

Individual Income Tax Rates and Shares, 1999

by Michael Parisi and Dave Campbell

Taxpayers filed 127.1 million individual income tax returns for Tax Year 1999, of which more than 94.5 million, or 74.4 percent, showed some income tax liability. The average tax rate on all taxable returns increased approximately 0.4 percentage points from 1998 to 15.7 percent in 1999. On these taxable returns, the average adjusted gross income (less deficit) (AGI) rose 6.4 percent to \$59,028, while average total income tax increased to \$9,280, a 9.5-percent increase. Total AGI reported on taxable returns increased 8.2 percent to \$5,581 billion, while total income tax increased 11.3 percent to \$877 billion.

For the sixth consecutive year, the percent of AGI reported by the top 5 percent of taxpayers increased, reaching 34.0 percent for 1999. The top 5 percent of taxpayers also paid 55.5 percent of the total income tax for 1999, an increase of 1.7 percentage points from 1998. To be included in the top 5 percent, a taxpayer had to have an AGI of at least \$120,846. Taxpayers with AGI of at least \$293,415 were in the top 1 percent of taxpayers. The percent of AGI reported by the top 1 percent of taxpayers for 1999 increased for the sixth consecutive year to 19.5 percent, while the same group accounted for 36.2 percent of the total income tax, up from 34.8 percent of the total income tax they accounted for in 1998.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 1999. To put this discussion into perspective, the appendices to the article provide explanations of selected terms used in the article and describe the income tax structure, certain tax law changes, income and tax concepts (the “1979 Income Tax Concept,” “modified” taxable income, and marginal tax rates), the computation of “alternative minimum taxable income,” and the data sources and limitations.

Income Tax Rates

Discussions of income tax rates generally center on measuring two distinct tax rates: average tax rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some

measure of income. For the statistics in this article, the average tax rate is “total income tax” (the sum of “income tax after credits” and the “alternative minimum tax”) divided by AGI reported on returns showing some income tax liability. Measures of marginal tax rates, on the other hand, focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See Appendix D for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of the average and marginal tax rates in more detail, and discuss the statistics based on these rates for 1999.

Average Tax Rates

Figure A presents statistics for 1986 through 1999 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See Appendix D for an explanation of the 1979 Income Concept.) These tax years can be partitioned into six distinct subperiods:

- (1) Tax Year 1986 was the last year under the Economic Recovery Tax Act of 1981 (ERTA81). The tax bracket boundaries, personal exemptions, and standard deductions were indexed for inflation, and the maximum tax rate was 50 percent.
- (2) Tax Year 1987 was the first year under the Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure [1]. The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions.
- (5) Tax Years 1993 through 1996 had a five-rate

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Individual Income Tax Rates and Shares, 1999

Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986-1999

[Money amounts are in billions of dollars, except where indicated]

