274,710	492,155	445,940	1,616,033	1,130,398	3,163,793
Related organizations	16,981,032	*188,967	*177,877	145,378	2,353,490	1,680,212	12,435,108
Government grants (contributions)	155,125,126	1,940,611	4,805,577	3,267,754	43,479,287	34,065,052	67,566,847
All other contributions, gifts, etc.	154,613,448	2,950,229	8,092,742	4,328,025	31,667,876	28,115,379	79,459,197
Program service revenue	1,145,366,084	6,027,570	8,549,669	11,259,168	87,371,874	125,620,372	906,537,430
Investment income	28,961,620	13,621	55,366	155,955	1,723,975	2,750,644	24,262,058
Tax-exempt bond proceeds	178,911	0	0	*353	*3,817	-1,510	176,251
Royalties	3,221,379	0	*19,515	*14,970	109,415	317,753	2,759,725
Total net rental income	3,079,989	*2,202	61,560	98,054	588,613	494,086	1,835,474
Net rent—Real estate	3,001,179	*1,337	60,011	72,290	565,151	488,572	1,813,818
Gross rents—Real estate	6,765,510	*5,664	73,789	151,542	1,085,292	1,051,191	4,398,031
Rental expense—Real estate	3,764,331	*4,328	13,778	79,252	520,141	562,619	2,584,213
Net rent—Personal property	78,810	*865	*1,549	*25,764	23,462	5,513	21,656
Gross rents—Personal property	129,607	*1,598	*2,600	*46,741	32,395	9,300	36,974
Rental expense—Personal property	50,797	*733	*1,051	*20,977	8,933	3,786	15,318

Footnotes at end of table.

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Table 1. Form 990 Returns of 501(c)(3) Organizations: Balance Sheet and Income Statement Items, by Asset Size, Tax Year 2010—Continued

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

Item	Total	Asset size					
		Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net gain from sales of assets	33,866,970	*-1,917	-88,335	323,252	561,116	2,045,693	31,027,162
Net gain from sales—Securities	30,020,705	*-219	-14,790	21,665	401,949	1,542,018	28,070,082
Gross sales—Securities	700,922,229	*3,904	214,445	572,835	11,279,910	27,591,391	661,259,744
Sales expense—Securities	670,901,524	*4,123	229,235	551,170	10,877,961	26,049,373	633,189,662
Net gain from sales—Other assets	3,846,265	*-1,698	-73,546	301,587	159,167	503,675	2,957,080
Gross sales—Other assets	14,840,304	*5,246	128,365	927,593	932,633	1,830,112	11,016,355
Sales expense—Other assets	10,994,039	*6,945	201,911	626,005	773,467	1,326,437	8,059,274
Net fundraising income	1,865,623	180,927	388,017	351,431	692,146	232,542	20,560
Gross fundraising	5,630,811	467,491	819,759	717,143	1,905,820	864,841	855,756
Fundraising expenses	3,765,188	286,565	431,742	365,711	1,213,675	632,299	835,196
Net gaming income	306,276	*20,620	105,961	*7,586	77,349	46,426	48,333
Gross income from gaming	2,756,320	*407,331	1,323,269	*49,765	552,688	296,134	127,133
Gaming expenses	2,450,045	*386,711	1,217,308	*42,179	475,339	249,708	78,800
Net income from sales of inventory	6,760,146	94,332	435,641	265,652	1,137,577	1,723,037	3,103,906
Gross sales of inventory	15,982,099	144,270	1,040,058	541,066	3,387,441	3,953,218	6,916,046
Cost of goods sold (inventory)	9,221,953	49,937	604,417	275,415	2,249,864	2,230,181	3,812,139
Other revenue	21,605,089	131,886	450,797	321,924	1,978,528	2,504,097	16,217,857
Total expenses	1,490,191,722	10,600,407	23,274,859	20,283,198	171,497,258	192,406,379	1,072,129,621
Program services	1,294,293,145	9,296,939	19,823,234	17,149,289	147,953,020	165,999,861	934,070,802
Management and general	180,060,319	1,123,104	2,818,857	2,738,980	20,493,197	23,633,420	129,252,761
Fundraising	15,838,258	180,363	632,769	394,929	3,051,041	2,773,098	8,806,058
Excess of revenue over expenses (net)	95,593,314	1,407,623	622,502	1,204,550	3,912,211	9,997,340	78,449,088

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

[1] Includes returns with zero assets or assets not reported.

