

# Individual Income Tax Returns, 1997: Early Tax Estimates

by Scott M. Hollenbeck and Maureen Keenan Kahr

Early estimates for Tax Year 1997, based on individual income tax returns filed through April 1998, indicate that the growth of both adjusted gross income (AGI) and taxable income was more than three times as much as the inflation rate of 2.3 percent. AGI increased 8.5 percent (6.6 percent for 1996) from \$3,972.4 billion for 1996 to \$4,311.1 billion for 1997, due in part to a 6.6-percent increase in salaries and wages. Taxable income grew 9.6 percent to \$2,882.9 billion, and total income tax grew 10.2 percent to \$594.1 billion for 1997. Other than salaries and wages, sources of income showing notable increases were capital gains and taxable pensions. Also, continuing the trend of recent years, traditional “paper” methods of filing (Forms 1040, 1040A, and 1040EZ) declined 3.5 percent for 1997, while electronic filing rose 28.3 percent and accounted for 21.6 percent of all returns. The comparisons of data for Tax Years 1996 and 1997 presented in this article are based on early tax estimates for both years.

Data for this article were derived from the “Early Tax Estimates” (or ETE) subset of returns included in the full sample used for *Statistics of Income—Individual Income Tax Returns* for 1997. Designed to provide estimates as soon as possible following the close of the regular tax return filing season, the 1997 ETE sample was extracted from the subset of returns filed through the end of April 1998. With a sample size of 20,858 returns, the ETE sample is small in comparison to the estimated 115,000 individual income tax returns that will comprise the final Statistics of Income (SOI) sample. While 1997 represents the sixth time this sample has been used to generate early tax estimates, the taxpayers included in the ETE subsample have been part of the SOI sample each year they filed a return since Tax Year 1979 (see the Data Sources and Limitations section of this article).

In order to provide some insight into how the ETE subset of returns filed through April relates to the full-year SOI sample, Figure A compares esti-

mates of key income and other items from both samples for Tax Year 1996. For many items, such as salaries and wages, unemployment compensation, and total earned income credit, the ETE sample of returns provides reliable estimates. For other items, however, the ETE sample is less reliable. These items include partnership, S Corporation, and sole proprietorship (business) net income or loss, and the alternative minimum tax. These items are often reported in sizable but varying amounts on returns filed after April. Returns filed after April are mainly those for which filing extensions have been taken, and many are for high-income taxpayers. As a result, early estimates for the items listed above (and also for high-income returns in general) should be used with caution.

The estimates from high-income returns are also subject to relatively high sampling variability. Since the ETE subset of returns is not stratified to favor high-income taxpayers, there may not be a sufficient number of high-income returns in the sample to accurately represent this portion of the individual income tax return population. The discussion that follows, therefore, focuses only on those tax return items and those taxpayer characteristics for which the ETE sample is believed to offer reliable estimates.

## **Selected Sources of Income and Statutory Adjustments**

Early estimates indicate that adjusted gross income (AGI) grew 8.5 percent from \$3,972.4 billion to \$4,311.1 billion for 1997. The 8.5-percent growth in AGI was larger than the 1996 growth of 6.6 percent and was more than three times larger than the 2.3-percent annual rate of inflation for 1997 [1,2]. Salaries and wages, the largest income source, rose 6.6 percent from \$3,039.9 billion for 1996 to \$3,241.3 billion for 1997. Net gains from the sale of capital assets, the second largest income source, grew 22.9 percent from \$203.8 billion to \$250.4 billion for Tax Year 1997.

The principal components of AGI and statutory adjustments to AGI are shown by AGI class in Tables 2 and 3, respectively. In addition to the increases in both salaries and wages and net capital gains, there were notable changes in several other sources of income from 1996 to 1997 (Figure B).

*Scott M. Hollenbeck and Maureen Keenan Kahr are economists with the Individual Research Section. This article was prepared under the direction of Carl Greene, Chief, Individual Research Section.*

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure A

## Comparison of Selected Early Tax Estimates (ETE) Data and Final Statistics of Income (SOI) Data, Tax Year 1996

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

Item <sup>1</sup>	1996 ETE data <sup>2</sup>	1996 final SOI data <sup>3</sup>	Percentage increase, ETE to final SOI data
	(1)	(2)	(3)
Number of returns.....	111,694	120,351	7.8
Adjusted gross income (less deficit).....	3,972,391	4,535,974	14.2
Salaries and wages.....	3,039,872	3,376,872	11.1
Taxable interest.....	135,620	165,673	22.2
Dividends.....	79,023	104,255	31.9
Business or profession income:			
Net income.....	115,493	200,030	73.2
Net loss.....	13,317	23,126	73.7
Sales of capital assets reported on Schedule D:			
Net gain.....	198,246	254,839	28.5
Net loss.....	6,982	8,879	27.2
Individual Retirement Arrangement (IRA) distributions in adjusted gross income.....	39,738	45,539	14.6
Pensions and annuities in adjusted gross income.....	211,419	238,787	12.9
Rent and royalty:			
Net income.....	35,579	42,860	20.5
Net loss.....	19,338	25,779	33.3
Partnership and S Corporation:			
Net income.....	126,904	190,739	50.3
Net loss.....	17,166	43,960	156.1
Farm:			
Net income.....	7,694	8,915	15.9
Net loss.....	13,822	16,027	16.0
Unemployment compensation.....	17,649	19,327	9.5
Social Security benefits in adjusted gross income.....	43,699	53,203	21.7
Other income:			
Net income.....	17,803	20,956	17.7
Net loss <sup>4</sup> .....	12,439	53,964	333.8
Total statutory adjustments.....	30,551	42,647	39.6
Keogh retirement and simplified employee pension plan deduction.....	5,659	8,979	58.7
Total itemized deductions.....	483,853	572,541	18.3
Taxable income.....	2,629,590	3,089,667	17.5
Total tax credits <sup>5</sup> .....	7,977	11,304	41.7
Total earned income credit <sup>6</sup> .....	28,197	28,825	2.2
Total income tax <sup>7</sup> .....	538,991	658,245	22.1
Alternative minimum tax.....	1,586	2,813	77.4

<sup>1</sup> All items are money amounts except for the number of returns.

<sup>2</sup> Data are based on a simple random sample of returns filed through April 1997.

<sup>3</sup> Data are based on a stratified random sample of returns filed through December 1997 and will be published in Statistics of Income--1996, Individual Income Tax Returns (in preparation).

<sup>4</sup> Consists of all losses (including net operating losses) reported on Form 1040, line 21, except the foreign-earned income exclusion.

<sup>5</sup> Includes earned income credit used to reduce total income tax to zero.

<sup>6</sup> Includes earned income credit used to reduce total income tax to zero, plus the amount used to offset any additional taxes; plus the refundable portion.

<sup>7</sup> Total income tax is the sum of income tax after credits and alternative minimum tax, less the total earned income credit as reported on the tax return (if the result was negative, total income tax was made equal to zero).

Taxable Individual Retirement Arrangement (IRA) distributions showed major growth for the second year in a row with an increase of 27.8 percent to

\$50.8 billion. Taxable Social Security benefits rose by 17.3 percent to \$51.3 billion for 1997, while taxable pensions and annuities grew 10.0 percent

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure B

## Comparison of Total and Selected Sources of Income and Statutory Adjustments, Tax Years 1996 and 1997

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

Item	1996 ETE <sup>1</sup>		1997 ETE <sup>1</sup>		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
<b>Adjusted gross income (less deficit).....</b>	<b>111,694</b>	<b>3,972,391</b>	<b>113,113</b>	<b>4,311,050</b>	<b>8.5</b>
Total income or loss <sup>2</sup> .....	111,694	4,002,942	113,113	4,342,703	8.5
Salaries and wages.....	96,391	3,039,872	97,877	3,241,288	6.6
Taxable interest.....	60,783	135,620	61,005	137,734	1.6
Sales of capital assets:					
Net capital gain <sup>3</sup> .....	14,434	203,754	16,602	250,371	22.9
Individual Retirement Arrangement (IRA) distributions in adjusted gross income.....	5,267	39,738	5,677	50,791	27.8
Pensions and annuities in adjusted gross income.....	18,167	211,419	18,091	232,498	10.0
Social Security benefits in adjusted gross income.....	6,321	43,699	7,331	51,270	17.3
Unemployment compensation.....	7,532	17,649	6,591	15,897	-9.9
Less: Total statutory adjustments.....	15,121	30,551	15,126	31,652	3.6
Individual Retirement Arrangement (IRA) payments.....	3,961	7,549	3,507	7,179	-4.9
Medical savings account deduction.....	N/A	N/A	*17	*39	N/A
Self-employed health insurance deduction.....	2,102	1,802	2,110	2,415	34.0

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

N/A - Not applicable.

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

<sup>2</sup> Includes income not shown separately below.

<sup>3</sup> Since capital gains distributions were included on Schedule D for 1997, net capital gain for 1996 was computed by adding net capital gain reported on Schedule D and capital gains distributions reported on Form 1040.

NOTE: All data are for returns filed through April.

from \$211.4 billion to \$232.5 billion. On the other hand, taxable interest showed only modest growth for 1997, rising 1.6 percent from \$135.6 billion to \$137.7 billion. This was a change from the previous 2 years, in which taxable interest grew by 9.8 percent for 1996 and by 12.9 percent for 1995. Unemployment compensation continued a 2-year downward trend by decreasing 9.9 percent to \$15.9 billion for 1997. This may be related to the decline in the national unemployment rate from 5.4 percent to 4.9 percent, the lowest rate in 24 years [3].

Statutory adjustments, which reduce adjusted gross income, increased to \$31.7 billion for 1997. Tax-deductible contributions to Individual Retirement Arrangements (IRAs), which have decreased every year since 1986, fell 4.9 percent to \$7.2 billion. The self-employed health insurance deduction rose 34.0 percent from \$1.8 billion to \$2.4 billion for 1997. Much of this increase was the result of a tax law change, which increased from 30 to 40 percent the maximum percentage of self-employed health insurance premiums a taxpayer could deduct.

### Itemized Deductions

For 1997, both the number of taxpayers itemizing deductions and the amounts they claimed increased (Figure C). The number of returns with itemized deductions increased 4.7 percent to 32.0 million, and AGI on those returns increased by 11.6 percent, while the total itemized deductions grew 10.6 percent to \$535.0 billion from \$483.9 billion for 1996. The largest itemized deduction for 1997, the interest paid deduction, grew 8.7 percent to \$206.8 billion. The largest component of this deduction, home mortgage interest paid to financial institutions, grew 7.1 percent to \$193.6 billion from \$180.8 billion for 1996. The second largest itemized deduction, taxes paid, rose 9.7 percent to \$184.3 billion for 1997. In addition, taxpayers deducted slightly over \$101.4 billion in charitable contributions for 1997, up 18.5 percent from 1996. Table 4 presents additional data on itemized deductions, classified by size of AGI.