Tax year	Total number of returns	Taxable returns								
		Number of returns	As a percentage of total returns ¹	Adjusted gross income (less deficit)	Total income tax	Average tax rate (percent) ^{2,3}	Average per return (whole dollars) ³			
							Current dollars		Constant dollars ⁴	
							Adjusted gross income (less deficit)	Total income tax	Adjusted gross income (less deficit)	Total income tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income										
1986.....	103,045,170	83,967,413	81.5	2,440	367	15.1	29,062	4,374	26,516	3,991
1987.....	106,996,270	86,723,796	81.1	2,701	369	13.7	31,142	4,257	27,414	3,747
1988.....	109,708,280	87,135,332	79.4	2,990	413	13.8	34,313	4,738	29,005	4,005
1989.....	112,135,673	89,178,355	79.5	3,158	433	13.7	35,415	4,855	28,560	3,915
1990.....	113,717,138	89,862,434	79.0	3,299	447	13.6	36,711	4,976	28,088	3,807
1991.....	114,730,123	88,733,587	77.3	3,337	448	13.4	37,603	5,054	27,609	3,711
1992.....	113,604,503	86,731,946	76.3	3,484	476	13.7	40,168	5,491	28,630	3,914
1993.....	114,601,819	86,435,367	75.4	3,564	503	14.1	41,233	5,817	28,535	4,026
1994.....	115,943,131	87,619,446	75.6	3,737	535	14.3	42,646	6,104	28,776	4,119
1995.....	118,218,327	89,252,989	75.5	4,008	588	14.7	44,901	6,593	29,463	4,326
1996.....	120,351,208	90,929,350	75.6	4,342	658	15.2	47,750	7,239	30,433	4,614
1997.....	122,421,991	93,471,200	76.4	4,765	731	15.3	50,980	7,824	31,763	4,875
1998.....	124,770,662	93,047,898	74.6	5,160	789	15.3	55,458	8,475	33,836	5,171
1999.....	127,075,145	94,546,080	74.4	5,581	877	15.7	59,028	9,280	35,431	5,570
Using 1979 Income Concept ⁵										
1986.....	103,045,170	83,967,413	81.5	2,703	367	13.6	32,194	4,374	29,374	3,991
1987.....	106,996,270	86,723,796	81.1	2,736	369	13.5	31,551	4,257	27,774	3,747
1988.....	109,708,280	87,135,332	79.4	3,011	413	13.7	34,556	4,738	29,210	4,005
1989.....	112,135,673	89,178,355	79.5	3,188	433	13.6	35,752	4,855	28,832	3,915
1990.....	113,717,138	89,862,434	79.0	3,335	447	13.4	37,108	4,976	28,392	3,807
1991.....	114,730,123	88,733,587	77.3	3,387	448	13.2	38,169	5,054	28,024	3,711
1992.....	113,604,503	86,731,946	76.3	3,553	476	13.4	40,964	5,491	29,198	3,914
1993.....	114,601,819	86,435,367	75.4	3,625	503	13.9	41,938	5,817	29,023	4,026
1994.....	115,943,131	87,619,446	75.6	3,796	535	14.1	43,322	6,104	29,232	4,119
1995.....	118,218,327	89,252,989	75.5	4,075	588	14.4	45,655	6,593	29,957	4,326
1996.....	120,351,208	90,929,350	75.6	4,418	658	14.9	48,582	7,239	30,964	4,614
1997.....	122,421,991	93,471,200	76.4	4,849	731	15.1	51,875	7,824	32,321	4,875
1998.....	124,770,662	93,047,898	74.6	5,299	789	14.9	56,947	8,475	34,745	5,171
1999.....	127,075,145	94,546,080	74.4	5,736	877	15.3	60,666	9,280	36,414	5,570

¹ Number of taxable returns (column 2) divided by total number of returns (column 1).

² Average tax rate is "total income tax" (column 5) as a percentage of adjusted gross income (less deficit) (AGI) (column 4).

³ The average adjusted gross income (less deficit), average total income tax, and average tax rate were calculated from unrounded data.

⁴ Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). See footnote 2 of this article for further details.

⁵ These statistics are based on adjusted gross income (AGI) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income--Individual Income Tax Returns, for 1986-1999.

tax bracket structure (with a maximum statutory tax rate of 39.6 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions.

previous rate structure to form a new eight-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent). (See Appendix C for a more detailed description of the capital gain rates.)

(6) Tax Years 1997 through 1999 were subject to the Taxpayer Relief Act of 1997 (TRA97). TRA97 added three new capital gain tax rates to the

More than 94.5 million, or 74.4 percent, of the 127.1 million individual returns filed for 1999 were "taxable returns." Total AGI for these returns in-

Individual Income Tax Rates and Shares, 1999

creased 8.2 percent to \$5,581 billion. Using the 1979 Income Concept, taxable returns showed total income of \$5,736 billion, an increase of 8.2 percent from 1998. Taxpayers reported \$877 billion in total income tax for 1999, approximately \$88 billion (11.3 percent) more than for 1998. This represents an increase over the 7.8 percent for 1998 and is the highest percentage increase in total income tax since 1996 (11.9 percent).

Average AGI and average total income tax increased from 1998 to 1999, in both current and constant 1982-1984 dollars [2]. Average tax increased 9.5 percent to \$9,280, some 3.1 percentage points more than growth in average AGI, which increased 6.4 percent to \$59,028. After adjusting for inflation as measured in 1982-1984 dollars, average AGI rose to \$35,431, and average total income tax increased to \$5,570.