NOTES: Data exclude private foundations, most organizations with receipts less than \$50,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

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Table 2. Form 990 Returns of 501(c)(3)–(9) Organizations: Total Functional Expenditures, by Code Section. Tax Year 2010

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

Item	Internal Revenue Code Section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns reporting functional expenditures	185,873	11,556	10,881	16,712	9,383	5,402	4,866
Total functional expenses	1,490,191,722	79,158,280	22,310,408	38,216,001	11,596,526	16,954,531	131,153,585
Grants to governments and organizations in the U.S.	61,444,832	753,605	793,365	1,144,456	21,372	114,150	1,061,332
Grants to individuals in the U.S.	43,761,648	150,801	43,786	78,760	18,489	15,458	7,280
Grants to governments, organizations and individuals outside the U.S.	18,041,782	1,534,003	18,180	25,964	0	*23,029	*536,183
Benefits paid to or for members	12,415,463	31,036,613	2,655,794	699,509	19,857	13,075,363	116,194,157
Compensation of current officers, etc.	25,318,358	637,147	1,851,540	2,894,639	328,950	121,954	146,996
Compensation of disqualified persons	4,134,152	7,183	36,712	105,612	17,910	*28,411	7,111
Other salaries and wages	493,279,160	3,959,752	3,944,935	7,245,130	3,760,451	683,252	655,339
Pension plan contributions	25,859,999	299,329	1,007,925	721,410	67,589	102,946	129,191
Other employee benefits	72,613,194	822,346	1,224,723	1,208,164	468,664	690,786	744,886
Payroll taxes	36,187,252	322,177	458,814	646,706	408,633	88,960	72,569
Management fees	12,795,725	749,273	50,382	419,189	24,930	*1,388	705,876
Legal fees	3,714,019	193,243	458,841	641,281	32,607	20,368	161,889
Accounting fees	2,760,069	111,426	115,592	191,151	59,475	24,242	142,034
Lobbying fees	308,998	86,075	35,838	400,971	0	*47	*280
Professional fundraising fees	643,266	98,018	*6,765	*10,110	*5,216	*4,571	0
Investment management fees	3,008,563	71,657	39,735	59,890	1,912	24,303	286,530
Other fees	113,809,724	4,393,442	343,395	2,095,708	172,754	141,986	1,985,996
Advertising and promotion	7,529,673	461,849	160,771	1,572,586	18,987	29,191	25,716
Office expenses	142,141,766	1,497,384	756,393	1,566,266	551,518	123,208	200,909
Information technology	16,782,810	490,515	87,975	580,204	23,302	43,175	67,963
Royalties	675,801	*9,662	*13,821	29,046	*2,308	0	0
Occupancy	49,633,013	910,310	674,450	1,192,228	1,461,184	237,100	99,885
Travel	13,334,332	239,406	610,283	956,671	32,519	35,216	12,735
Payments of travel or entertainment for public officials	114,383	712	*1,660	4,317	*141	*26	*31
Conferences, conventions, and meetings	5,579,720	252,205	439,509	2,363,798	81,873	36,235	23,576
Interest expense	22,009,935	1,703,327	45,215	146,599	275,040	15,118	2,635
Payments to affiliates	5,196,791	183,276	2,883,639	183,387	19,635	22,116	4,204
Depreciation, depletion and amortization	62,607,016	962,995	317,709	630,576	1,151,987	95,924	70,466
Insurance	14,801,981	228,848	208,010	215,472	305,043	43,243	1,669,969
Other expenses	219,688,290	26,991,699	3,024,651	10,186,200	2,264,179	1,112,763	6,137,848

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

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Table 3. Form 990 Returns of 501(c)(3)–(9) Organizations: Balance Sheet and Income Statement Items, by Code Section, Tax Year 2010