### Personal Exemptions

The total number of personal exemptions increased

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure C

## Returns with Itemized Deductions: Comparison of Adjusted Gross Income and Selected Itemized Deductions, Tax Years 1996 and 1997

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

Item	1996 ETE <sup>1</sup>		1997 ETE <sup>1</sup>		Percentage increase in amount
	Number of returns <sup>2</sup>	Amount	Number of returns <sup>2</sup>	Amount	
	(1)	(2)	(3)	(4)	(5)
<b>Adjusted gross income</b> .....	<b>30,587</b>	<b>2,333,011</b>	<b>32,020</b>	<b>2,604,665</b>	<b>11.6</b>
Total itemized deductions <sup>3,4</sup> .....	30,587	483,853	32,020	534,965	10.6
Taxes paid deduction.....	30,139	167,950	31,644	184,288	9.7
Total interest paid deduction <sup>5</sup> .....	25,855	190,246	27,078	206,789	8.7
Home mortgage interest:					
Paid to financial institutions.....	25,194	180,753	26,357	193,632	7.1
Paid to individuals.....	1,685	5,204	1,682	5,445	4.6
Contributions deduction.....	27,413	85,618	28,694	101,447	18.5

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

<sup>2</sup> Returns with no adjusted gross income are not included in the deduction counts. For this reason, the sum of returns with total itemized deductions after limitation and returns with total standard deductions is less than the total number of returns for all filers.

<sup>3</sup> Includes deductions, not shown separately below.

<sup>4</sup> For married persons filing separately, total itemized deductions could have been limited if adjusted gross income exceeded \$60,600 for 1997 (\$58,975 for 1996); for all other taxpayers, if adjusted gross income exceeded \$121,200 (\$117,950 for 1996). Total itemized deductions, but not detailed deductions, are after these limitations.

<sup>5</sup> Includes deductible points and "investment interest" expense, not shown separately.

NOTE: All data are for returns filed through April.

Figure D

## Comparison of Total and Selected Exemptions, Tax Years 1994-1997

[Number of returns and number of exemptions are in thousands]

Tax year	Total number of returns with exemptions	Percentage increase	Total number of exemptions	Percentage increase	Number of taxpayer exemptions	Percentage increase	Number of returns with dependent exemptions	Percentage increase	Number of dependent exemptions	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1994 ETE <sup>1</sup> .....	98,512	N/A	212,306	N/A	142,291	N/A	39,133	N/A	70,015	N/A
1995 ETE <sup>1</sup> .....	99,719	1.2	216,926	2.2	143,762	1.0	40,810	4.3	73,164	4.5
1996 ETE <sup>1</sup> .....	101,670	2.0	219,787	1.3	145,645	1.3	41,439	1.5	74,142	1.3
1997 ETE <sup>1</sup> .....	102,604	0.9	221,327	0.7	147,001	0.9	41,463	0.1	74,326	0.2

N/A - Not applicable.

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

NOTE: All data are for returns filed through April.

slightly for 1997, rising 0.7 percent from 219.8 million for 1996 to 221.3 million (Figure D). The number of returns reporting exemptions also showed a slight increase (0.9 percent) to 102.6 million returns from 101.7 million returns for 1996 [4]. Although the number of returns reporting exemptions and the actual number of exemptions both increased, the rate of growth was slower than in previous years. The type of exemption showing the most notable

decline in the rate of growth was the dependent exemption. For the previous 2 years, the growth rate in the number of dependent exemptions claimed decreased, falling from 4.5-percent growth for 1995 to 1.3 percent for 1996 and to 0.2 percent for 1997. This decrease might be related to efforts by the Internal Revenue Service (IRS) to verify that a valid Social Security number is reported for all dependent exemptions claimed and to the disallowance of any

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure E

## Comparison of Adjusted Gross Income, Taxable Income, and Total Income Tax, Tax Years 1996 and 1997

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

Item	1996 ETE <sup>1</sup>		1997 ETE <sup>1</sup>		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
<b>Adjusted gross income (less deficit).....</b>	<b>111,694</b>	<b>3,972,391</b>	<b>113,113</b>	<b>4,311,050</b>	<b>8.5</b>
Total itemized deductions.....	30,587	483,853	32,020	534,965	10.6
Standard deductions <sup>2</sup> .....	80,224	407,359	80,066	417,459	2.5
Total exemptions.....	101,100	553,664	102,030	578,972	4.6
Taxable income.....	89,147	2,629,590	91,496	2,882,944	9.6
Income tax before credits.....	89,066	545,382	91,392	601,059	10.2
Total tax credits.....	14,595	7,977	14,714	8,733	9.5
Child care credit.....	5,541	2,318	5,413	2,311	-0.3
Earned income credit used to offset income tax before credits <sup>3</sup> .....	8,062	3,542	8,216	3,657	3.2
Total income tax <sup>4</sup> .....	83,564	538,991	85,918	594,131	10.2
Income tax after credits.....	83,564	537,405	85,906	592,327	10.2
Alternative minimum tax.....	318	1,586	441	1,805	13.8

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

<sup>2</sup> Includes both the regular standard deduction and any additional standard deduction for age 65 or over or for blindness.

<sup>3</sup> For SOI tabulations, the earned income credit is divided into three parts: an amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); an amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and a refundable portion (the excess of credit over total taxes).

<sup>4</sup> The number of returns with total income tax is less than the sum of returns with income tax after credits and returns with alternative minimum tax because some returns reported both. Total income tax is the sum of income tax after credits and alternative minimum tax, less the total earned income credit as reported on the tax return (if the result was negative, total income tax was made equal to zero).

NOTE: All data are for returns filed through April.

dependent exemption where this was not the case [5]. For more detailed data on exemptions, classified by size of AGI, see Table 6.

### Taxable Income and Total Income Tax

For 1997, taxable income grew by 9.6 percent to \$2,882.9 billion from \$2,629.6 billion (Figure E). The 9.6-percent growth in taxable income exceeded the 8.5-percent growth in AGI. Part of this difference was due to the fact that the inflation-adjusted amounts for standard deductions and for deductions for exemptions did not increase as fast as income. Although itemized deductions rose 10.6 percent, this increase was still not large enough to offset the smaller percentage increases in the standard deduction (2.5 percent) and the deduction for exemptions (4.6 percent). Total income tax grew 10.2 percent, from \$539.0 billion to \$594.1 billion for 1997 [6]. This increase represents the largest annual growth rate since the ETE study began in Tax Year 1992.

### Earned Income Credit and Other Tax Credits

Over 18.9 million taxpayers claimed the earned income credit (EIC) for Tax Year 1997, down from

the nearly 19.1 million who claimed the credit for Tax Year 1996 [7]. Even with slightly fewer returns claiming the credit, the total EIC rose \$1.4 billion, or 5.0 percent, to \$29.6 billion for 1997. The increase in total EIC was partially the result of the cost-of-living adjustment made to the maximum earned income credit and eligibility levels (see 1997 Tax Law Changes section of this article). The most notable increase for 1997 returns claiming the EIC occurred on those returns with two or more qualifying children (Figure F); this is the only category where the number of returns increased (by 0.6 percent). The amount claimed on these returns increased 8.5 percent from \$16.5 billion to \$17.9 billion. The number of returns claiming EIC for one qualifying child declined by 1.7 percent for 1997. Partly offset by a cost-of-living increase in the amount of allowable credit, the decrease in returns led to a small (0.3 percent) increase in EIC claimed for this group. Over the previous 2 years, in part due to the efforts of the IRS to verify Social Security numbers reported for children claimed on the EIC, the growth rate in the number of children claimed as

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure F

## Comparison of Earned Income Credit (EIC), Tax Years 1996 and 1997

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

Item	1996 ETE <sup>1</sup>		1997 ETE <sup>1</sup>		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
<b>Total earned income credit (EIC) <sup>2</sup>.....</b>	<b>19,092</b>	<b>28,197</b>	<b>18,931</b>	<b>29,612</b>	<b>5.0</b>
EIC on returns with no qualifying children.....	3,410	636	3,337	612	-3.8
EIC on returns with one qualifying child.....	7,841	11,111	7,704	11,145	0.3
EIC on returns with two or more qualifying children.....	7,841	16,450	7,890	17,855	8.5
<b>Refundable earned income credit (EIC).....</b>	<b>15,145</b>	<b>22,874</b>	<b>15,015</b>	<b>24,047</b>	<b>5.1</b>
EIC on returns with no qualifying children.....	2,274	446	2,231	434	-2.7
EIC on returns with one qualifying child.....	6,185	8,622	5,897	8,423	-2.3
EIC on returns with two or more qualifying children.....	6,686	13,805	6,887	15,189	10.0

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

<sup>2</sup> For SOI tabulations, the earned income credit is divided into three parts: an amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); an amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and a refundable portion (the excess of credit over total taxes).

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

EIC-eligible diminished to the point that it became negative (Figure G) [8]. The total number of children claimed for the EIC decreased by 0.2 percent to just under 23.5 million. The number of returns for taxpayers claiming EIC with no qualifying children decreased by 2.1 percent to 3.3 million returns, resulting in a 3.8-percent decrease in the EIC claimed in that category.

Unlike other tax credits, the EIC not only offsets income tax before credits (as well as certain addi-

tional income-related taxes), but also refunds any portion of the credit that exceeds these taxes. The refundable amount of EIC comprised the largest segment of the EIC, totaling just over \$24.0 billion for 1997, up 5.1 percent from the \$22.9 billion reported for the previous year. Total tax credits, which include the EIC to the extent that it was used to offset income tax before credits, rose by 9.5 percent to \$8.7 billion for 1997, from \$8.0 billion for 1996 (Figure E). Table 5 provides more detailed data on tax

Figure G

## Comparison of Number of Children Claimed for Earned Income Credit (EIC), Tax Years 1994-1997

[Number of children claimed are in thousands]

Tax year	Children claimed for EIC					
	Total number of children claimed	Percentage increase	Number of children claimed for one-child EIC	Percentage increase	Number of children claimed for two-child EIC	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)
1994 ETE <sup>1</sup> .....	20,320	N/A	7,776	N/A	12,544	N/A
1995 ETE <sup>1</sup> .....	22,290	9.7	7,914	1.8	14,376	14.6
1996 ETE <sup>1</sup> .....	23,523	5.5	7,841	-0.9	15,682	9.1
1997 ETE <sup>1</sup> .....	23,484	-0.2	7,704	-1.7	15,780	0.6

N/A - Not applicable.

<sup>1</sup> Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

NOTE: All data are for returns filed through April.

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure H

## Number of Returns Filed, Tax Years 1990-1997

[Number of returns is in thousands]

Returns filed	Returns filed for tax year:							
	1990	1991	1992	1993	1994	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns filed through April of the filing year.....	106,465	107,140	106,262	106,769	107,291	110,587	111,694	113,113
Returns filed through December of the filing year.....	113,470	113,795	113,754	114,602	115,943	118,218	120,351	122,808 <sup>1</sup>
Returns filed through April as a percentage of returns filed through December.....	93.8	94.2	93.4	93.2	92.5	93.5	92.8	92.1 <sup>2</sup>

<sup>1</sup> Projected total by IRS Research Division of Forms 1040, 1040A, 1040EZ, 1040PC, including electronically-filed returns.