Because TRA86 reduced statutory tax rates and broadened the definition of AGI (by eliminating or limiting the preferential treatment of various tax

items, such as restricting the use of “passive losses” to offset “non-passive income” and finally including net long-term capital gains), comparisons of average tax rates before and after 1986, based on current-year definitions of AGI, become less meaningful [3]. The 1979 Income Concept provides a more consistent basis for such comparisons. Based on the 1979 Income Concept, average tax rates declined 0.1 percentage point from 13.6 percent for 1986 to 13.5 percent for 1987, increased to 13.7 percent for 1988, and declined again for the next 3 years, until reaching 13.2 percent for 1991. The average tax rate rose to 13.4 percent for 1992, increased to 13.9 percent for 1993, and continued to increase to 15.1 percent for 1997 before tapering off to 14.9 percent for 1998, the first decline since 1991. In 1999, the average tax rate increased to 15.3 percent.

As shown in Figure B, the average tax rate (as a percentage of AGI) on all taxable returns increased approximately 0.4 percentage points for 1999 to 15.7 percent. Most of this increase was due to higher

Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 1998 and 1999

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

Tax year, income tax, and average tax rate	Total	Size of adjusted gross income									
		Under \$1 ¹	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 1999:											
Number of taxable returns.....	94,546	5	8,047	14,770	15,175	22,544	24,480	7,098	1,875	348	205
Adjusted gross income (less deficit).....	5,580,849	-6,400	51,208	222,963	378,381	881,156	1,689,529	933,899	542,108	235,524	652,480
Total income tax.....	877,401	109	2,220	14,741	30,392	83,160	205,023	162,225	130,274	66,965	182,293
Average tax rate (percent).....	15.7	(²)	4.3	6.6	8.0	9.4	12.1	17.4	24.0	28.4	27.9
Tax Year 1998:											
Number of taxable returns.....	93,048	4	8,258	15,365	15,365	22,655	23,055	6,263	1,605	307	172
Adjusted gross income (less deficit).....	5,160,224	-5,474	52,786	232,203	382,997	886,802	1,585,000	822,169	463,262	207,460	533,022
Total income tax.....	788,542	94	2,208	15,567	30,864	85,162	194,130	143,721	111,545	58,483	146,767
Average tax rate (percent).....	15.3	(²)	4.2	6.7	8.1	9.6	12.2	17.5	24.1	28.2	27.5
Increase in average tax rates, 1999 over 1998.....	0.4	(³)	0.2	-0.1	--	-0.2	-0.1	-0.1	--	0.2	0.4

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

² Percentage not computed.

³ Increase not computed.

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

Individual Income Tax Rates and Shares, 1999

average tax rates in the top two AGI-size classes of “\$500,000 under \$1,000,000” and “\$1,000,000 or more,” where the average tax rate increased 0.2 and 0.4 percent, respectively. The average tax rate for the “\$1 under \$10,000” AGI-size class increased as well, by 0.2 percentage points. However, since total income tax in this bracket was much smaller than the larger AGI-size classes, it did not have a significant effect on the percentage increase in the total average tax rate. Tax rates in all of the AGI-size classes between the top two and bottom one either remained unchanged or declined between 1998 and 1999. These AGI classes contain taxpayers who were most likely to have taken advantage of child and education tax credits that were increased for 1999. The child tax credit increased to \$500 in 1999, up from \$400 in 1998. Specifically, this can be seen in the “\$30,000 under \$50,000” AGI-size class, which had the largest reduction in average tax rate for 1999 (0.2 percentage points), and also had increases of 0.2 and 0.4 percentage points in the number of returns with the child tax credit and education credits, respectively [4].

Marginal Tax Rate Classifications

A return’s marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. Marginal tax rate statistics are presented in Figures C and D, and in Table 1. These statistics were based on individual income tax returns showing an amount for “tax generated” on taxable income and items of income that were subject to the regular income tax, generally those included in AGI [5]. Tables 2 and 3 contain additional data based on marginal tax rates. These tables present statistics on the income and tax generated at each marginal tax rate by size of AGI (Table 2) and by filing status (Table 3). Appendix D explains the details of the determination of the marginal tax rate bracket into which a return is assumed to fall.