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	186,417	11,641	10,905	16,713	9,415	5,402	4,872
Total assets	2,939,212,356	98,972,281	33,525,041	68,232,161	24,254,554	116,397,078	205,838,970
Cash—non-interest bearing	74,495,126	3,793,812	2,416,213	4,310,577	1,312,017	440,563	3,307,758
Savings and temporary cash investments	193,380,228	9,925,787	6,920,605	11,461,967	1,732,656	2,857,300	20,107,439
Pledges and grants receivable	69,659,545	470,606	28,058	492,414	10,930	*2,614	102,429
Accounts receivable	140,976,687	5,133,755	1,050,254	3,460,100	1,220,531	482,205	7,453,011
Receivables from officers, etc.	632,894	71,121	*659	12,826	5,382	*3,043	0
Receivables from disqualified persons	116,569	*207	*476	*5,850	0	0	4,711,886
Notes and loans receivables	96,987,264	29,301,174	677,183	2,119,492	160,666	1,750,091	71,306
Inventories for sale or use	16,547,087	158,721	34,551	203,955	265,599	37,012	7,579
Prepaid expenses and deferred charges	21,686,901	571,837	127,284	757,507	198,713	36,271	287,795
Land, buildings, and equipment (net)	859,743,068	11,749,812	5,023,770	5,824,809	18,216,642	2,264,395	754,313
Investments in public securities	691,347,780	23,752,202	12,177,552	30,214,169	461,781	70,901,329	87,805,398
Investments in other securities	514,513,726	6,089,132	4,003,794	5,203,941	192,489	12,690,952	67,855,281
Program-related investments	49,115,676	1,230,943	123,894	1,259,645	55,782	10,528,940	916,844
Intangible assets	7,596,687	202,217	19,784	124,538	62,196	*921	0
Other assets	202,413,116	6,520,956	920,963	2,780,370	359,170	14,401,440	12,457,931
Total liabilities	1,173,080,989	49,753,540	8,135,291	38,084,836	8,429,571	103,818,695	24,508,907
Accounts payable and accrued expenses	215,107,310	12,079,427	3,774,923	6,524,177	1,021,707	948,748	9,321,425
Grants payable	18,619,749	647,276	95,830	128,344	*1,597	*3,581	32,389
Deferred revenue	66,274,053	3,549,675	332,594	5,643,623	905,361	69,143	540,372
Tax-exempt bond liabilities	388,544,473	5,972,528	0	*61,273	*23,260	*29,954	0
Escrow account liability	6,680,677	324,022	189,317	161,440	*12,211	7,747	54,829
Payables to officers, directors, etc.	1,553,320	*72,063	*2,492	*8,407	10,484	*116	0
Secured mortgages and notes payable	174,443,185	10,229,366	1,096,076	3,180,435	4,998,309	281,270	57,162
Unsecured notes and loans payable	36,408,772	10,628,960	46,908	163,682	351,524	*7,856	55,794
Other liabilities	265,449,449	6,250,221	2,597,153	22,213,455	1,105,119	102,470,281	14,446,936
Total revenue	1,585,785,036	82,486,152	22,618,520	39,502,878	11,622,935	17,396,915	185,658,939
Total contributions	340,572,947	4,483,042	4,068,814	7,063,732	1,463,899	212,554	72,172
Federated campaigns	2,883,698	*17,207	0	*19,173	*620	*634	0
Membership dues	3,846,615	1,017,413	3,257,807	3,469,070	1,323,781	150,678	*59,548
Fundraising events	7,123,029	81,676	10,831	19,003	20,739	14,816	0
Related organizations	16,981,032	227,190	192,226	121,124	8,773	*3,171	0
Government grants (contributions)	155,125,126	1,071,996	135,631	2,107,190	*10,499	*5,051	*4,307
All other contributions, gifts, etc.	154,613,448	2,067,561	472,320	1,328,172	99,487	38,205	*8,318
Program service revenue	1,145,366,084	74,327,659	16,453,919	28,397,997	7,770,686	12,613,849	175,048,373
Investment income	28,961,620	896,963	596,543	1,174,569	35,706	3,176,642	4,099,819
Tax-exempt bond proceeds	178,911	*645	*4	*4,756	*207	*36,305	6,658
Royalties	3,221,379	757,378	202,739	482,469	6,972	*1,958	*5

Footnotes at end of table.