<sup>2</sup> Estimated on the basis of projections for Tax Year 1997.

credits, as well as statistics describing selected deductions, taxes, and tax payments, classified by size of adjusted gross income.

### Filing Patterns and Characteristics of Returns

The IRS projected the total number of returns to be filed for Tax Year 1997 at 122.8 million (Figure H). As of May 1, 1998, when the sampling of tax returns for Tax Year 1997 ETE was completed, 113.1 million returns had been filed, up 1.3 percent compared to 1996. However, the number of returns filed through May 1, as a percentage of the total number of returns projected to be filed for Tax Year 1997, fell 0.7 percentage points to 92.1 percent [9].

For the third consecutive year, the number of returns filed electronically increased, and the number of returns filed using traditional "paper" methods decreased (Figure I). For 1997, the number of traditional paper returns filed fell 3.5 percent to 81.7 million. The number of Forms 1040EZ filed showed the biggest decline, dropping by 1.8 million. Part of that decline can be attributed to taxpayers who changed their methods of filing from using a "paper" Form 1040EZ to using the "TeleFile" reporting method, which is the equivalent of a Form 1040EZ but is filed over the telephone. The number of paper Forms 1040 and Forms 1040A showed smaller declines, 0.2 million and 1.0 million, respectively.

Electronically-filed returns, which include TeleFile returns, accounted for 21.6 percent of all tax returns filed for 1997. About 24.4 million taxpayers filed their tax returns electronically, up 28.3 percent

from the 19.0 million returns filed electronically the previous year. This represents the biggest percentage increase in the number of electronically-filed returns since 1990. Excluding TeleFile returns, electronic filing showed an even bigger increase, rising 29.8 percent. Of the 24.4 million tax returns that were filed electronically, approximately 5.8 million were TeleFile returns. For 1997, the third year that TeleFile was available nationwide, its use grew by 23.7 percent.

After rising the previous 2 years, the number of Form 1040PC returns filed fell 12.1 percent for 1997. A Form 1040PC is an IRS-approved computer format that allows taxpayers to print out only those items for which they provide information [10]. The decline in the number of Form 1040PC returns may be related to efforts by the tax-practitioner community to shift its clients towards electronic filing and away from other filing methods [11]. For a detailed breakdown of returns by return type and various filing methods, by AGI size and by filing status, see Table 1.

### Summary

For Tax Year 1997, AGI and taxable income grew more than three times the inflation rate and at faster rates, 8.5 and 9.6 percent, respectively, than for 1996. Salaries and wages, the principal source of income, increased 6.6 percent to \$3,241.3 billion. These increases contributed to total income tax growing by 10.2 percent to \$594.1 billion. For 1997, even though the number of taxpayers claiming the EIC fell 0.8 percent, the amount of the credit rose 5.0 percent from \$28.2 billion to \$29.6 billion. In

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure I

## Returns Filed Through April of the Filing Year, by Tax Form Used, Tax Years 1990-1997

[Number of returns is in thousands]

Form used	Tax year							
	1990	1991	1992	1993	1994	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns</b> <sup>1</sup> .....	<b>106,465</b>	<b>107,140</b>	<b>106,262</b>	<b>106,769</b>	<b>107,291</b>	<b>110,587</b>	<b>111,694</b>	<b>113,113</b>
Traditional paper returns.....	97,835	94,940	89,854	89,273	92,921	88,705	84,725	81,723
Form 1040.....	60,190	58,650	54,287	53,856	55,998	54,014	53,964	53,741
Form 1040A.....	20,860	19,430	19,652	18,218	19,502	18,122	16,722	15,745
Form 1040EZ.....	16,785	16,860	15,915	17,199	17,421	16,569	14,039	12,237
Form 1040PC.....	N/A	1,405	3,951	4,055	2,641	6,777	7,962	7,002
Electronically-filed returns <sup>2</sup> .....	8,705	10,795	12,459	13,441	11,729	14,872	19,007	24,388
TeleFile.....	N/A	N/A	N/A	N/A	720	2,818	4,663	5,770
	Percentage of returns							
<b>All returns</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Traditional paper returns.....	91.9	88.6	84.6	83.6	86.6	80.2	75.9	72.2
Form 1040.....	56.5	54.7	51.1	50.4	52.2	48.8	48.3	47.5
Form 1040A.....	19.6	18.1	18.5	17.1	18.2	16.4	15.0	13.9
Form 1040EZ.....	15.8	15.7	15.0	16.1	16.2	15.0	12.6	10.8
Form 1040PC.....	N/A	1.3	3.7	3.8	2.5	6.1	7.1	6.2
Electronically-filed returns <sup>2</sup> .....	8.2	10.1	11.7	12.6	10.9	13.4	17.0	21.6
TeleFile.....	N/A	N/A	N/A	N/A	0.7	2.5	4.2	5.1

N/A - Not applicable.

<sup>1</sup> For Tax Year 1995, includes 233,000 Form 1040T returns, not shown separately because Form 1040T has been discontinued.

<sup>2</sup> Includes TeleFile returns, shown separately.

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

addition, the 1997 filing period saw a 3.5-percent decline in traditional “paper” methods of filing (Form 1040, 1040A, and 1040EZ), and a 12.1-percent decline in the filing of Forms 1040PC. Conversely, electronic filing (which includes TeleFile returns) increased by 28.3 percent and accounted for 21.6 percent of all tax returns filed.

### 1997 Tax Law Changes

Standard deductions, exemptions, tax rate bracket boundaries, and the earned income credit are all indexed, as required by Federal tax law, to avoid their erosion by inflation. Without indexing, annual increases in inflation would diminish the real value of these items.

The following is a list of Federal tax law changes and IRS administrative changes that had a major impact on the 1997 Early Tax Estimates presented in this article:

**Adoption Credit.**—New for 1997, certain taxpayers were able to take a tax credit for qualifying expenses paid to adopt an eligible child. The credit could be as much as \$5,000 for each child (\$6,000 for a child with special needs).

**Capital Gain Distributions.**—Beginning with Tax Year 1997, all capital gain distributions had to be reported on the Schedule D, even if there were no other capital gains or losses.

**Capital Gains Rate.**—The maximum long-term capital gains tax rate for sales or exchanges of property after May 6, 1997, was generally reduced to 20 percent (10 percent for taxpayers in the 15-percent tax bracket). However, the maximum rate on gains from the sale of certain depreciable real property was only reduced to 25 percent. Therefore, for 1997, the maximum long-term capital gain tax rate could be 10 percent, 20 percent, 25 percent, 28 percent, or a combination of those rates. Previously, the maximum rate was 28 percent. The new maximum capital gains rates are also used in figuring the alternative minimum tax.

**Earned Income Credit.**—As for previous years, the maximum earned income credit increased, as did the amount of “earned income,” modified AGI, and investment income an individual could have and still claim the credit. For taxpayers with one qualifying child, the maximum credit was \$2,210, up from \$2,152 for Tax Year 1996. For taxpayers with two



## Individual Income Tax Returns, 1997: Early Tax Estimates

or more qualifying children, the maximum credit increased to \$3,656, up from \$3,556 for Tax Year 1996. The maximum credit for taxpayers with no qualifying children increased to \$332 from \$323. To be eligible for the credit, the taxpayer's "earned income" and AGI had to be less than \$25,760 (\$25,078 for 1996) with one qualifying child, or less than \$29,290 (\$28,495 for 1996) with two or more qualifying children. For those without a qualifying child, "earned income" and AGI had to be less than \$9,770, compared to \$9,500 for 1996. Also, the amount of investment income a taxpayer could have for 1997 and still be eligible to receive the EIC rose \$50 to \$2,250. For most taxpayers, investment income includes interest (taxable and tax-exempt), dividend income, and capital gains net income. In addition, a taxpayer could not receive the credit if he/she, his or her spouse (if married filing a joint return), or any of their qualifying children did not have a Social Security number.

*Exemption Amount.*—For 1997, most taxpayers were allowed to claim a \$2,650 deduction for each exemption to which he or she was entitled, a \$100 increase over the amount allowed for 1996. The AGI level, above which the reduction of exemption amounts began, increased from \$117,950 to \$121,200 for single filers; \$176,950 to \$181,800 for married persons filing jointly and qualifying widow(er)s; \$147,450 to \$151,500 for heads of household; and \$88,475 to \$90,900 for married persons filing separately. Detailed data on exemptions, classified by size of AGI, are presented in Table 6.

*Individual Retirement Arrangements (IRA's).*—For 1997, married couples filing a joint tax return could contribute up to \$2,000 to each spouse's IRA, even if one spouse had little or no compensation. Therefore, the couple's total combined IRA contributions could be as high as \$4,000 for the year. Previously, if one spouse had no compensation or elected to be treated as having no compensation, the total combined IRA contributions could not be more than \$2,250.

*Itemized Deductions.*—Itemized deductions continued to be limited for some high-income taxpayers based on AGI. For Tax Year 1997, the AGI threshold for the limitation increased to \$121,200 from \$117,950 for all filers, except married persons

filing separately, for whom it increased to \$60,600 from \$58,975. The limitation did not apply to deductions for medical and dental expenses, "investment interest" expenses, casualty or theft losses, and gambling losses. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: 1) 80 percent of the "non-limited" deductions or 2) 3 percent of the amount of AGI in excess of the AGI threshold.

*Medical Savings Account Deduction.*—For 1997, certain taxpayers covered only by high deductible health plans were able to participate in the medical savings account program. This program allowed the taxpayer to take an adjustment to income of up to \$1,462.50 (\$3,375 for family coverage) a year for contributions to a medical savings account. The proceeds from the medical savings account could be used to pay unreimbursed medical expenses.

*Sale of a Home.*—Taxpayers who sold their main homes after May 6, 1997, were generally able to exclude from income up to \$250,000 (\$500,000 for married couples filing a joint tax return) of the gain on the sale of their homes.

*Self-Employed Health Insurance Deduction.*—The maximum percentage of self-employed health insurance premiums that a taxpayer could deduct as an adjustment to income rose to 40 percent for 1997, from a maximum of 30 percent the previous year.

*Self-Employment Tax.*—The maximum "net earnings" subject to the Social Security tax portion of the self-employment tax increased to \$65,400 from \$62,700. As in previous years, all "net earnings" of at least \$400 (\$108.28 for church employees) were subject to the Medicare tax portion [12].