For 1999, the 102.8 million individual returns with modified taxable income totaling \$4,136.3 billion generated \$906.4 billion in income taxes. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits, including the earned income credit) by the marginal rate categories (defined in

Figure C

Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 1999

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percentage	Amount	Percentage	Amount	Percentage
	(1)	(2)	(3)	(4)	(5)	(6)
All rates.....	102,831,402	100.0	4,136,344,070	100.0	906,396,888	100.0
10 percent.....	1,120,497	1.1	4,374,762	0.1	437,566	(²)
15 percent (Form 8814) ¹	12,571	(²)	13,778	(²)	2,066	(²)
15 percent.....	68,117,909	66.2	996,492,153	24.1	148,584,761	16.4
20 percent.....	1,240,705	1.2	132,403,115	3.2	23,545,821	2.6
25 percent.....	56,361	0.1	8,374,445	0.2	1,660,773	0.2
28 percent (capital gains) ³	72,526	0.1	5,524,495	0.1	1,120,135	0.1
28 percent.....	25,912,056	25.2	1,442,198,308	34.9	276,780,570	30.5
31 percent.....	3,451,039	3.4	409,159,931	9.9	97,612,203	10.8
36 percent.....	1,408,684	1.4	322,090,723	7.8	87,105,776	9.6
39.6 percent.....	864,129	0.8	811,694,117	19.6	268,552,002	29.6
Form 8615 ⁴	574,924	0.6	4,018,242	0.1	995,214	0.1

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child’s investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents’ income tax return.

² Less than 0.05 percent.

³ Returns with net long-term capital gains in excess of net short-term capital losses taxed at the 28-percent rate, which otherwise (based on ordinary income) would be taxed at a higher rate than 28 percent.

⁴ Form 8615 was filed for a child under age 14 to report the child’s investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

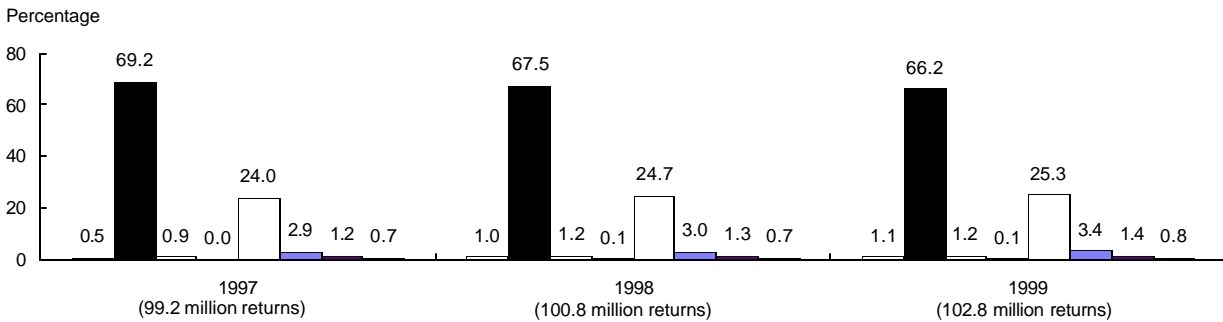
NOTE: Detail may not add to totals because of rounding.

Individual Income Tax Rates and Shares, 1999

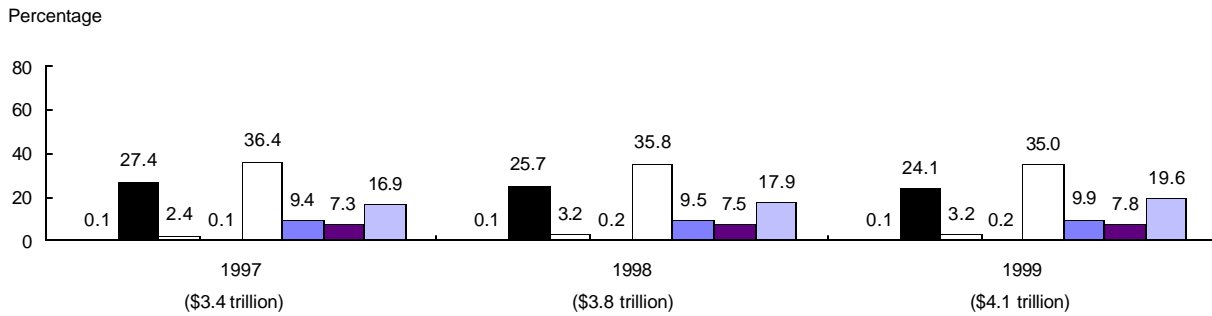
Figure D

Returns with Modified Taxable Income: Percentages of Returns, Modified Taxable Income, and Tax Generated by Marginal Tax Rate Classification, Tax Years 1997-1999