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Table 3. Form 990 Returns of 501(c)(3)–(9) Organizations: Balance Sheet and Income Statement Items, by Code Section, Tax Year 2010—Continued

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net rental income	3,079,989	230,039	97,591	63,739	49,550	26,312	-521
Net rent—Real estate	3,001,179	229,614	97,655	66,035	43,417	22,525	-540
Gross rents—Real estate	6,765,510	339,358	208,626	236,182	99,055	48,927	42,667
Rental expense—Real estate	3,764,331	109,744	110,971	170,146	55,637	26,402	43,207
Net rent—Personal property	78,810	*425	*-64	*-2,296	6,133	*3,787	*18
Gross rents—Personal property	129,607	*3,103	*713	*1,003	9,046	*3,859	*18
Rental expense—Personal property	50,797	*2,678	*777	*3,300	2,913	*72	0
Total net gain from sales of assets	33,866,970	634,366	222,755	493,588	4,477	19,345	4,525,937
Net gain from sales—Securities	30,020,705	438,005	190,245	453,291	13,676	35,672	4,305,830
Gross sales—Securities	700,922,229	17,574,313	8,632,640	15,508,518	254,773	26,899,958	170,149,328
Sales expense—Securities	670,901,524	17,136,309	8,442,395	15,055,227	241,097	26,864,286	165,843,497
Net gain from sales—Other assets	3,846,265	196,362	32,510	40,297	-9,199	-16,328	220,107
Gross sales—Other assets	14,840,304	770,648	138,002	169,483	49,227	79,737	9,256,600
Sales expense—Other assets	10,994,039	574,287	105,492	129,186	58,426	96,065	9,036,493
Net fundraising income	1,865,623	73,983	19,365	124,054	46,524	31,287	*1,411
Gross fundraising	5,630,811	221,865	48,968	385,779	111,857	62,318	*3,615
Fundraising expenses	3,765,188	147,882	29,602	261,725	65,333	31,032	*2,204
Net gaming income	306,276	90,765	*605	*3,839	24,840	123,943	*2
Gross income from gaming	2,756,320	563,053	*1,942	*92,470	78,577	550,877	*5,840
Gaming expenses	2,450,045	472,288	*1,337	*88,631	53,736	426,933	*5,838
Net income from sales of inventory	6,760,146	164,985	19,093	199,824	1,799,567	195,439	*2
Gross sales of inventory	15,982,099	546,073	56,529	355,294	3,479,815	574,748	*63,251
Cost of goods sold (inventory)	9,221,953	381,088	37,437	155,469	1,680,247	379,309	*63,249
Other revenue	21,605,089	826,325	937,091	1,494,310	420,507	959,280	1,905,081
Total expenses	1,490,191,722	79,158,280	22,310,408	38,216,001	11,596,526	16,954,531	131,153,585
Program services	1,294,293,145	72,940,563	[2]	[2]	[2]	[2]	[2]
Management and general	180,060,319	5,842,889	[2]	[2]	[2]	[2]	[2]
Fundraising	15,838,258	374,827	[2]	[2]	[2]	[2]	[2]
Excess of revenue over expenses (net)	95,593,314	3,327,872	308,111	1,286,877	26,409	442,383	54,505,354

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] Not required to be reported.

NOTES: Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

Nonprofit Charitable Organizations, 2010

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Table 4. Form 990-EZ Returns of 501(c)(3)–(9) Organizations: Selected Items, by Code Section, Tax Year 2010