*Standard Deductions.*—For Tax Year 1997, the basic standard deduction increased for each filing status. Standard deductions rose to \$4,150; \$6,050; \$6,900; and \$3,450, for a single person, for a head of household, for married persons filing jointly or a qualifying widow(er), and for married persons filing separately, respectively. By comparison, Tax Year 1996 standard deductions were \$4,000; \$5,900; \$6,700; and \$3,350, respectively. The basic standard deduction claimed by filers who were dependents of other taxpayers remained at \$650 for 1997. The additional standard deductions for the aged and blind remained at \$1,000 for single and head of household filers, and \$800 for married persons filing jointly,

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure J

## Marginal Tax Rates, by Filing Status, Tax Years 1996 and 1997

Marginal tax rate	Filing status			
	Single		Married filing jointly or qualifying widow(er)	
	1996	1997	1996	1997
	Taxable income range	Taxable income range	Taxable income range	Taxable income range
	(1)	(2)	(3)	(4)
15 percent.....	Under \$24,001	Under \$24,651	Under \$40,101	Under \$41,201
28 percent.....	\$24,001 to \$58,150	\$24,651 to \$59,750	\$40,101 to \$96,900	\$41,201 to \$99,600
31 percent.....	\$58,151 to \$121,300	\$59,751 to \$124,650	\$96,901 to \$147,700	\$99,601 to \$151,750
36 percent.....	\$121,301 to \$263,750	\$124,651 to \$271,050	\$147,701 to \$263,750	\$151,751 to \$271,050
39.6 percent.....	\$263,751 or more	\$271,051 or more	\$263,751 or more	\$271,051 or more

  

Marginal tax rate	Filing status--continued			
	Married filing separately		Head of household	
	1996	1997	1996	1997
	Taxable income range	Taxable income range	Taxable income range	Taxable income range
	(5)	(6)	(7)	(8)
15 percent.....	Under \$20,051	Under \$20,601	Under \$32,151	Under \$33,051
28 percent.....	\$20,051 to \$48,450	\$20,601 to \$49,800	\$32,151 to \$83,050	\$33,051 to \$85,350
31 percent.....	\$48,451 to \$73,850	\$49,801 to \$75,875	\$83,051 to \$134,500	\$85,351 to \$138,200
36 percent.....	\$73,851 to \$131,875	\$75,876 to \$135,525	\$134,501 to \$263,750	\$138,201 to \$271,050
39.6 percent.....	\$131,876 or more	\$135,526 or more	\$263,751 or more	\$271,051 or more

married persons filing separately, and qualifying widow(er)s.

**Tax Brackets.**—Tax rates on regular (noncapital gains) income remained unchanged at 15, 28, 31, 36, and 39.6 percent, while the tax bracket boundaries increased as a result of indexing for inflation (Figure J). For information on the tax rates associated with capital gains, see Capital Gains Rate in this section.

### Data Sources and Limitations

The statistics presented in this article were derived from a sample of all individual income tax returns received in the ten IRS service centers from January 2 through May 1, 1998 [13]. The sample was selected based on the primary Social Security number (SSN) (i.e., the SSN of the “primary” or first listed taxpayer in the case of joint returns) ending in one of two predefined orders of the last four digits. Two numbers between 0001 and 9999 were chosen, and all return SSN’s ending in one of these two numbers were sampled. Electronically-filed returns with a primary SSN ending in one of these two four-digit combinations were also included. The same

SSN endings have been used every year since 1979. This method of sampling provides results similar to those produced from a random sample. The returns studied for ETE statistics are a subset of the returns included in the sample used for *Statistics of Income—1997, Individual Income Tax Returns*.

Since two SSN endings out of a possible 9,999 were selected, each return represented approximately 1 out of 5,000 returns in the population. The size of the entire ETE sample from January 2 through May 1, 1998, was 20,858 returns. Sample weights were adjusted to compensate for returns identified as missing from the sample.

Because the data presented in this article are estimates based on a sample, they are subject to sampling (as well as non-sampling) error. Figure K presents estimated coefficients of variation (CV’s) for the number of returns and money amounts for selected income items. The reliability of estimates based on samples, and the use of CV’s for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

# Individual Income Tax Returns, 1997: Early Tax Estimates

Figure K

## Coefficient of Variation for Selected Items, Tax Year 1997

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

Item	Number of returns	Coefficient of variation	Amount	Coefficient of variation
	(1)	(2)	(3)	(4)
Adjusted gross income (less deficit).....	113,113	N/A	4,311,050	2.69
Salaries and wages.....	97,877	0.27	3,241,288	1.29
Taxable interest.....	61,005	0.58	137,734	7.90
Sales of capital assets:				
Net gain.....	16,602	1.59	250,371	24.72
Net loss.....	3,512	3.91	6,344	4.75
Individual Retirement Arrangement (IRA) distributions in adjusted gross income .....	5,677	3.08	50,791	7.73
Pensions and annuities in adjusted gross income.....	18,091	1.57	232,498	2.54
Partnership and S Corporation:				
Net income.....	2,663	4.64	122,853	22.41
Net loss.....	1,473	6.16	23,463	20.18
Unemployment compensation.....	6,591	2.76	15,897	3.92
Social Security benefits in adjusted gross income.....	7,331	2.67	51,270	3.58
Total statutory adjustments.....	15,126	1.73	31,652	4.88
Individual Retirement Arrangement (IRA) payments .....	3,507	3.93	7,179	4.56
Medical savings account.....	17	58.21	39	60.75
Deduction for self-employment tax.....	10,334	2.18	9,039	4.63
Self-employed health insurance deduction.....	2,110	5.26	2,415	6.57
Total itemized deductions.....	32,020	0.99	534,965	4.70
Taxes paid deduction.....	31,644	1.00	184,288	3.81
Total interest paid deduction <sup>1</sup> .....	27,078	1.14	206,789	2.26
Home mortgage interest:				
Paid to financial institutions.....	26,357	1.17	193,632	1.61
Paid to individuals.....	1,682	5.74	5,445	8.32
Contributions deduction.....	28,694	1.09	101,447	19.68
Standard deductions <sup>2</sup> .....	80,066	0.40	417,459	0.50
Total exemptions.....	102,030	0.22	578,972	0.45
Taxable income.....	91,496	0.32	2,882,944	3.36
Total tax credits <sup>3</sup> .....	14,714	1.74	8,733	9.88
Total earned income credit <sup>4</sup> .....	18,931	1.38	29,612	1.72
Refundable earned income credit.....	15,015	1.56	24,047	1.94
Total income tax <sup>5</sup> .....	85,918	0.36	594,131	5.27

N/A - Not applicable.

<sup>1</sup> Includes deductible points and "investment interest" expense, not shown separately.

<sup>2</sup> Includes both the regular standard deduction and any additional standard deduction for age 65 or over or for blindness.

<sup>3</sup> Includes earned income credit used to reduce total income tax to zero.

<sup>4</sup> Includes earned income credit used to reduce total income tax to zero, plus the amount used to offset any additional taxes; plus the refundable portion.

<sup>5</sup> Total income tax is the sum of income tax after credits and alternative minimum tax, less the total earned income credit as reported on the tax return (if the result was negative, total income tax was made equal to zero).

NOTE: All data are for returns filed through April.

## Notes and References

[1] U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index (CPI-U) represents annual averages of monthly figures and reflects buying patterns of all urban consumers (1982-84=100):

1997 CPI-U = 160.5;  
1996 CPI-U = 156.9; and  
1995 CPI-U = 152.4.

[2] For Tax Year 1996 statistics, see Harwood, Shawn M. and Kahr, Maureen Keenan, "Individual Income Tax Returns, 1996: Early Tax Estimates," *Statistics of Income Bulletin*, Winter 1997-1998, Volume 17, Number 3.

[3] U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, Household Data Annual Averages, Employment status of the civilian noninstitutional population, 1934 to date.

## Individual Income Tax Returns, 1997: Early Tax Estimates

- [4] Some tax returns have no exemptions. Most often this is because the taxpayer can be claimed as a dependent on another tax return and, therefore, is not entitled to claim an exemption. Also, a few returns have no exemptions because the taxpayer is married and filing separately from the spouse, and has allowed the spouse to claim their exemption.
- [5] U.S. Congress, *Small Business Job Protection Act of 1996* (H.R. 3448, 104th Congress; Public Law 104-188), August 20, 1996. Section 1615 of this Act gave the Internal Revenue Service the authority to use mathematical error procedures when a taxpayer claims an exemption for a dependent, but does not provide a valid Social Security number (SSN) for the dependent.
- [6] Total income tax is the sum of income tax after credits (including the subtraction of the earned income credit) and the alternative minimum tax. If the result is negative, total income tax is limited to zero.
- [7] For Statistics of Income tabulations, the earned income credit is divided into three parts: an amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); an amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and a refundable portion (the excess of credit over total taxes).
- [8] U.S. Congress, *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (H.R. 3734, 104th Congress; Public Law 104-193), August 22, 1996. Section 451 of this Act authorized the Internal Revenue Service to use mathematical error procedures when a taxpayer claimed the EIC, but omitted or used an invalid Social Security number (SSN) for the taxpayer, spouse, or qualifying child.
- [9] Taxpayers could file after April 15, 1998,
- without any penalty if:
- (a) they lived outside the United States and Puerto Rico, and their main place of business or military post of duty was outside the United States and Puerto Rico (these taxpayers were permitted an automatic extension to June 15, 1998);
  - (b) they filed a Form 4868 for an automatic extension of the filing deadline, paying the estimated tax balance due with this form (these taxpayers were permitted an automatic extension to August 17, 1998); or
  - (c) they filed a Form 2688 for an additional extension of time to file (these taxpayers were granted an extension of 2 or more additional months, provided that there was a good reason why the previous 4-month extension was inadequate).
- [10] Form 1040PC returns are computer-generated returns that present only line numbers and data entries, and include only those lines of the tax form for which the taxpayer has an entry. Generally a Form 1040PC return has fewer pages than if the same return had been prepared using the standard IRS tax forms and schedules.
- [11] Internal Revenue Service, Research and Statistics of Income, *Calendar Year Projections of Individual Returns by Major Processing Categories*, Document 6187, Spring 1998 Update, p. 3.
- [12] The tax rates of 12.4 percent for Social Security and 2.9 percent for Medicare apply to 92.35 percent of covered “net earnings.”
- [13] The ETE sample was derived from the following types of individual tax returns: Form 1040, Form 1040A, Form 1040EZ, Form 1040PC, and electronically-filed returns, including TeleFile returns.

