

# Legally-Blind Tax Filers, 1983: A Profile

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Only two things in life are certain: death and taxes. This grim joke reveals a bias of the majority who are fortunate enough to qualify as taxpayers. For people who do not qualify, paying taxes could be a welcome opportunity, indicating economic self-sufficiency, and involvement in civic life. The case for public support of rehabilitation for disabilities stresses helping people to switch from the welfare rolls to the tax rolls.

This article reports recent trends in the number and characteristics of the nearly 300,000 tax-filers who claimed a personal exemption for blindness on their individual income tax returns for 1983. The analysis is timely in light of new tax policy; in addition, the data base of tax returns can be viewed as a source to describe aspects of the socioeconomic situation of an interesting segment of the blind population.

## EARLY AND CURRENT TAX POLICY

In 1944, culminating prodigious advocacy efforts, the Federal tax law was amended to permit a *deduction* for a taxpayer's "blindness" [1,2]. In 1948, that provision was changed to an *exemption*, and was extended to a spouse, even with no separate income [3]. That is, in addition to the personal exemption each taxpayer or spouse could take, an equivalent exemption for blindness was allowed for either or both individuals. (In the tax law, and in this article, the term blindness means "legal blindness"—corrected acuity of 20/200 or less in the better eye, or a visual field of 20 degrees or less.)

Initially, national policy had focused on blindness as a basis for welfare payments, i.e., Title X of the 1935 Social Security Act. By contrast, the 1936 Randolph-Sheppard Act and the 1938 Wagner-O'Day Act promoted the idea of blind persons engaging in productive employment [4]. The tax law combined these perspectives by recognizing that blind people might become taxpayers, and that additional costs associated with blindness should be allowed against earnings. Only subsequently was there research to document

those costs. Those studies were limited then and are now seriously out-of-date [5,6].

Starting in 1987, tax law revisions remove the exemption for blindness (and the one for age 65 years or older). Instead, there is a return to the original method of a special deduction; this time, it will be an additional standard deduction amount for blind or elderly individuals (both amounts may be taken if both conditions apply). The amount for each condition is \$600 if the individual is married, \$750 if single. In addition, the larger standard deduction allowed taxpayers in general starting with 1988 is allowed 1 year earlier (1987) for the blind or elderly. As of 1989, each of these amounts will be adjusted for inflation [7].

The new system will not, of course, benefit people who do not take a standard deduction, i.e., who itemize their deductions instead. For 1983, over one-third of blind tax-filers itemized, surprisingly close to the 36 percent of all returns with itemized deductions for that year [8]. Under the new law, this difference is expected to widen as more blind or elderly persons use the larger standard deduction allowed them.

A prospective analysis in 1986 of the new Tax Reform Act by the Price-Waterhouse accounting firm concluded that these changes would result in tax increases for some blind persons and decreases for others [9, 10]. Note that there is dispute among analysts as to whether more people will be affected unfavorably than favorably. The net result depends on many factors whose particular mix for the blind population is unknown, e.g., filing status, age, deductions, and income.

## FINDINGS

### Total Number of Exemptions: Level and Trend

For 1983, the number of exemptions for blindness was 294,280, almost three times larger than 20 years earlier, and more than double the figure for 1974. Between 1979 and 1983, there was an average annual increase of over 14 percent [11].

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For comparison, total personal exemptions and the subgroup of exemptions for age 65 and over were examined. Both had grown, but at much lower rates than blindness exemptions. Since 1979, the average annual increase in total exemptions was 1 percent; for age exemptions, it averaged 7 percent.

Bearing in mind that tax exemptions cannot be used to estimate prevalence of blindness, the increased number of exemptions *could* indicate any or all of the following possible changes in the legally-blind population: age structure, household patterns, sources and levels of income, and awareness of eligibility, *as well as* prevalence of blindness. Also, changes in the tax code could have interacted with individuals' financial situations so as to require increased numbers of the blind to file.

How does the number of blindness exemptions compare with the estimated prevalence of blindness among adults? The authors, have, frankly, little confidence in the prevalence estimates since lack of current data forces use of very old and incomplete sources for age-specific rates, applied to recent total population figures [12, 13]. This procedure indicates that 1983 exemptions were about 60 percent of the estimated number of legally-blind persons over 20 years old.