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

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	83,057	8,565	6,181	10,445	7,510	2,203	706
Total assets	7,308,989	759,827	777,165	862,175	799,689	317,730	40,555
Cash, savings, and investments	4,983,902	498,560	614,882	751,519	368,614	178,597	38,932
Land and buildings	1,225,252	167,889	121,860	47,042	318,803	120,156	0
Other assets	1,099,835	93,377	40,423	63,614	112,271	18,977	1,624
Total liabilities	991,622	131,607	37,173	90,958	144,593	25,219	995
Total revenue	7,226,477	627,629	607,935	952,185	659,867	147,800	57,306
Contributions, gifts, and grants	3,871,551	202,420	50,113	147,198	45,366	22,532	12,538
Program service revenue	1,958,040	146,834	79,870	329,544	212,850	*29,729	13,859
Membership dues and assessments	497,589	125,331	382,244	360,591	294,310	36,518	20,630
Investment income	61,691	24,510	22,282	8,079	6,922	5,798	524
Gain from sales of assets	14,294	*2,250	*6	*-314	*15	*-462	0
Gross amount from sales	182,413	*4,991	*8,398	*11,155	*18	*14,603	0
Cost or other basis and sales expense	168,119	*2,741	*8,392	*11,469	*3	*15,065	0
Net income (loss), special events and activities	481,935	88,660	10,494	49,292	14,689	28,174	2,900
Net income from sales of inventory	161,118	17,600	*286	11,886	37,134	*13,844	0
Gross sales minus returns and allowances	373,118	48,199	*1,877	20,346	94,389	*32,179	0
Cost of goods sold	212,000	30,599	*1,591	8,459	57,255	*18,336	0
Other revenue	180,255	20,024	62,639	45,909	48,580	11,668	6,855
Total expenses	7,010,769	628,862	595,686	957,642	631,326	135,404	100,664
Grants and similar amounts paid	896,693	145,533	85,839	40,295	11,721	22,775	2,131
Benefits paid to or for members	117,161	11,570	56,926	23,473	*14,677	*6,477	60,041
Salaries, other compensation, and employee benefits	1,440,747	52,085	141,750	183,534	67,948	12,713	0
Professional fees	658,387	64,749	41,167	183,474	45,557	7,270	21,883
Occupancy, rent, and utilities	756,469	83,443	46,652	45,128	179,468	22,175	695
Printing, publications, and postage	226,014	13,643	26,117	39,431	19,649	8,283	225
Other expenses	2,915,295	257,840	197,235	442,308	292,305	55,710	15,691
Excess of revenue over expenses (net)	215,708	-1,234	12,248	-5,456	28,541	12,397	-43,359

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

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: For Tax Year 2010, organizations with end-of-year total assets under \$500,000 and gross receipts under \$200,000 could elect to file Forms 990-EZ rather than Forms 990.

Data exclude most organizations with receipts less than \$50,000. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Nonprofit Charitable Organizations, July 2013.

Sampling Methodology and Data Limitations

This article discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports. More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, 1111 Constitution Avenue, NW, K-Room 4112, Washington, DC 20224-0002.

Sample Criteria and Selection of Returns

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on such criteria as: industry, presence or absence of a tax form or schedule, and various income factors or other measures of economic size (such as total assets, total receipts, size of gift, and size of estate). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years—3 for corporations because of the incidence of fiscal (noncalendar) year reporting and extensions of filing time. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files based on the taxpayer identification number (TIN), which is either the Social Security number (SSN) or the Employer Identification Number (EIN). A fixed and essentially

random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes), but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TINs designated from one year's sample are, for the most part, selected for the next year's, so that a very high proportion of the returns selected in the current year's sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns and outliers. Weights are used to adjust for the various sampling rates used, relative to the population—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "poststrata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these poststrata using additional population counts. The data on each sample return in a stratum are then multiplied by that weight. To produce the tabulated estimates, the weighted data are summed to produce the published statistical totals.

Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the

Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.

Sampling Methodology and Data Limitations

In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.

average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports, the standard error is not directly presented. Instead, the ratio of

the standard error to the estimate itself is presented in percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly selected. To obtain this interval estimate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Director, Statistics of Income Division, at the address given above.

Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and

inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose, or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with

Sampling Methodology and Data Limitations

tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, through a published errata.

Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability

based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A zero, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a zero indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 803-9285 Fax: (202) 803-9393 e-mail: sis@irs.gov

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Individuals, County Data: Kevin Pierce	County or State income data are available annually.	2010	December 2010	April 2011	October 2011	December 2011	January 2014
Individuals, County Income: Kevin Pierce	County or State income data are available annually.	2011	December 2011	April 2012	October 2012	December 2012	January 2014
Corporations, U.S. Controlled Foreign: Jason Wenrich	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.	2010	June 2011	September 2011	March 2012	June 2012	January 2014
Individuals, Advance Data: Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules. The file contains information on returns filed through Cycle 38 weighted up to represent a full year of data.	2012	December 2012	April 2013	October 2013	September 2013	February 2014
Individuals, Foreign Earned Income and Foreign Tax Credit: Scott Hollenbeck; Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign-earned income, foreign-earned exclusion, foreign housing exclusion, foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.	2011	December 2011	April 2012	October 2012	December 2012	February 2014
Individuals, Noncash Charitable Contributions: Janette Wilson; P.J. Liddell; Young Lim	This study of individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deduction claimed on Form 8283, <i>Noncash Charitable Contributions</i> .	2011	December 2011	April 2012	October 2012	December 2012	February 2014
SOI Bulletin: Wayne Kei	Winter Issue	2014	N/A	N/A	N/A	N/A	March 2014
Individual Public Use File (PUF): Victoria Bryant	A microdata file produced annually from a sample of individual income tax returns filed with the IRS for use by researchers and analysts to examine issues in economics and public policy.	2009	December 2009	April 2010	October 2010	December 2010	March 2014