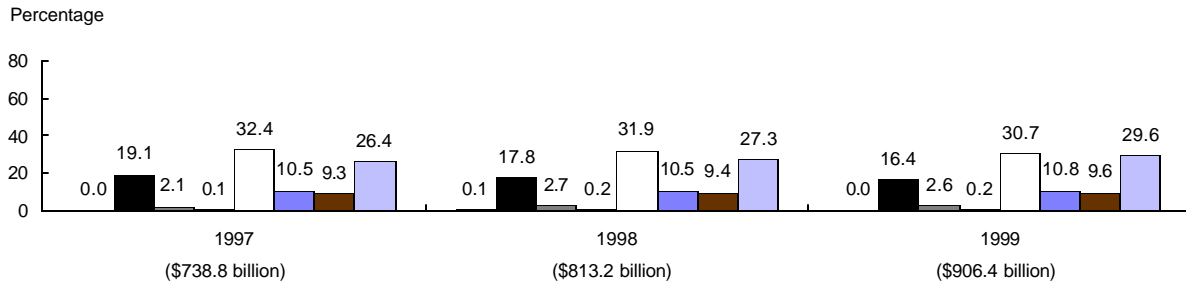
Number of Returns



Modified Taxable Income



Tax Generated



10 percent
 15 percent
 20 percent
 25 percent
 28 percent¹
 31 percent
 36 percent
 39.6 percent

¹ Includes 28 percent for returns with net long-term capital gains in excess of net short-term capital losses.

NOTE: Returns in the "Form 8615" and "Form 8814" categories were included in the calculation of the percentages, but are not shown separately. Detail may not add to 100 percent because of rounding.

Individual Income Tax Rates and Shares, 1999

The percentage share of income tax generated for the "39.6-percent" category increased 3.2 percentage points.

Appendix D). Although 66.2 percent of the returns with modified taxable income were in the "15 percent" and "15 percent (Form 8814)" marginal rate categories, they reported

only 24.1 percent of the modified taxable income and generated only 16.4 percent of the tax. Conversely, the 0.8 percent of the returns in the "39.6-percent" classification reported 19.6 percent of the modified taxable income and generated 29.6 percent of the tax. The 25.3 percent of returns in the "28-percent" and "28-percent (capital gain)" categories reported 35.0 percent of the modified taxable income and 30.6 percent of the tax. Returns in the "31-percent" classification reported 9.9 percent of the modified taxable income and 10.8 percent of the income tax, while returns in the "36-percent" classification showed 7.8 percent of the modified taxable income and 9.6 percent of the income tax. Other than capital gains, the remaining returns--those in the "Form 8615" category--reported 0.1 percent of the modified taxable income and 0.1 percent of the income tax generated.

The three rate classifications that were new for 1997, "10 percent," "20 percent," and "25 percent," reported for 1999 just 3.5 percent of the modified taxable income and 2.8 percent of the income tax. As shown in Table 2, some 10.2 percent of returns had modified taxable income taxed at "20 percent," which accounted for 9.6 percent of the modified taxable income and 8.8 percent of the income tax. Also, 9.1 percent of returns had modified taxable income taxed at the "10-percent" rate, which accounted for only 0.9 percent of modified taxable income and 0.4 percent of income tax. The returns with income taxed at the "25-percent" rate classification accounted for only 0.5 percent of the total, while the modified taxable income and income tax reported at this rate were 0.2 and 0.3 percent of the aggregates, respectively.

Figure D illustrates changes in the distribution of percentages of tax returns, modified taxable income, and income tax generated among various marginal tax rate classifications over Tax Years 1997, 1998,

and 1999. Over the 3-year period, the percentage of returns in the "15-percent" marginal tax rate category decreased 3.0 percentage points, while the remaining seven marginal tax rate categories either increased or remained the same. During this 3-year period, the largest changes in the percentage shares of modified taxable income and income tax generated occurred in the "15-percent," "28-percent," and "39.6-percent" categories. The percentage shares of modified taxable income declined in both the "15-percent" and "28-percent" categories by 3.3 and 1.5 percentage points, respectively, and increased by 2.7 percentage points in the "39.6-percent" category. Similar to the changes in the percentage shares of modified taxable income, the percentage shares of income tax generated for the "15-percent" categories decreased by 2.7 percentage points, and the "28-percent" categories decreased by 1.9 percentage points. The percentage share of income tax generated for the "39.6-percent" category increased 3.2 percentage points. The three newest marginal tax rate categories, "10 percent," "20 percent," and "25 percent," did not have a significant impact on the distribution of returns, modified taxable income, or tax generated.