SOURCE: IRS, Statistics of Income Bulletin, Publication 1136, Winter 1998-1999.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 1.--All Returns: Number by Marital Status, and Return Type, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns is in thousands]

Size of adjusted gross income	All returns				
	Total	Single	Married filing jointly or qualifying widow(er)	Married filing separately	Head of household
	(1)	(2)	(3)	(4)	(5)
<b>All returns.....</b>	<b>113,113</b>	<b>49,938</b>	<b>44,462</b>	<b>2,453</b>	<b>16,260</b>
No adjusted gross income <sup>1</sup> .....	995	562	203	203	*26
\$1 under \$5,000.....	13,008	10,755	671	105	1,476
\$5,000 under \$10,000.....	12,585	8,544	1,260	199	2,582
\$10,000 under \$15,000.....	12,330	6,595	2,549	291	2,896
\$15,000 under \$20,000.....	10,738	5,003	2,818	274	2,643
\$20,000 under \$25,000.....	9,546	4,450	2,879	332	1,886
\$25,000 under \$30,000.....	7,573	3,508	2,653	254	1,159
\$30,000 under \$40,000.....	12,212	4,726	5,502	368	1,617
\$40,000 under \$50,000.....	8,856	2,482	5,259	186	929
\$50,000 under \$75,000.....	14,104	2,264	10,899	174	767
\$75,000 under \$100,000.....	5,389	530	4,687	*32	140
\$100,000 or more.....	5,777	521	5,083	*36	137

  

Size of adjusted gross income	Form 1040 returns <sup>2</sup>				
	Total	Single	Married filing jointly or qualifying widow(er)	Married filing separately	Head of household
	(6)	(7)	(8)	(9)	(10)
<b>All returns.....</b>	<b>53,741</b>	<b>18,859</b>	<b>29,265</b>	<b>1,253</b>	<b>4,365</b>
No adjusted gross income <sup>1</sup> .....	519	295	188	*10	*26
\$1 under \$5,000.....	3,821	3,215	357	*35	214
\$5,000 under \$10,000.....	3,482	2,381	592	93	415
\$10,000 under \$15,000.....	3,985	2,131	1,290	130	434
\$15,000 under \$20,000.....	3,703	1,724	1,397	138	443
\$20,000 under \$25,000.....	3,439	1,534	1,389	130	385
\$25,000 under \$30,000.....	3,218	1,269	1,421	152	376
\$30,000 under \$40,000.....	6,220	2,221	3,036	258	705
\$40,000 under \$50,000.....	5,338	1,469	3,175	129	565
\$50,000 under \$75,000.....	10,316	1,699	7,938	131	548
\$75,000 under \$100,000.....	4,488	457	3,891	*16	125
\$100,000 or more.....	5,213	464	4,590	*31	127

  

Size of adjusted gross income	Form 1040A returns <sup>2</sup>				
	Total	Single	Married filing jointly or qualifying widow(er)	Married filing separately	Head of household
	(11)	(12)	(13)	(14)	(15)
<b>All returns.....</b>	<b>15,745</b>	<b>5,666</b>	<b>4,955</b>	<b>767</b>	<b>4,357</b>
No adjusted gross income <sup>1</sup> .....	383	221	*5	157	--
\$1 under \$5,000.....	1,775	1,130	119	*39	487
\$5,000 under \$10,000.....	1,993	1,062	275	85	571
\$10,000 under \$15,000.....	2,445	930	479	130	906
\$15,000 under \$20,000.....	2,119	605	617	99	798
\$20,000 under \$25,000.....	1,882	540	560	114	667
\$25,000 under \$30,000.....	1,397	462	519	59	357
\$30,000 under \$40,000.....	2,007	508	1,042	57	400
\$40,000 under \$50,000.....	990	131	726	*11	122
\$50,000 or more.....	753	75	613	*16	*49

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 1.--All Returns: Number by Marital Status, and Return Type, by Size of Adjusted Gross Income  
--Continued**

[All figures are estimates based on samples--number of returns is in thousands]

Size of adjusted gross income	Form 1040EZ returns <sup>2</sup>				
	Total	Single	Married filing jointly or qualifying widow(er)	Married filing separately	Head of household
	(16)	(17)	(18)	(19)	(20)
<b>All returns.....</b>	<b>12,237</b>	<b>11,639</b>	<b>598</b>	<b>N/A</b>	<b>N/A</b>
No adjusted gross income <sup>1</sup> .....	*5	*5	--	N/A	N/A
\$1 under \$5,000.....	4,227	4,210	*16	N/A	N/A
\$5,000 under \$10,000.....	2,433	2,395	*38	N/A	N/A
\$10,000 under \$15,000.....	1,588	1,523	66	N/A	N/A
\$15,000 under \$20,000.....	1,151	1,113	*38	N/A	N/A
\$20,000 under \$25,000.....	1,015	927	87	N/A	N/A
\$25,000 under \$30,000.....	681	621	60	N/A	N/A
\$30,000 under \$40,000.....	794	648	146	N/A	N/A
\$40,000 under \$50,000.....	288	169	119	N/A	N/A
\$50,000 or more.....	54	*27	*27	N/A	N/A

  

Size of adjusted gross income	Electronically-filed returns				
	Total <sup>3</sup>	Single <sup>3</sup>	Married filing jointly or qualifying widow(er) <sup>3</sup>	Married filing separately	Head of household
	(21)	(22)	(23)	(24)	(25)
<b>All returns.....</b>	<b>24,388</b>	<b>10,820</b>	<b>6,442</b>	<b>234</b>	<b>6,892</b>
No adjusted gross income <sup>1</sup> .....	61	*15	*10	*36	--
\$1 under \$5,000.....	2,498	1,657	127	*10	703
\$5,000 under \$10,000.....	4,044	2,215	285	*10	1,534
\$10,000 under \$15,000.....	3,669	1,656	525	*20	1,468
\$15,000 under \$20,000.....	3,228	1,262	605	*25	1,335
\$20,000 under \$25,000.....	2,554	1,160	630	*46	719
\$25,000 under \$30,000.....	1,829	960	482	*25	361
\$30,000 under \$40,000.....	2,253	1,009	792	*20	432
\$40,000 under \$50,000.....	1,560	512	828	*15	204
\$50,000 under \$75,000.....	1,847	299	1,416	*10	122
\$75,000 under \$100,000.....	553	*40	492	*10	*10
\$100,000 or more.....	293	*35	248	*5	*5

  

Size of adjusted gross income	Form 1040PC returns				
	Total	Single	Married filing jointly or qualifying widow(er)	Married filing separately	Head of household
	(26)	(27)	(28)	(29)	(30)
<b>All returns.....</b>	<b>7,002</b>	<b>2,955</b>	<b>3,203</b>	<b>199</b>	<b>645</b>
No adjusted gross income <sup>1</sup> .....	*26	*26	--	--	--
\$1 under \$5,000.....	687	542	52	*21	72
\$5,000 under \$10,000.....	633	492	69	*10	62
\$10,000 under \$15,000.....	643	354	189	*11	88
\$15,000 under \$20,000.....	537	299	161	*11	67
\$20,000 under \$25,000.....	657	288	212	*42	115
\$25,000 under \$30,000.....	448	195	171	*17	65
\$30,000 under \$40,000.....	937	340	485	*33	80
\$40,000 under \$50,000.....	681	201	410	*32	*38
\$50,000 under \$75,000.....	1,133	164	905	*17	*48
\$75,000 under \$100,000.....	348	*33	303	*6	*6
\$100,000 or more.....	272	*22	245	--	*5

<sup>1</sup> Includes returns with adjusted gross deficit.

<sup>2</sup> Excludes electronically-filed returns and computer-generated returns (Form 1040 PC), shown separately.

<sup>3</sup> Includes 5,770,000 TeleFile returns, not shown separately.

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

N/A - Not applicable since Form 1040EZ could only be filed by either single persons or married couples filing a joint return.

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 2.--All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Total income or loss <sup>1</sup>	Sources of income					
			Salaries and wages		Taxable interest		Tax-exempt interest <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns.....</b>	<b>113,113</b>	<b>4,342,703</b>	<b>97,877</b>	<b>3,241,288</b>	<b>61,005</b>	<b>137,734</b>	<b>3,690</b>	<b>36,725</b>
No adjusted gross income <sup>3</sup> .....	995	-16,950	250	5,001	328	746	*22	*46
\$1 under \$5,000.....	13,008	34,627	10,687	29,210	3,909	1,820	84	101
\$5,000 under \$10,000.....	12,585	95,039	10,388	72,749	3,939	4,407	72	204
\$10,000 under \$15,000.....	12,330	155,343	9,904	115,423	4,583	8,244	193	611
\$15,000 under \$20,000.....	10,738	188,774	9,066	144,596	4,403	8,791	163	345
\$20,000 under \$25,000.....	9,546	215,425	8,279	173,719	4,395	6,752	171	932
\$25,000 under \$30,000.....	7,573	209,869	6,823	172,669	3,843	5,808	133	1,164
\$30,000 under \$40,000.....	12,212	427,404	11,110	355,281	7,289	10,494	266	1,548
\$40,000 under \$50,000.....	8,856	398,373	8,204	335,741	6,415	10,653	324	1,039
\$50,000 under \$75,000.....	14,104	863,783	12,985	711,453	11,401	20,178	773	3,277
\$75,000 under \$100,000.....	5,389	465,226	4,960	379,068	4,994	10,568	453	3,099
\$100,000 or more.....	5,777	1,305,790	5,220	746,378	5,505	49,273	1,034	24,358

  

Size of adjusted gross income	Sources of income--continued							
	Dividends		State income tax refunds		Alimony received		Business or profession net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All returns.....</b>	<b>25,109</b>	<b>114,558</b>	<b>17,047</b>	<b>9,958</b>	<b>370</b>	<b>3,140</b>	<b>9,754</b>	<b>117,483</b>
No adjusted gross income <sup>3</sup> .....	143	253	*43	*16	--	--	59	827
\$1 under \$5,000.....	1,683	1,029	*37	*15	*33	*109	762	1,789
\$5,000 under \$10,000.....	1,125	1,389	118	56	*21	*60	1,163	6,588
\$10,000 under \$15,000.....	1,387	2,013	272	61	74	406	998	7,451
\$15,000 under \$20,000.....	1,447	2,586	394	130	52	263	747	7,050
\$20,000 under \$25,000.....	1,327	2,737	670	229	*22	*179	657	6,250
\$25,000 under \$30,000.....	1,228	2,686	769	264	*47	*381	655	5,716
\$30,000 under \$40,000.....	2,537	4,270	2,119	856	58	628	1,041	8,999
\$40,000 under \$50,000.....	2,383	4,641	2,381	1,014	*23	*297	844	7,080
\$50,000 under \$75,000.....	5,032	12,003	5,222	2,650	*34	*815	1,294	15,933
\$75,000 under \$100,000.....	2,756	8,175	2,367	1,477	*5	*2	624	10,345
\$100,000 or more.....	4,064	72,778	2,655	3,190	--	--	910	39,455

  