### “Returns” vs. “Exemptions:” Indicators of Family Status

Tax data have been used by researchers to reveal economic aspects of a nation's family structure [14]. Here the data permit us a limited glimpse at the family status of blind tax-filers in the United States.

The difference between the number of *returns* that claim blindness exemptions, and the number of *exemptions* for blindness, indicates how many returns were for two legally-blind spouses. For the years examined, that number was very small. The data show about 1,800 such couples for 1979 and about 500 for 1983. However, given the high sampling variability associated with these estimates, this change is not considered to be statistically significant.

It seems likely that the financial status of most “blind couples” does not require tax-filing. As evidence, consider the larger number of “blind couples” (i.e., two blind persons married to each other) who receive SSI (Supplemental Security Income for the blind) than who file tax returns; the SSI figure averaged about 4,000 from 1979 to 1983, although it also declined during that period (from about 4,300 to about 3,700) [15]. Note, however, that “SSI blind couples” could include some spouses eligible for SSI on bases other than blindness, if the “reference individual” were blind.

Although very few blind tax-filers are blind couples, the percentage of blind filers who are married was quite high for

1983 when compared to “all” U.S. tax-filers. Figure A presents this comparison, using the marital status groups recognized by the tax code. Among filers with a blindness exemption, 61 percent were married, compared to 42 percent married among all other persons filing for that year. (1981 and 1982 data were almost identical [11].)

**Figure A.—Returns with a Blindness Exemption Compared with All Other Returns, by Marital Status, 1983**

Marital status	Returns with a blindness exemption	All other returns
Number of returns	293,752	96,027,558
Percentage of returns by marital status:		
Total	100%	100%
Married <sup>1</sup>	61	42
Head of household	4	9
Single <sup>2</sup>	36	49

<sup>1</sup> Joint returns and returns of married persons filing separately.

<sup>2</sup> Includes returns of persons filing as a “surviving spouse,” i.e., widowed within the 2 previous years. (These returns comprised less than 1 percent of the total for “all other returns”; there were no surviving spouse returns with a blindness exemption among those sampled for Statistics of Income.)

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

Source: Statistics of Income—1983, Individual Income Tax Returns.

Also shown is the category “head of household.” This term usually refers to divorced or widowed persons residing with dependent children, although other relationships may be included (e.g., never married or residing with a dependent parent). As expected, “head of household” was a lower percentage among blind tax-filers than among all others (4 percent versus 9 percent).

Finally, the category “single” includes persons who had never married or whose marriages were terminated by death or divorce, and who did not have resident dependents throughout the year (a few had part-year resident dependents): 36 percent of blind tax-filers were single, compared to 49 percent of all other filers.

These findings differ notably from an earlier (1976) national survey that identified “visually handicapped” persons [16]. That study's definition of visually handicapped is much broader than legal blindness, but is the best that could be found for comparative purposes. In that study, 53 percent of visually handicapped adults aged 18-64 were married, compared to 67 percent of U.S. adults.

Because the tax data include people 65 years and over (who are a higher proportion of blind filers than of “all” tax-filers, and are more likely than those under 65 to be widowed and counted as single), one would expect an even *lower* percentage of the blind tax-filer group to be currently married. The actual finding is probably explained by selection into the tax-filer category on the basis of economic status, associated with marital status. That is, it seems likely that poverty or dependency status is more common (and tax-filing less common) among single blind adults than among single-sighted adults. This hypothesis also assumes that the income difference is smaller when *married* blind and sighted adults are compared.

**Age, Marital Status, and Dependents**

Further light is shed on family structure by data on tax exemptions for dependents other than spouse. Since both marital status and exemptions for dependents are related to age, the age distribution (whether under 65 years or over) in the blind tax-filer sample needs to be examined. A special tabulation for 1979 provides that information.

Those data can be viewed several ways, because tax returns may include one or both spouses who are aged, and one or both who are blind. Thus, for 1979, there were 98,725 returns with at least one *individual* who was both blind and 65 years or older, but there were 101,880 *returns* claiming both the age and blindness exemptions. The latter include situations where one spouse was either blind or aged, but not both.

Using the "either/or" approach, 60 percent of all 1979 returns which showed a blindness exemption also showed an age exemption. That figure is much higher than for the general population in the same year, of whom 9 percent claimed at least one age exemption.