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer's taxable income based on statutory tax rates less any applicable tax credits. It does not include the "alternative minimum tax" (AMT). Figure E illustrates the derivation of aggregate total income tax for 1999 returns with modified taxable income. Table 1 includes two tax amounts: "tax generated" and "income tax after credits." Tables 5 through 8 and Figures A and B include an additional measure of tax, "total income tax."

As shown (Figure E and column 5 of Table 1), the tax generated by applying statutory income tax rates to modified taxable income was \$906.4 billion. For most taxpayers, tax generated was equal to income tax before credits. However, for others, income tax before credits included special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method was used) [6]. The earned income credit (EIC) is included in this

Individual Income Tax Rates and Shares, 1999

Figure E

Derivation of 1999 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Tax generated from tax rate schedules or tax table.....	906.4
PLUS:	
Tax on lump-sum distributions from qualified retirement plans.....	0.5
EQUALS:	
Income tax before credits.....	906.8
LESS: Tax credits, total.....	35.9
Child-care credit.....	2.7
Child tax credit ¹	19.4
Education credit.....	4.8
Foreign tax credit.....	4.9
General business credit.....	0.8
Earned income credit (limited to the amount needed to reduce total income tax to zero).....	1.9
Credit for prior-year minimum tax.....	1.0
Other credits ²	0.4
EQUALS:	
Income tax after credits.....	870.9
PLUS: Alternative minimum tax.....	6.5
EQUALS:	
Total income tax.....	877.4

¹ Does not include the additional child tax credit which for 1999 was \$812.4 million.

² Includes the elderly or disabled credit, empowerment zone employment credit, mortgage interest credit, adoption credit, nonconventional source fuel credit, and other credits.

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

computation to the extent that its application did not reduce income tax before credits below zero. Any portion of the EIC that is refundable to the taxpayer because it exceeds the taxpayer's liability and any portion of the EIC used to reduce taxes other than regular income taxes are excluded from the computation of income tax after credits [7]. Income tax after credits (Figure E) totaled \$870.9 billion. Total income tax of \$877.4 billion (Figure A) is the sum of income tax after credits and the alternative minimum tax [8].

Table 4 provides estimates on the type of tax computation for returns with modified taxable income. For 1999, the number of children under age 14 who had investment income over \$1,400 increased 23.6 percent to almost 575,000. Using Form 8615 to compute their tax (as if their income were treated as the marginal income of their parents or guardians), these children showed \$933.3 million in tax generated (column 7). If these same children had had all their income taxed as ordinary income, income tax before

credits (regular tax computation) would have totaled \$783.2 million (column 6). Thus, the difference resulting from the special tax computation was \$150.2 million (column 8) in additional tax, up 142.1 percent from the \$62.0 million calculated for 1997 (column 4) [9]. This large increase may be related to both the increase in the number of children's returns, as well as to a movement on these returns from long-term capital gains to investment income other than capital gains.

For 1999, the 16.9 million returns using the Schedule D capital gain tax computation generated \$405.8 billion in tax (column 7). However, if long-term capital gains had been taxed the same as ordinary income, the amount of income tax before credits (regular tax computation) for these same taxpayers would have been \$464.7 billion (column 6). Therefore, the reduction in tax generation resulting from use of the Schedule D tax computation was \$58.9 billion (column 8), an increase of 14.5 percent over the \$51.4-billion reduction shown for 1998 (column 4), when almost 16 million taxpayers received some benefit from lower capital gain taxes (column 1). Most of these tax savings (60.2 percent) were reported by taxpayers in the "\$1,000,000 or more" income-size class. For 1999, some 6.3 million taxpayers with an AGI of less than \$50,000 were able to take advantage of lower capital gain tax rates and saved \$961.9 million in taxes, an increase of 5.5 percent over the previous year's tax savings.

Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise use certain provisions of the tax code meant to stimulate economic activity and generate "economic income" to reduce, or even eliminate, their regular tax liabilities. The AMT provisions may recapture some of these tax reductions by recomputing income to achieve "alternative minimum taxable income," or AMTI, the tax base for AMT. Form 6251, *Alternative Minimum Tax--Individuals*, is used to calculate AMT. (See Appendix E for an explanation of the computation of AMTI.)