Size of adjusted gross income	Sources of income--continued					
	Business or profession net loss		Sales of capital assets			
	Number of returns	Amount	Net gain in AGI		Net loss in AGI	
			Number of returns	Amount	Number of returns	Amount
(17)	(18)	(19)	(20)	(21)	(22)	
<b>All returns.....</b>	<b>3,552</b>	<b>14,735</b>	<b>16,602</b>	<b>250,371</b>	<b>3,512</b>	<b>6,344</b>
No adjusted gross income <sup>3</sup> .....	200	1,182	85	819	59	134
\$1 under \$5,000.....	64	353	1,203	1,212	198	313
\$5,000 under \$10,000.....	119	769	818	1,727	139	244
\$10,000 under \$15,000.....	267	1,550	900	1,962	226	420
\$15,000 under \$20,000.....	255	812	816	2,320	214	392
\$20,000 under \$25,000.....	253	918	765	2,640	187	250
\$25,000 under \$30,000.....	257	1,328	745	2,384	194	372
\$30,000 under \$40,000.....	464	1,435	1,641	5,732	335	584
\$40,000 under \$50,000.....	324	1,237	1,493	5,247	352	736
\$50,000 under \$75,000.....	735	2,000	3,273	17,795	533	902
\$75,000 under \$100,000.....	289	1,405	1,731	11,241	418	776
\$100,000 or more.....	326	1,746	3,132	197,292	659	1,221

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 2.--All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Sources of income--continued							
	Sales of property other than capital assets				Schedule E income or loss <sup>4</sup>			
	Net gain		Net loss		Total net income		Total net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
<b>All returns.....</b>	<b>603</b>	<b>2,874</b>	<b>467</b>	<b>2,661</b>	<b>6,296</b>	<b>160,168</b>	<b>4,945</b>	<b>41,727</b>
No adjusted gross income <sup>3</sup> .....	*23	*23	*35	*632	64	379	155	6,374
\$1 under \$5,000.....	*17	*145	*5	*3	130	236	105	567
\$5,000 under \$10,000.....	*23	*21	*22	*220	319	1,590	183	940
\$10,000 under \$15,000.....	*32	*106	*38	*61	398	1,918	234	1,231
\$15,000 under \$20,000.....	*29	*75	*34	*69	482	2,052	282	1,388
\$20,000 under \$25,000.....	58	139	55	343	416	2,162	296	1,087
\$25,000 under \$30,000.....	*39	*92	*21	*21	285	1,703	231	852
\$30,000 under \$40,000.....	52	232	*21	*263	573	3,271	632	3,097
\$40,000 under \$50,000.....	*29	*296	*33	*147	561	3,539	512	2,917
\$50,000 under \$75,000.....	100	438	*45	*220	1,031	9,159	1,063	5,722
\$75,000 under \$100,000.....	*33	*409	*40	*92	657	11,666	461	3,172
\$100,000 or more.....	169	898	118	591	1,381	122,493	791	14,380

  

Size of adjusted gross income	Sources of income--continued							
	Schedule E income or loss <sup>4</sup> --continued							
	Rent and royalty				Partnership and S Corporation			
	Net income		Net loss		Net income		Net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
<b>All returns.....</b>	<b>3,980</b>	<b>36,852</b>	<b>3,956</b>	<b>21,451</b>	<b>2,663</b>	<b>122,853</b>	<b>1,473</b>	<b>23,463</b>
No adjusted gross income <sup>3</sup> .....	68	415	83	772	*22	*203	96	5,841
\$1 under \$5,000.....	71	155	*47	*167	*46	*71	*47	*358
\$5,000 under \$10,000.....	205	917	138	605	88	528	*40	*312
\$10,000 under \$15,000.....	281	1,129	190	947	102	552	54	318
\$15,000 under \$20,000.....	324	940	258	1,352	120	853	*21	*77
\$20,000 under \$25,000.....	296	1,066	246	1,059	118	1,044	*45	*61
\$25,000 under \$30,000.....	200	1,039	219	745	93	978	*24	*461
\$30,000 under \$40,000.....	383	1,436	507	2,380	204	1,634	148	914
\$40,000 under \$50,000.....	393	1,263	470	2,390	168	2,268	104	850
\$50,000 under \$75,000.....	628	3,171	882	4,436	420	5,562	246	1,486
\$75,000 under \$100,000.....	397	4,519	372	2,111	313	6,702	151	1,234
\$100,000 or more.....	734	20,801	543	4,487	967	102,458	498	11,551

  

Size of adjusted gross income	Sources of income--continued							
	Individual Retirement Arrangement (IRA) distributions			Pensions and annuities			Farm net income	
	Number of returns	Total amount	Amount in adjusted gross income	Number of returns	Total amount	Amount in adjusted gross income	Number of returns	Amount
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
	<b>All returns.....</b>	<b>6,215</b>	<b>73,007</b>	<b>50,791</b>	<b>19,375</b>	<b>343,451</b>	<b>232,498</b>	<b>641</b>
No adjusted gross income <sup>3</sup> .....	*26	*174	*68	59	494	219	*12	*187
\$1 under \$5,000.....	78	105	105	423	1,451	892	*29	*63
\$5,000 under \$10,000.....	254	969	689	1,423	9,047	7,245	74	329
\$10,000 under \$15,000.....	605	2,777	2,474	2,189	18,726	15,817	63	375
\$15,000 under \$20,000.....	636	3,420	2,401	2,113	21,690	17,821	66	433
\$20,000 under \$25,000.....	581	2,918	2,677	1,764	21,868	17,727	56	410
\$25,000 under \$30,000.....	520	2,659	2,429	1,317	17,197	15,090	*26	*389
\$30,000 under \$40,000.....	757	5,346	4,656	2,350	37,094	29,502	60	1,020
\$40,000 under \$50,000.....	617	7,351	4,682	1,841	27,965	21,479	*47	*496
\$50,000 under \$75,000.....	1,088	10,218	7,630	3,238	71,965	51,588	89	1,822
\$75,000 under \$100,000.....	444	11,649	4,860	1,222	32,380	22,909	58	1,155
\$100,000 or more.....	609	25,421	18,120	1,438	83,573	32,209	60	539

Footnotes at end of table.



# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 2.--All Returns: Total Income and Sources of Income, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Sources of income--continued				
	Farm net loss		Social Security benefits		
	Number of returns	Amount	Number of returns	Total benefits	Benefits in adjusted gross income
	(47)	(48)	(49)	(50)	(51)
<b>All returns.....</b>	<b>1,295</b>	<b>11,967</b>	<b>10,167</b>	<b>125,422</b>	<b>51,270</b>
No adjusted gross income <sup>3</sup> .....	77	934	*38	*354	*( <sup>5</sup> )
\$1 under \$5,000.....	*45	*281	317	2,894	26
\$5,000 under \$10,000.....	76	1,060	718	7,170	47
\$10,000 under \$15,000.....	121	490	770	8,934	118
\$15,000 under \$20,000.....	71	366	801	9,957	179
\$20,000 under \$25,000.....	87	471	907	11,137	655
\$25,000 under \$30,000.....	102	562	893	10,978	1,649
\$30,000 under \$40,000.....	186	1,291	1,526	18,284	5,759
\$40,000 under \$50,000.....	122	1,144	1,020	12,275	6,724
\$50,000 under \$75,000.....	261	2,191	1,800	21,985	17,883
\$75,000 under \$100,000.....	*28	*152	626	9,243	7,851
\$100,000 or more.....	119	3,025	750	12,212	10,380

  

Size of adjusted gross income	Sources of income--continued			
	Unemployment compensation		Other income	
	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)
<b>All returns.....</b>	<b>6,591</b>	<b>15,897</b>	<b>4,945</b>	<b>48,290</b>
No adjusted gross income <sup>3</sup> .....	*5	*3	*24	*408
\$1 under \$5,000.....	213	271	277	474
\$5,000 under \$10,000.....	718	1,337	323	706
\$10,000 under \$15,000.....	970	2,100	317	645
\$15,000 under \$20,000.....	866	2,185	359	1,115
\$20,000 under \$25,000.....	586	1,339	324	1,055
\$25,000 under \$30,000.....	521	1,353	263	766
\$30,000 under \$40,000.....	853	2,123	575	1,513
\$40,000 under \$50,000.....	602	1,521	448	1,190
\$50,000 under \$75,000.....	889	2,324	920	3,265
\$75,000 under \$100,000.....	197	540	382	2,270
\$100,000 or more.....	170	800	733	34,883

  

Size of adjusted gross income	Sources of income--continued			
	Other loss		Less: Foreign earned income exclusion	
	Number of returns	Amount	Number of returns	Amount
	(56)	(57)	(58)	(59)
<b>All returns.....</b>	<b>404</b>	<b>18,597</b>	<b>123</b>	<b>4,804</b>
No adjusted gross income <sup>3</sup> .....	197	15,820	*28	*822
\$1 under \$5,000.....	*17	*97	*31	*1,153
\$5,000 under \$10,000.....	*10	*12	*21	*655
\$10,000 under \$15,000.....	*12	*21	--	--
\$15,000 under \$20,000.....	--	--	*5	*195
\$20,000 under \$25,000.....	*12	*176	--	--
\$25,000 under \$30,000.....	*21	*344	*7	*35
\$30,000 under \$40,000.....	*17	*263	--	--
\$40,000 under \$50,000.....	*5	*46	--	--
\$50,000 under \$75,000.....	*41	*117	--	--
\$75,000 under \$100,000.....	*40	*722	*17	*990
\$100,000 or more.....	*31	*979	*14	*955

<sup>1</sup> The sum of all sources of income less loss, before reduction by statutory adjustments. Total income minus statutory adjustments equals adjusted gross income.

<sup>2</sup> Not included in total income or loss.

<sup>3</sup> Includes returns with adjusted gross deficit.

<sup>4</sup> Includes estate or trust, farm rental, and real estate mortgage investment conduits income or losses, not shown separately.

<sup>5</sup> Less than \$500,000.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 3.--All Returns: Total Income, Statutory Adjustments, and Adjusted Gross Income, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Total income or loss <sup>1</sup>	Statutory adjustments					
			Total <sup>2</sup>		Individual Retirement Arrangement (IRA) payments		Medical savings account deduction	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns.....</b>	<b>113,113</b>	<b>4,342,703</b>	<b>15,126</b>	<b>31,652</b>	<b>3,507</b>	<b>7,179</b>	<b>*17</b>	<b>*39</b>
No adjusted gross income <sup>3</sup> .....	995	-16,950	131	216	*21	*37	--	--
\$1 under \$5,000.....	13,008	34,627	840	528	106	164	--	--
\$5,000 under \$10,000.....	12,585	95,039	1,361	893	89	173	--	--
\$10,000 under \$15,000.....	12,330	155,343	1,386	1,555	229	395	--	--
\$15,000 under \$20,000.....	10,738	188,774	1,164	1,690	290	552	--	--
\$20,000 under \$25,000.....	9,546	215,425	1,061	1,716	353	616	--	--
\$25,000 under \$30,000.....	7,573	209,869	1,074	1,790	405	708	--	--
\$30,000 under \$40,000.....	12,212	427,404	1,890	3,077	717	1,472	*5	*10
\$40,000 under \$50,000.....	8,856	398,373	1,453	2,305	468	805	--	--
\$50,000 under \$75,000.....	14,104	863,783	2,024	4,174	360	850	--	--
\$75,000 under \$100,000.....	5,389	465,226	977	2,726	155	433	--	--
\$100,000 or more.....	5,777	1,305,790	1,765	10,983	314	972	*12	*30

  