Figure B shows marital status among blindness-exemption returns, compared to all other returns, according to whether any age exemption applied. Although the age exemption makes a difference in both groups, the effect is in opposite directions and much stronger in the legally-blind group. In that group, the percentage of married persons was *lower* for those *with* an age exemption (45 percent) than for those *without* (68 percent). Among all other tax-filers, those with an age exemption were *more* likely than those without it to be married (58 percent versus 49 percent).

Next, the data on dependents are considered. They are classified as: children at home; children away from home; parents; and "others." The 1979 analysis provides the number of *exemptions* in these categories; the figures cannot be translated to the number of *returns* claiming each type of dependent, since multiple categories could be used, with multiple claims in any category.

The number of dependents was proportionately almost twice as large in the general population as in the blindness-exemption group: for every 100 exemptions for self or spouse in the general population, there were 55 dependents claimed, whereas for every 100 self/spouse exemptions in the blindness group, 30 dependents were claimed. The difference may exist partly because fewer blind filers had any dependents, and partly because they had fewer dependents when any were claimed.

Age was a major factor: 88 percent of the dependents were claimed on the 40 percent of blindness-exemption returns that did not claim an age exemption. Among claims for dependents, "children at home" were the overwhelming majority for blind tax-filers (90 percent) as they were for "all" filers (93 percent). Considering age, in the blindness-exemption group: among those *with* an age exemption, 96 percent of dependents were "children at home" and the remainder were "other." Among those with *no* age exemption, 90 percent of dependents were "children at home," 7 percent were "children away," fewer than 1 percent were "parent(s)," and 3 percent were "other." (Data are not available with which to make the same age comparison in the general filing population.)

**Occupation**

In spite of the vital link between occupational status and participation in the income tax system, tax forms are a weak source for such data. The problems are covered in methodological papers on the Internal Revenue Service (IRS) occupation coding project for 1979 data [17, 18]. The project has yet to be completed for taxpayers as a whole, but IRS was able to provide data for the blindness-exemption group.

For that group, besides the problem of unreliability (including lack of specificity) in the data source, sampling error must be considered due to the small sample size.

Furthermore, a large residual portion of blind taxpayers had entries on their tax returns that indicated they were not currently employed. This group included individuals with such entries as retired, unemployed, disabled, housewife, student, investor, or deceased. Also included in this residual category were taxpayers with no entries for occupation whose sources of income indicated that they were investors (i.e., their income was primarily from investments), retirees (i.e., income primarily from pensions), or housewives (i.e.,

**Figure B.—Returns With and Without a Blindness Exemption Compared With Returns With and Without an Exemption for Age 65 and Over, by Marital Status, 1979**

Marital status	Returns with a blindness exemption—		All other returns—	
	with an exemption for age 65 and over	without an exemption for age 65 and over	with an exemption for age 65 and over	without an exemption for age 65 and over
	(1)	(2)	(3)	(4)
Number of returns . . . . .	101,880	69,450	8,559,775	83,963,197
Percentage of returns by marital status:				
Total . . . . .	100%	100%	100%	100%
Married <sup>1</sup> . . . . .	45	68	58	49
Head of household . . . . .	2	2	1	8
Single <sup>2</sup> . . . . .	53	30	40	42

<sup>1</sup> Joint returns and returns of married persons filing separately.  
<sup>2</sup> Includes returns of persons filing as a "surviving spouse," i.e., widowed within the 2 previous years.

NOTE: Detail may not add to totals because of rounding.  
 Source: Unpublished tables from a special Statistics of Income study for the American Foundation for the Blind.

Still considering Figure B, but now comparing *within age groups*, it can be seen that the earlier finding of a higher percentage married among blind tax-filers applies only among the younger persons.

"secondary" taxpayers on joint returns with no "earned income").

The total residual category accounted for fully 75 percent of the exemptions for blindness for 1979. Age, of course, made a difference: 93 percent of blindness-plus-age exemptions were in the residual occupational grouping (even though 31 percent reported some "earned income"); that compared to 50 percent of blindness-without-age exemptions which were unspecified occupationally (although 93 percent reported some "earned income").

For all these reasons, results of the 1979 analysis are presented without drawing conclusions. In any case, no reasonable comparative data are available with which to assess the results. Figure C shows the occupation distribution for the 25 percent of blindness-exemption returns on which occupation was specified. The two largest categories were non-production laborers (28 percent) and professional or technical workers (18 percent).