SOI Projects, Contacts, and Public Release Information

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Individuals, Migration Flow Data: Kevin Pierce	Migration flow data (based on year-to-year changes in individual tax return addresses) provide data on the number of returns, number of exemptions, and aggregate adjusted gross income at the State and county levels.	2011	December 2011	April 2012	October 2012	December 2012	March 2014
Individuals, ZIP Code Data: Kevin Pierce	This study provides detailed tabulations of individual income tax return data at the State and ZIP code levels.	2008	December 2008	April 2009	October 2009	December 2008	March 2014
Corporations, Complete Report Tabulations: Bill Rush	This annual report provides comprehensive data on corporation income tax returns classified by industry, size of total assets, and size of business receipts.	2011	June 2012	September 2012	March 2013	June 2013	May 2014
SOI Bulletin: Wayne Kei	Spring Issue	2014	N/A	N/A	N/A	N/A	May 2014
Partnerships, Withholding on Foreign Recipients of U.S. Income: Scott Luttrell	This annual study provides data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.	2011	December 2011	April 2012	October 2012	September 2013	May 2014
Individuals, Foreign Person's Real Property Tax: Scott Luttrell	This annual study provides data on distributions of U.S. real property interests by foreign persons.	2011	December 2011	April 2012	October 2012	September 2013	June 2014
Individuals, High-Income Returns Study: Justin Bryan; Lisa Russ	This annual study provides detailed data on returns with adjusted gross income or expanded income greater than \$200,000. The study also looks at high-income nontaxable returns (HINTs) and the reason for nontaxability. Tables are provided annually to OTA. An annual <i>Bulletin</i> article is also produced.	2011	December 2011	April 2012	October 2012	December 2012	June 2014
Individuals, Mid-May Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 20 of the processing season.	2014	December 2014	N/A	N/A	N/A	June 2014

SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 803-9285 Fax: (202) 803-9393 e-mail: sis@irs.gov

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Bonds, Credit Payments: Aaron Barnes	This annual study provides information on credit payments to issuers of qualified bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Bonds, Tax Credit: Aaron Barnes	This annual study provides information on Tax Credit bonds and Specified Tax Credit bonds by bond program, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Bonds, Tax-Exempt Governmental: Aaron Barnes	This annual study provides information on Governmental bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Bonds, Tax-Exempt Private Activity: Aaron Barnes	This annual study provides information on private activity bond issues by type of property financed, size of face amount, and State.	2012	December 2012	March 2013	N/A	N/A	July 2014
Partnerships, Income: Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.	2012	December 2012	April 2013	September 2013	December 2013	July 2014
Tax-Exempt Organizations (Except Private Foundations): Paul Arnsberger	This annual study provides balance sheet and income statement data for organizations classified as tax exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
Tax-Exempt Organizations (Private Foundations): Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF.	2011	November 2012	April 2013	October 2013	December 2013	July 2014
Individuals, Complete Report File: Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules.	2012	December 2012	April 2013	October 2013	December 2013	August 2014