Size of adjusted gross income	Statutory adjustments--continued							
	Moving expenses		Deduction for self-employment tax		Self-employed health insurance deduction		Keogh retirement and simplified employee pension plan deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All returns.....</b>	<b>718</b>	<b>1,636</b>	<b>10,334</b>	<b>9,039</b>	<b>2,110</b>	<b>2,415</b>	<b>640</b>	<b>4,858</b>
No adjusted gross income <sup>3</sup> .....	*5	*5	100	95	*24	*8	*7	*12
\$1 under \$5,000.....	*10	*20	700	142	66	53	--	--
\$5,000 under \$10,000.....	*10	*4	1,208	501	115	81	--	--
\$10,000 under \$15,000.....	*28	*57	1,069	607	192	156	*17	*27
\$15,000 under \$20,000.....	69	79	792	571	176	171	*23	*73
\$20,000 under \$25,000.....	*35	*40	645	553	180	190	*7	*2
\$25,000 under \$30,000.....	*31	*51	646	513	123	111	*26	*67
\$30,000 under \$40,000.....	108	168	1,062	773	253	278	*12	*37
\$40,000 under \$50,000.....	105	252	837	613	181	193	*41	*88
\$50,000 under \$75,000.....	152	324	1,368	1,413	280	339	150	649
\$75,000 under \$100,000.....	64	159	700	915	132	166	107	549
\$100,000 or more.....	101	477	1,208	2,344	390	668	251	3,354

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 3.--All Returns: Total Income, Statutory Adjustments, and Adjusted Gross Income, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Statutory adjustments--continued				Adjusted gross income (less deficit)
	Penalty on early withdrawal of savings		Alimony paid		
	Number of returns	Amount	Number of returns	Amount	
	(17)	(18)	(19)	(20)	(21)
<b>All returns.....</b>	<b>818</b>	<b>187</b>	<b>539</b>	<b>5,235</b>	<b>4,311,050</b>
No adjusted gross income <sup>3</sup> .....	*5	*( <sup>4</sup> )	--	--	-17,166
\$1 under \$5,000.....	*17	*( <sup>4</sup> )	*5	*112	34,099
\$5,000 under \$10,000.....	*45	*13	*21	*121	94,146
\$10,000 under \$15,000.....	77	8	*24	*92	153,788
\$15,000 under \$20,000.....	*40	*6	*33	*141	187,084
\$20,000 under \$25,000.....	78	20	*28	*154	213,709
\$25,000 under \$30,000.....	57	7	*47	*332	208,079
\$30,000 under \$40,000.....	102	13	*50	*176	424,327
\$40,000 under \$50,000.....	118	16	69	320	396,068
\$50,000 under \$75,000.....	165	89	92	500	859,609
\$75,000 under \$100,000.....	71	6	*47	*355	462,500
\$100,000 or more.....	*43	*8	125	2,931	1,294,807

<sup>1</sup> The sum of all sources of income less loss, before reduction by statutory adjustments. Total income less statutory adjustments equals adjusted gross income.

<sup>2</sup> Includes 78,000 returns with other statutory adjustments, not shown separately. Other statutory adjustments totaled \$304 million.

<sup>3</sup> Includes returns with adjusted gross deficit.

<sup>4</sup> Less than \$500,000.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 4.--Returns with Itemized Deductions: Selected Income and Deduction Items, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Number of returns with itemized deductions	Adjusted gross income	Itemized deductions				
			Total <sup>1</sup>	Medical and dental expense deduction		Taxes paid deduction	
				Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>All returns.....</b>	<b>32,020</b>	<b>2,604,665</b>	<b>534,965</b>	<b>4,337</b>	<b>24,317</b>	<b>31,644</b>	<b>184,288</b>
No adjusted gross income.....	--	--	--	--	--	--	--
\$1 under \$5,000.....	97	307	964	70	261	80	177
\$5,000 under \$10,000.....	262	2,020	2,801	177	1,199	229	423
\$10,000 under \$15,000.....	733	9,136	6,434	368	1,240	693	1,133
\$15,000 under \$20,000.....	959	16,802	10,295	434	3,251	888	1,882
\$20,000 under \$25,000.....	1,356	30,443	13,451	470	1,888	1,329	2,990
\$25,000 under \$30,000.....	1,583	43,642	15,806	411	2,011	1,552	3,490
\$30,000 under \$40,000.....	3,917	137,316	40,705	750	2,990	3,870	10,726
\$40,000 under \$50,000.....	4,166	187,491	48,974	573	2,293	4,139	13,596
\$50,000 under \$75,000.....	9,054	559,915	121,184	787	5,210	9,006	38,146
\$75,000 under \$100,000.....	4,570	393,444	79,844	150	1,262	4,548	28,197
\$100,000 or more.....	5,322	1,224,148	194,506	147	2,714	5,310	83,527

  

Size of adjusted gross income	Itemized deductions--continued							
	Interest paid deduction						Contributions deduction	
	Total <sup>2</sup>		Deductible home mortgage interest					
			Paid to financial institutions		Paid to individuals			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
<b>All returns.....</b>	<b>27,078</b>	<b>206,789</b>	<b>26,357</b>	<b>193,632</b>	<b>1,682</b>	<b>5,445</b>	<b>28,694</b>	<b>101,447</b>
No adjusted gross income.....	--	--	--	--	--	--	--	--
\$1 under \$5,000.....	70	462	64	452	--	--	*43	*30
\$5,000 under \$10,000.....	161	879	156	826	*10	*26	184	258
\$10,000 under \$15,000.....	467	2,837	448	2,712	*24	*80	567	670
\$15,000 under \$20,000.....	625	3,312	609	3,138	*26	*79	783	1,071
\$20,000 under \$25,000.....	1,038	5,866	1,006	5,617	62	201	1,036	1,417
\$25,000 under \$30,000.....	1,311	6,898	1,264	6,598	73	256	1,341	2,002
\$30,000 under \$40,000.....	3,286	18,241	3,215	17,478	178	516	3,409	4,947
\$40,000 under \$50,000.....	3,597	22,828	3,492	21,654	250	862	3,637	5,877
\$50,000 under \$75,000.....	8,036	54,837	7,870	52,639	472	1,621	8,201	15,269
\$75,000 under \$100,000.....	4,131	34,646	4,030	33,367	235	595	4,352	10,781
\$100,000 or more.....	4,356	55,983	4,202	49,151	351	1,209	5,141	59,126

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 4.--Returns with Itemized Deductions: Selected Income and Deduction Items, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Itemized deductions--continued					
	Casualty or theft loss deduction		Miscellaneous deductions after limitation		Other miscellaneous deductions	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)
<b>All returns.....</b>	<b>76</b>	<b>457</b>	<b>7,487</b>	<b>30,977</b>	<b>672</b>	<b>4,335</b>
No adjusted gross income.....	--	--	--	--	--	--
\$1 under \$5,000.....	--	--	*42	*24	*5	*10
\$5,000 under \$10,000.....	--	--	66	42	--	--
\$10,000 under \$15,000.....	*5	*55	172	477	*19	*22
\$15,000 under \$20,000.....	--	--	205	766	*5	*13
\$20,000 under \$25,000.....	*10	*56	305	1,088	*43	*146
\$25,000 under \$30,000.....	--	--	411	1,215	55	191
\$30,000 under \$40,000.....	*5	*3	1,008	3,488	80	310
\$40,000 under \$50,000.....	*38	*184	1,107	3,985	62	212
\$50,000 under \$75,000.....	*10	*100	2,082	7,018	164	613
\$75,000 under \$100,000.....	*7	*59	1,054	4,263	94	660
\$100,000 or more.....	--	--	1,037	8,612	144	2,158

<sup>1</sup> For married persons filing separately, total itemized deductions could have been limited if adjusted gross income exceeded \$60,600; for all other taxpayers, if adjusted gross income exceeded \$121,200. Total itemized deductions, but not the detailed deductions, are after these limitations.

<sup>2</sup> Includes deductible points and "investment interest" expense, not shown separately.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 5.--All Returns: Selected Deduction, Tax, and Payment Items, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total number of returns	Adjusted gross income (less deficit)	Itemized deductions		Standard deductions <sup>1</sup>		Exemptions	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns.....</b>	<b>113,113</b>	<b>4,311,050</b>	<b>32,020</b>	<b>534,965</b>	<b>80,066</b>	<b>417,459</b>	<b>102,030</b>	<b>578,972</b>
No adjusted gross income <sup>2</sup> .....	995	-17,166	--	--	--	--	954	3,795
\$1 under \$5,000.....	13,008	34,099	97	964	12,904	44,109	5,871	25,418
\$5,000 under \$10,000.....	12,585	94,146	262	2,801	12,316	60,017	10,110	44,440
\$10,000 under \$15,000.....	12,330	153,788	733	6,434	11,597	62,065	11,744	56,686
\$15,000 under \$20,000.....	10,738	187,084	959	10,295	9,772	53,912	10,573	53,415
\$20,000 under \$25,000.....	9,546	213,709	1,356	13,451	8,190	45,057	9,494	48,307
\$25,000 under \$30,000.....	7,573	208,079	1,583	15,806	5,983	32,980	7,538	39,047
\$30,000 under \$40,000.....	12,212	424,327	3,917	40,705	8,295	48,083	12,200	69,609
\$40,000 under \$50,000.....	8,856	396,068	4,166	48,974	4,690	29,100	8,856	57,459
\$50,000 under \$75,000.....	14,104	859,609	9,054	121,184	5,044	33,330	14,097	102,130
\$75,000 under \$100,000.....	5,389	462,500	4,570	79,844	819	5,598	5,389	41,587
\$100,000 or more.....	5,777	1,294,807	5,322	194,506	455	3,208	5,203	37,079

  

Size of adjusted gross income	Taxable income		Income tax before credits		Tax credits			
	Number of returns	Amount	Number of returns	Amount	Total		Child care credit	
					Number of returns	Amount	Number of returns	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
<b>All returns.....</b>	<b>91,496</b>	<b>2,882,944</b>	<b>91,392</b>	<b>601,059</b>	<b>14,714</b>	<b>8,733</b>	<b>5,413</b>	<b>2,311</b>
No adjusted gross income <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$1 under \$5,000.....	3,630	2,248	3,533	366	67	2	--	--
\$5,000 under \$10,000.....	6,277	13,272	6,276	2,006	1,165	92	*10	*1
\$10,000 under \$15,000.....	8,719	40,052	8,714	5,985	1,372	340	141	34
\$15,000 under \$20,000.....	9,872	72,591	9,877	10,875	3,007	1,786	548	222
\$20,000 under \$25,000.....	9,258	107,946	9,253	16,124	2,569	1,690	457	199
\$25,000 under \$30,000.....	7,532	120,845	7,532	18,099	1,160	482	373	156
\$30,000 under \$40,000.....	12,150	266,199	12,150	41,502	885	360	762	319
\$40,000 under \$50,000.....	8,820	261,124	8,820	42,574	873	335	715	288
\$50,000 under \$75,000.....	14,072	603,182	14,072	103,436	1,642	707	1,393	604
\$75,000 under \$100,000.....	5,389	335,470	5,389	66,278	791	711	548	271
\$100,000 or more.....	5,777	1,060,013	5,777	293,815	1,183	2,229	466	218