**Figure C.—Returns with a Blindness Exemption and with Occupation Determinable, by Occupation Category, 1979**

Occupation category	Returns with a blindness exemption
Number of returns, total	171,330
Number with occupation category determinable	43,180
Percentage of returns with occupation category determinable:	
Total	100%
Executive, managerial, administrative and support	8
Professional and technical	18
Sales	13
Service	13
Production workers	12
Agriculture, forestry and fishing	8
Other laborers	28

Source: See Figure B. (Classification was based on the *Standard Occupational Classification Manual, 1980*, U.S. Department of Commerce.)

## Income

The "bottom line" of income tax return data concerns income. That has two aspects: (1) "reportable" income, or "adjusted gross income" (AGI), and (2). "taxable" income. Figure D shows the distribution of AGI for 1983 for blindness-exemption returns compared with age-exemption returns and with "all" returns [19].

Overall, the differences are small, especially comparing blindness-exemption returns to those with an age exemption. In fact, total returns were slightly *more* likely than either special group to be in the lowest category, perhaps because proportionately fewer of the special groups filed as single persons (19 percent of all returns versus 11 percent of blindness-exemption returns had AGI under \$5,000).

In line with expectations, blindness-exemption (and age-exemption) returns were more likely than "all" returns to be in the low-middle categories, and "all" returns were more likely to be in the high-middle categories. In the highest category shown (\$100,000 or more), each group had a tiny 1 percent.

**Figure D.—Returns with an Exemption for Blindness or for Age 65 and Over Compared with All Other Returns, by Size of Adjusted Gross Income, 1983**

Size of adjusted gross income	All returns	Returns with an exemption for <sup>1</sup> —	
		Blindness	Age 65 and over
	(1)	(2)	(3)
Number of returns	96,321,310	293,752	11,231,204
Percentage of returns by size of adjusted gross income:			
Total	100%	100%	100%
Under \$5,000 <sup>2</sup>	19	11	12
\$5,000 under \$10,000	17	26	28
\$10,000 under \$20,000	26	29	31
\$20,000 under \$40,000	28	25	20
\$40,000 under \$100,000	10	8	8
\$100,000 or more	1	1	1

<sup>1</sup> The number of returns with both an exemption for blindness and for age 65 and over was not tabulated for 1983.

<sup>2</sup> Includes returns with no adjusted gross income.

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

Source: *Statistics of Income—1983, Individual Income Tax Returns*.

There is inherent interest in the upper end of AGI, and those figures come from more reliable samples (i.e., returns sampled at higher rates). More than 2,000 returns with the blindness exemption reported AGI's of \$100,000 or more, among them 36 returns that reported \$1 million or more. Those 36 returns accounted for over \$62 million in AGI, and reported over \$24 million in income tax. That figure pales, of course, before the nearly \$10 billion in income taxes reported by over 10,000 other filers in the \$1 million-plus AGI category.

Overall, as expected, a lower percentage of blindness-exemption returns compared to "all" returns showed any tax liability (68 percent versus 81 percent). The average tax required from those who were liable was lower than for all taxpayers, but not by much (about \$3,200 for blindness-exemption taxpayers compared to about \$3,500 for all taxpayers who reported a tax liability). The total amount of income tax reported by 199,000 blindness-exemption taxpayers for 1983 was \$647.5 million, just 0.2 percent of the U.S. total.

## DISCUSSION

Blind persons who file tax returns are not representative of all who are blind. They consist disproportionately of those who are economically more favored, either because of their own earnings, or by virtue of inherited wealth, or by marriage. Because these income sources cannot be disentangled, it is not possible to tell whether national policy designed to improve occupational opportunity for people with disabilities is having an effect in terms of increased contributions by blind persons to tax revenue.

It is clear that the income tax of blindness-exemption taxpayers in recent years far outweighed (i.e., was more than double) the dollar-of-tax value of the additional exemption they were allowed. Another intriguing way to look at their contribution to tax revenue is to compare it with the Federal SSI dollars paid *out* in income support for less fortunate blind persons. For 1983, the tax attributable to blind-

ness-exemption filers (\$647.5 million) was almost four times as large as the \$169.9 million in 1983 Federal "SSI-Blind" payments [15]. (A similar ratio held for other years examined, i.e., 1979-1982.)