Figure F presents statistics, by size of AGI, on AMT reported by taxpayers filing Form 6251 with their returns. For 1999, an AMT liability of \$6.5

Individual Income Tax Rates and Shares, 1999

Figure F

Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 1998 and 1999

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences ¹		Alternative minimum taxable income		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 1999						
All returns.....	4,208,973	91,126,166	4,212,275	890,836,550	1,018,063	6,477,697
No adjusted gross income ²	72,210	1,492,006	71,372	-4,091,048	4,829	109,076
\$1 under \$10,000.....	363,667	1,140,156	364,622	1,338,833	2,034	9,482
\$10,000 under \$20,000.....	234,326	1,280,267	234,326	3,180,511	5,219	10,981
\$20,000 under \$30,000.....	199,112	1,240,407	199,120	4,495,258	5,859	31,214
\$30,000 under \$40,000.....	197,364	1,214,558	198,351	6,231,667	11,688	12,857
\$40,000 under \$50,000.....	209,137	1,476,528	209,137	8,426,268	22,447	19,781
\$50,000 under \$75,000.....	548,940	4,933,423	549,284	30,372,792	83,050	148,447
\$75,000 under \$100,000.....	451,415	5,504,769	451,758	35,348,980	143,729	248,555
\$100,000 under \$200,000.....	942,677	16,207,352	943,035	120,174,901	334,533	1,138,963
\$200,000 under \$500,000.....	714,132	19,785,761	715,014	198,681,460	322,600	2,042,634
\$500,000 under \$1,000,000.....	162,253	9,357,527	162,379	103,285,019	53,912	976,542
\$1,000,000 or more.....	113,741	27,493,414	113,876	383,391,908	28,163	1,729,163
Tax Year 1998						
All returns.....	4,477,046	80,543,187	4,483,228	815,273,468	853,433	5,014,549
No adjusted gross income ²	79,633	1,350,930	78,744	-4,317,698	3,671	90,068
\$1 under \$10,000.....	388,676	1,198,905	388,682	1,347,719	2,124	11,367
\$10,000 under \$20,000.....	293,401	1,453,780	293,401	3,767,704	3,211	8,094
\$20,000 under \$30,000.....	248,753	1,386,125	249,722	5,599,213	7,000	16,566
\$30,000 under \$40,000.....	237,061	1,334,753	237,061	7,318,007	11,036	14,491
\$40,000 under \$50,000.....	262,554	1,630,540	262,602	10,277,558	14,839	9,008
\$50,000 under \$75,000.....	643,875	5,126,300	645,712	35,595,744	80,148	72,993
\$75,000 under \$100,000.....	504,958	5,252,667	507,664	39,272,886	110,260	160,435
\$100,000 under \$200,000.....	941,529	14,259,329	942,308	118,685,541	274,217	789,731
\$200,000 under \$500,000.....	627,095	17,461,963	627,358	173,506,785	270,103	1,743,386
\$500,000 under \$1,000,000.....	149,457	8,292,459	149,789	96,216,186	51,136	782,441
\$1,000,000 or more.....	100,053	21,795,436	100,184	328,003,820	25,689	1,315,968

¹ See Figures K-1 and K-2 for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences.

² Includes returns with adjusted gross deficit.

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

billion was reported based on AMTI of \$890.8 billion. Generally, AMTI is only shown on filed tax returns if the taxpayer's liability is affected by the AMT. The AMT amount for 1999 represents a 29.2-percent increase from the \$5.0 billion in AMT for 1998 based on \$815.3 billion of AMTI. Over the past few years, net long-term capital gain (less loss) has shown a significant increase. Since net long-term capital gain (less loss) is taxed at 28 percent (the same as the maximum rate for AMT) or lower rates, this increase is one of the reasons for the large percentage increase in the AMT amount. Another reason for the increase in the AMT amount is that the size of the AMT exemptions and the AMT income level at

which the rate increases from 26 percent to 28 percent are not indexed for inflation, whereas the widths of regular income tax rate brackets and the sizes of personal exemptions are inflation-adjusted annually. Thus, year-to-year inflation may cause more taxpayers to be affected by AMT and increase the amount of AMT liability. Also, even though this inflation may not cause AMT liability, it may increase tentative minimum tax. For certain taxpayers, this would reduce or eliminate their ability to take certain tax credits. These credits include all general business credits, prior-year minimum tax credit, empowerment zone credit, mortgage interest credit, and the nonconventional source fuel credit.