SOI Projects, Contacts, and Public Release Information

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Individuals, Complete Report Tabulations: Michael Parisi; Justin Bryan	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, age, or type of tax computation.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
Individuals, Nonfarm Sole Proprietorships: Adrian Dungan	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C, <i>Profit or Loss From Business</i> , for nonfarm proprietors, classified by industry group.	2012	December 2012	April 2013	October 2013	December 2013	August 2014
SOI Bulletin: Wayne Kei	Summer Issue	2014	N/A	N/A	N/A	N/A	August 2014
Estate Tax, Nonresident Alien : Joseph Newcomb	This annual study provides information on gross estates, including composition, deductions, and tax, of nonresident aliens who owned at least \$60,000 worth of property within the U.S. at time of death.	2013	N/A	N/A	N/A	December 2013	August 2014
Corporations, Foreign Tax Credit: Scott Luttrell; Lissa Costa; Nuria McGrath	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.	2011	June 2012	September 2012	March 2013	June 2013	August 2014
Individuals, Mid-July Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 30 of the processing season.	2014	December 2014	N/A	N/A	N/A	August 2014
Individuals, Withholding on Foreign Recipients of U.S. Income: Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.	2012	December 2012	March 2013	April 2013	March 2014	September 2014
Individuals, Income Tax Percentile Tabulations: Michael Parisi; Tony Hall	This annual study provides data on income and tax distribution for all non dependent individual income tax returns by percentiles.	2012	December 2012	April 2013	October 2013	December 2013	October 2014

SOI Projects, Contacts, and Public Release Information

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Estate Tax: Brian Raub	This annual study provides information on a gross estate and its composition, deductions, and tax and information on the age, sex, and marital status of decedents. Basic estate tax return data, by year in which returns are filed, are produced each year. Other statistics are available on a year-of-death basis (approximately every 3 years).	2013	N/A	N/A	N/A	December 2013	October 2014
Gift Tax: Melissa Belvedere	This annual study provides data for type and amount of gift, information on donee, and tax computation items. Information about the donor and gift splitting is also available.	2013	N/A	N/A	N/A	December 2013	October 2014
Tax-Exempt Organizations, Unrelated Business Income: Jael Jackson	This annual study provides data on unrelated business income and deductions for organizations classified as tax exempt under the Internal Revenue Code.	2011	November 2012	April 2013	October 2013	December 2013	October 2014
Trusts (and Estates), Income Tax: Joseph Newcomb	This annual study provides data on income, deductions, gains, and losses reported by estates and trusts, as well as distributions to beneficiaries and income tax liability.	2013	N/A	N/A	N/A	December 2013	October 2014
SOI Bulletin: Wayne Kei	Fall Issue	2014	N/A	N/A	N/A	N/A	November 2014
Individuals, Mid-November Filing Season Statistics: Barry Johnson	Number of returns, total income, total tax and share of income composed of capital gains, by AGI category, reported through week 47 of the processing season.	2014	December 2014	N/A	N/A	N/A	December 2014

SOI Products and Services

Statistics of Income (SOI) data are available in electronic formats and in print. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS)**:

Statistical Information Services (sis@irs.gov)
Statistics of Income Division
Internal Revenue Service • RAS:S
1111 Constitution Avenue, NW, K-Room 4112
Washington, DC 20224-0002
(202) 803-9285 • Fax: (202) 803-9393

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, at (202) 317-4000.

Free Products on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including Compliance Research projections and nonprofit Master File microdata records. Almost 12,000 files are currently available at:

www.irs.gov/taxstats

There is also a direct link to our Website from FedStats, the gateway to official statistics from the Federal Government: www.fedstats.gov.

Tax Stats

On the Tax Stats home page, you will find the following list of topics that will lead to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

Business Tax Statistics

Corporations • International • Partnerships
Nonfarm Sole Proprietorships
S Corporations

Charitable and Exempt Organization Statistics

Charities • Private Foundations • Exempt
Organization Population Data • Trusts •
Tax-Exempt Bonds

Individual Tax Statistics

Individual Income Tax • Estate and Gift Tax
International • Personal Wealth

Products, Publications, and Papers

SOI Bulletins • IRS Data Books • Data Snapshots
SOI Paper Series • U.S. Population Migration Data
Historical Data Tables • Archive

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Issuing Refunds • Collecting Revenue
Enforcing Laws • Assisting Taxpayers

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706 • 709 • 990 • 990-PF • 990-T • 1040 • 1041 • 1065
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SOI Products and Publications

Corporation Income Tax Returns

Statistics of Income—2010, Corporation Income Tax Returns

Publication 16

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2010 through June 2011. Data are classified by industry, size of total assets, and size of business receipts.