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 5.--All Returns: Selected Deduction, Tax, and Payment Items, by Size of Adjusted Gross Income --Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Tax credits--continued							
	Credit for the elderly		Foreign tax credit		General business credit		Earned income credit used to offset income tax before credits <sup>3</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns.....</b>	<b>186</b>	<b>39</b>	<b>1,570</b>	<b>1,348</b>	<b>167</b>	<b>1,030</b>	<b>8,216</b>	<b>3,657</b>
No adjusted gross income <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$1 under \$5,000.....	*5	*1	57	1	--	--	*5	* <sup>(4)</sup>
\$5,000 under \$10,000.....	62	6	*46	*4	*7	* <sup>(4)</sup>	1,047	81
\$10,000 under \$15,000.....	75	24	*20	*2	--	--	1,196	280
\$15,000 under \$20,000.....	*38	*8	*33	*10	*5	*8	2,769	1,538
\$20,000 under \$25,000.....	*6	*1	57	17	--	--	2,409	1,472
\$25,000 under \$30,000.....	--	--	61	4	*12	*15	790	286
\$30,000 under \$40,000.....	--	--	112	19	*10	*8	--	--
\$40,000 under \$50,000.....	--	--	132	3	*5	*13	--	--
\$50,000 under \$75,000.....	--	--	214	16	*12	*10	--	--
\$75,000 under \$100,000.....	--	--	189	344	*39	*65	--	--
\$100,000 or more.....	--	--	650	928	76	912	--	--

  

Size of adjusted gross income	Tax credits--continued		Income tax after credits		Alternative minimum tax		Total income tax <sup>6</sup>	
	All other credits <sup>5</sup>		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount						
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All returns.....</b>	<b>193</b>	<b>347</b>	<b>85,906</b>	<b>592,327</b>	<b>441</b>	<b>1,805</b>	<b>85,918</b>	<b>594,131</b>
No adjusted gross income <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$1 under \$5,000.....	--	--	3,528	363	--	--	3,528	363
\$5,000 under \$10,000.....	--	--	5,847	1,914	*12	*12	5,852	1,926
\$10,000 under \$15,000.....	--	--	7,422	5,645	--	--	7,422	5,645
\$15,000 under \$20,000.....	*5	* <sup>(4)</sup>	7,243	9,090	--	--	7,243	9,090
\$20,000 under \$25,000.....	*5	*1	8,233	14,434	--	--	8,233	14,434
\$25,000 under \$30,000.....	*33	*21	7,448	17,617	*7	*3	7,448	17,620
\$30,000 under \$40,000.....	*10	*14	12,144	41,141	--	--	12,144	41,141
\$40,000 under \$50,000.....	*21	*31	8,815	42,239	*10	*5	8,815	42,245
\$50,000 under \$75,000.....	*27	*77	14,067	102,729	*16	*16	14,067	102,745
\$75,000 under \$100,000.....	*23	*32	5,382	65,567	60	143	5,389	65,710
\$100,000 or more.....	69	170	5,777	291,586	337	1,626	5,777	293,212

Footnotes at end of table.

# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 5.--All Returns: Selected Deduction, Tax, and Payment Items, by Size of Adjusted Gross Income  
--Continued**

[All figures are estimates based on samples--number of returns is in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total earned income credit <sup>3</sup>		Total tax liability <sup>7</sup>		Income tax withheld	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
<b>All returns.....</b>	<b>18,931</b>	<b>29,612</b>	<b>87,627</b>	<b>613,640</b>	<b>99,816</b>	<b>502,949</b>
No adjusted gross income <sup>2</sup> .....	58	75	84	182	216	401
\$1 under \$5,000.....	3,245	2,241	4,036	524	9,714	1,797
\$5,000 under \$10,000.....	5,034	8,068	6,315	2,452	10,236	5,541
\$10,000 under \$15,000.....	3,665	9,993	7,666	6,344	10,159	10,117
\$15,000 under \$20,000.....	3,493	6,453	7,434	9,879	9,473	14,536
\$20,000 under \$25,000.....	2,628	2,477	8,393	15,482	8,811	19,556
\$25,000 under \$30,000.....	811	305	7,486	18,723	7,206	20,980
\$30,000 under \$40,000.....	--	--	12,155	42,932	11,626	47,068
\$40,000 under \$50,000.....	--	--	8,820	43,741	8,426	46,438
\$50,000 under \$75,000.....	--	--	14,072	106,166	13,500	105,942
\$75,000 under \$100,000.....	--	--	5,389	67,806	5,158	62,569
\$100,000 or more.....	--	--	5,777	299,408	5,292	168,003

  

Size of adjusted gross income	Tax overpaid		Earned income credit (refundable portion) <sup>3</sup>		Tax due at time of filing	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(39)	(40)	(41)	(42)	(43)	(44)
<b>All returns.....</b>	<b>83,883</b>	<b>126,977</b>	<b>15,015</b>	<b>24,047</b>	<b>26,761</b>	<b>81,519</b>
No adjusted gross income <sup>2</sup> .....	230	547	58	68	68	112
\$1 under \$5,000.....	10,169	3,822	3,037	2,111	2,039	348
\$5,000 under \$10,000.....	10,452	11,875	4,128	7,464	1,657	701
\$10,000 under \$15,000.....	9,897	15,088	3,608	9,068	2,097	1,153
\$15,000 under \$20,000.....	8,678	13,384	3,069	4,490	2,002	1,316
\$20,000 under \$25,000.....	7,498	9,527	1,050	831	2,007	1,648
\$25,000 under \$30,000.....	5,692	5,787	66	15	1,871	1,623
\$30,000 under \$40,000.....	8,841	11,260	--	--	3,355	3,430
\$40,000 under \$50,000.....	6,200	9,340	--	--	2,645	3,420
\$50,000 under \$75,000.....	9,842	17,874	--	--	4,246	7,845
\$75,000 under \$100,000.....	3,402	8,617	--	--	1,982	5,233
\$100,000 or more.....	2,981	19,855	--	--	2,792	54,690

<sup>1</sup> Includes both the regular standard deduction and any additional standard deduction for age 65 or over or for blindness.

<sup>2</sup> Includes returns with adjusted gross deficit.

<sup>3</sup> For SOI tabulations, the earned income credit is divided into three parts: an amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); an amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero--this amount, not shown separately in table, was \$1.9 million for Tax Year 1997); and a refundable portion (the excess of credit over total taxes).

<sup>4</sup> Less than \$500,000.

<sup>5</sup> Includes the credit for prior-year minimum tax, the credit for interest on certain home mortgages, the Empowerment Zone credit, the nonconventional source fuel credit, the adoption credit, and other credits.

<sup>6</sup> Total income tax is the sum of income tax after credits and alternative minimum tax, less the total earned income credit as reported on the tax return (if the result was negative, total income tax was made to equal zero).

<sup>7</sup> Total tax liability is the sum of income tax after credits, plus any other additional taxes, e.g., self-employment tax, alternative minimum tax, household employment tax, tax on an Individual Retirement Arrangement (IRA), less all but the refundable portion of the earned income credit.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.



# Individual Income Tax Returns, 1997: Early Tax Estimates

**Table 6.--All Returns: Exemptions, by Size of Adjusted Gross Income**

[All figures are estimates based on samples--number of returns and number of exemptions are in thousands]

Size of adjusted gross income	Total number of returns	Total exemptions		Taxpayer exemptions		Exemptions for dependents	
		Number of returns	Number of exemptions	Number of returns	Number of exemptions	Total	
						Number of returns	Number of exemptions
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>All returns.....</b>	<b>113,113</b>	<b>102,604</b>	<b>221,327</b>	<b>102,604</b>	<b>147,001</b>	<b>41,463</b>	<b>74,326</b>
No adjusted gross income <sup>1</sup> .....	995	954	1,458	954	1,157	142	302
\$1 under \$5,000.....	13,008	5,871	9,619	5,871	6,526	1,898	3,094
\$5,000 under \$10,000.....	12,585	10,110	16,788	10,110	11,365	3,410	5,423
\$10,000 under \$15,000.....	12,330	11,744	21,418	11,744	14,283	4,172	7,135
\$15,000 under \$20,000.....	10,738	10,573	20,178	10,573	13,396	3,921	6,782
\$20,000 under \$25,000.....	9,546	9,494	18,250	9,494	12,363	3,303	5,887
\$25,000 under \$30,000.....	7,573	7,538	14,754	7,538	10,184	2,602	4,570
\$30,000 under \$40,000.....	12,212	12,200	26,299	12,200	17,702	4,742	8,597
\$40,000 under \$50,000.....	8,856	8,856	21,699	8,856	14,111	4,074	7,587
\$50,000 under \$75,000.....	14,104	14,097	38,572	14,097	24,990	7,187	13,582
\$75,000 under \$100,000.....	5,389	5,389	15,714	5,389	10,064	2,976	5,651
\$100,000 or more.....	5,777	5,777	16,576	5,777	10,861	3,035	5,716

  

Size of adjusted gross income	Exemptions for dependents--continued							
	Exemptions for children at home		Exemptions for children away from home		Exemptions for parents		Exemptions for other dependents	
	Number of returns	Number of exemptions	Number of returns	Number of exemptions	Number of returns	Number of exemptions	Number of returns	Number of exemptions
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
<b>All returns.....</b>	<b>38,780</b>	<b>68,138</b>	<b>777</b>	<b>1,040</b>	<b>1,708</b>	<b>2,015</b>	<b>2,313</b>	<b>3,133</b>
No adjusted gross income <sup>1</sup> .....	132	291	--	--	*5	*5	*5	*5
\$1 under \$5,000.....	1,816	2,900	*10	*10	*37	*42	117	142
\$5,000 under \$10,000.....	3,130	4,976	*22	*32	92	97	238	318
\$10,000 under \$15,000.....	3,807	6,468	*45	*66	124	144	373	458
\$15,000 under \$20,000.....	3,654	6,066	*41	*79	146	161	390	476
\$20,000 under \$25,000.....	2,994	5,173	56	78	199	240	284	397
\$25,000 under \$30,000.....	2,348	4,028	63	98	189	213	162	232
\$30,000 under \$40,000.....	4,360	7,649	143	174	270	336	316	438
\$40,000 under \$50,000.....	3,828	7,002	100	121	201	217	158	247
\$50,000 under \$75,000.....	6,899	12,781	166	201	245	304	181	296
\$75,000 under \$100,000.....	2,869	5,344	73	97	110	132	62	77
\$100,000 or more.....	2,943	5,460	59	85	90	124	*29	*47

<sup>1</sup> Includes returns with adjusted gross deficit.

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

NOTES: Detail may not add to totals because of rounding. All data are for returns filed through April.