What will be the effect of the change in tax law removing the blindness exemption? The Price-Waterhouse analysis referred to earlier shows that there will be an increased tax burden for some, especially if they are also elderly and single with AGI under \$22,000 or, if married, with joint income of \$25,000 to \$30,000.

What no one can assess with even reasonably current data is the realistic burden of added dollar costs of being blind, for those with earned or other reportable income. A study designed to obtain such data was recently begun as a joint effort of the Mississippi State University Research and Training Center on Blindness and Low Vision, and the American Foundation for the Blind [20].

In closing, it is interesting to focus on the intriguing though small group of blind persons who are among the top U.S. income producers. In light of the general movement toward client initiative and control in the rehabilitation process, that group could be a source of useful insights. What are the rehabilitation goals, and specialists' roles, when clients have the wherewithal to buy what they want? Put another way, what would the content and process of rehabilitation be like if, instead of clients' having to establish eligibility for free or greatly subsidized services, they could purchase the mix they desired? The authors suspect that a study of the wealthy few, who as seen from this analysis do exist, would give clues to the broader questions of client control emerging in the field.

### DATA SOURCES AND LIMITATIONS

Statistics of Income data are based on a sample of individual income tax returns. Because the number of returns filed is mammoth (over 96.3 million for 1983), it is not feasible, nor for most purposes necessary, to use the total. However, the relatively low number of tax returns claiming blindness exemptions yields a subsample too small for detailed analysis. For information about SOI samples used for the statistics in this article and the magnitude of sampling error, see *Statistics of Income—Individual Income Tax Returns* for 1979 and 1983 [11].

For this report the following were used:

- published and unpublished data from routine IRS tabulations, which include very few items for those with the blindness exemption; and
- a special tabulation of 1979 data by IRS under contract to the American Foundation for the Blind (AFB). Such analyses are costly, requiring AFB to restrain its

request. The year 1979 was chosen mainly because IRS undertook the challenging task of attempting to code occupation for that year as a feasibility study, based on information reported on the tax return; also, the sample was larger than for more recent years, when it was reduced due to budget constraints.

Printed instructions to tax-filers stated that if blindness were present on the last day of the tax year, the exemption applied to the entire year. "Completely blind" persons were asked to simply attach a statement to that effect; those who were "partially blind" needed a certified statement from an "eye physician or registered optometrist" submitted each year unless the "examining eye physician" certified that the eye condition would never improve, in which case only a statement referring to this certification had to be filed with later years' returns [21]. The data therefore refer only to tax-filers and their spouses who submitted evidence of their blindness.

It must be emphasized that tax returns cannot be used to estimate the prevalence of legal blindness. For the years studied in this article, the number of blind tax-filers excluded the following categories of legally-blind people, whose numbers may be substantial:

- people who did not file because their income was too low or came entirely from sources that did not have to be counted (notably, veterans' benefits or welfare benefits);
- people claimed as dependents, other than a spouse: dependent children, parents or other relatives of a tax-filer were not separately identified on the tax return as blind.

There were other excluded groups of legally-blind people which, based on speculation, were very small:

- people who did not know that they could qualify or who were unable to obtain the required proof;
- people who filed but chose not to take the blindness exemption. Their reasons may have included concern about negative consequences that outweighed any economic benefit; philosophic objections to the privilege; or sufficient wealth to forego the economic benefit; and finally,
- people who illegally failed to file (not necessarily "willfully," e.g., they may have been too ill).

In contrast to possible exclusions of eligible blind tax-filers, it should be noted that the reverse situation (inclusion of ineligible persons) was also possible, though unlikely in view of the serious consequences for a small benefit.

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- [19] In *Statistics of Income—1983, Individual Income Tax Returns*, the data are published in more detailed income-size categories. Adjacent size classes were grouped for this article if they shared a pattern of increase or decrease across the three types of returns being compared. Unfortunately, data were not available with which to make the age comparisons *within* the blindness-exemption group.
- [20] The authors may be contacted for additional information about this study.
- [21] See U.S. Department of the Treasury, Internal Revenue Service, *Your Federal Income tax and Tax Guide for Small Business*. (Recorded versions of these publications are available in braille on cassette from the National Library Service for the Blind and Physically Handicapped.)