Corporation Source Book

Data from the 2000 through 2010 *Corporation Source Books* are available at no charge from the Tax Stats Website. Data for most years from 1964 through 1999 are also available in the archive section of Tax Stats.

SOI Products and Services

Statistics of Income—2010, Corporation Source Book

Publication 1053

This document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series.

Individual Income Tax Returns

Statistics of Income—2011, Individual Income Tax Returns

Publication 1304

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2011 than those published earlier in the *SOI Bulletin*.

Presents information on: Classifies data by:

- sources of income
- exemptions
- itemized deductions
- tax computations
- size of adjusted gross income
- marital status
- type of tax computation
- age

Compendium of Federal Estate Tax and Personal Wealth Studies

Publication 1773

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916–1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962–1989, and a discussion of the relationship among realized income, wealth, and well-being.

County-to-County Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from

the IRS Individual Master File system. Data present migration patterns by county for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total adjusted gross income. Available for Filing Years 1989–2010. All years are available at www.irs.gov/taxstats. Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

State-to-State Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by State for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total adjusted gross income. Available for Filing Years 1989–2010. All years are available at www.irs.gov/taxstats. Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989–2009 and 2011 for the entire United States. Tax Year 2011 expanded data by size of adjusted gross income are available at the same web page. All years are available at www.irs.gov/taxstats. Click on “County Income” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

Individual Income Tax ZIP Code Data

ZIP Code data show selected income and tax items classified by State, ZIP code, and size of adjusted gross income. Data are based on individual income tax returns filed with the IRS and are available for Tax Years 1998, 2001, 2004, 2005, 2006, 2007, 2008, and 2011. The data include items, such as:

- Number of returns, which approximates the number of households;

- Number of personal exemptions, which approximates the population;
- Adjusted gross income;
- Wage and salaries;
- Dividends before exclusion; and
- Interest received.

All years are available at www.irs.gov/taxstats. Click on "ZIP Code Data (SOI)" under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

Tax-Exempt Organizations

Compendium of Studies of Tax-Exempt Organizations, 1989–1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)–(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the Compendium includes papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research.

Microdata Records for Tax Year 2010

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 14,143 Internal Revenue Code section 501(c)(3) organizations and 6,388 section 501(c)(4)–(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Website.

Microdata Records for Tax Years 1985–2009

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate

the population), for each organization. Available for download from SOI's Tax Stats Website.

Private Foundations (and Charitable Trusts)

Microdata Records for Tax Years 1985–2010

Microdata records of all Forms 990-PF sampled for the annual SOI studies covering private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts for Tax Years 1985 through 2010. The data for each of the annual studies are included in a comprehensive, "harmonized" dataset, with standardized variable names and codes based on the Tax Year 2010 form revision. The file contains both operating and nonoperating foundations and trusts. The most recent sample, for Tax Year 2010, includes 17,285 returns. (All returns filed by foundations with assets of \$10 million or more, as well as the population of returns filed by nonexempt charitable trusts, are included in each of the samples.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Website.

Products for Sale From SOI

Individual Public-Use Microdata Files

Files for 1992 through 2008 are available on CD-ROM by contacting SOI's Statistical Information Services at sis@irs.gov or (202) 803-9285. These microdata files have been edited to protect the confidentiality of individual taxpayers. The cost is \$4,000 for each year requested.

Products for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, by calling (202) 512-1800, or faxing (202) 512-2250. Credit cards are accepted.

Superintendent of Documents

P.O. Box 371954
Pittsburgh, PA 15250-7954

SOI Products and Services

* If you determine from the Government Printing Office that any of the following items is out of print, call Statistical Information Services on (202) 803-9285 for assistance.

IRS Data Book, 2012

*Annually, Publication 55B, Stock No. 048-004-02531-1
Price: \$15.00 048-004-02542-6*

This volume pertains to Fiscal Year (FY) 2012—October 1, 2011, through September 30, 2012. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, IRS budget and workforce, and other selected activities.

Statistics of Income Bulletin

*Quarterly, Publication 1136, Stock No.
748-005-00000-5 Subscription price: \$67*

*Summer 2013, Single copy, Stock No. 748-005-00116-8
Single copy price: \$44*

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables, formerly published in every issue of the *Bulletin* are now published only on the IRS Website (www.irs.gov/taxstats).