Individual Income Tax Rates and Shares, 1999

Figure G shows the highest marginal tax rates on ordinary income, capital gains, and AMTI for each of the years 1986 through 1999. The amount of AMT reported for each of the 14 years is also shown. For 1986, after TRA86 was introduced but before it became effective, when the highest marginal tax rate on ordinary income was 50 percent, and the highest capital gain rate and highest AMT rate were both 20 percent, the AMT reported was \$6.7 billion. After 1986, both the highest capital gain rate and the highest AMT rate increased, while the highest marginal ordinary tax rate declined. In addition, capital gains were fully included in AGI. For 1987, AMT decreased dramatically to \$1.7 billion. From 1988 to 1990, AMT revenue continued to decrease to a low of \$830.3 million for 1990. For 1991, when the AMT rate increased to 24 percent, AMT increased 46.1 percent to \$1.2 billion. From 1992 to 1993, when the highest marginal tax rate on ordinary income and the

highest AMT rate increased again (while the highest capital gain rate remained the same), the AMT liability increased 51.3 percent to nearly \$2.1 billion. From 1994 through 1996, the amount of AMT increased gradually every year. But for 1997, AMT spiked 42.4 percent to \$4.0 billion, the highest level reported since 1986. This also coincides with the large increases in long-term capital gains receiving favorable tax rates, cited previously. In 1999, the amount of AMT increased 29.2 percent to \$6.5 billion, following the 25.2 increase in 1998. Of all returns filed, 0.8 percent of taxpayers paid AMT in 1999, the highest percentage since the imposition of AMT.

Income and Tax Shares

Historical statistics on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 5 through 8. Distributions of AGI, as defined for each year and tax, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and 6. These tables can be used to make comparisons across cumulative percentile classes within each year, among years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and among years within the post-TRA86 period (i.e., Tax Years 1987 through 1999). Since TRA86 redefined AGI, Tables 5 and 6 are not as useful for comparisons between pre- and post-TRA86 years. Thus, Tables 7 and 8, which are based on a consistent definition of income (i.e., using the 1979 Income Concept), are included to facilitate such comparisons.

Tables 5 and 7 are based on percentiles of returns cumulated downward from the highest income returns. The data are shown for the top 1, 5, 10, 25, and 50 percent of returns. Tables 6 and 8 are based on returns cumulated upward for the lowest income returns. Data are shown for the bottom 50, 75, 90, 95, and 99 percent of all returns.

For example, consider the data in Table 5 for the 126.0 million returns filed for 1999 with positive AGI [10]. The average tax rate for these returns was 14.9 percent, an increase from the 1998 average tax rate of 14.4 percent. The average tax rate on the top 1, 5, 10, 25 and 50 percentiles increased from 1998 (mostly due to the decrease in capital gains which are taxed at the reduced capital gain rates). For 1999, the returns in the top 1 percentile reported 19.5 percent of total AGI and 36.2 percent of total income

Figure G

Marginal Tax Rate, Capital Gain Tax Rate, Alternative Minimum Tax Rate, and Alternative Minimum Tax, Tax Years 1986-1999

[Tax rates are in percentages--money amounts are in thousands of dollars]

Tax year	Highest marginal statutory tax rate on ordinary income	Highest capital gain tax rate	Highest statutory alternative minimum tax rate	Alternative minimum tax	
				Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)
1986.....	50.0	20 ¹	20	608,907	6,713,149
1987.....	38.5	28	21	139,779	1,674,898
1988.....	28.0 ²	28 ²	21	113,562	1,027,884
1989.....	28.0 ²	28 ²	21	117,483	831,012
1990.....	28.0 ²	28 ²	21	132,103	830,313
1991.....	31.0	28	24	243,672	1,213,426
1992.....	31.0	28	24	287,183	1,357,063
1993.....	39.6	28	28	334,615	2,052,790
1994.....	39.6	28	28	368,964	2,212,094
1995.....	39.6	28	28	414,106	2,290,576
1996.....	39.6	28	28	477,898	2,812,746
1997.....	39.6	28	28	618,072	4,005,101
1998.....	39.6	28	28	853,433	5,014,549
1999.....	39.6	28	28	1,018,063	6,477,697

¹ This tax rate was based on 60 percent of long-term capital gains (in excess of short-term capital losses) being excluded from income. The remaining 40 percent of capital gains were taxed at the maximum rate of 50 percent, creating a top capital gain rate of 20 percent.

² The tax rate schedule provided only two basic rates: 15 percent and 28 percent. However, taxable income between certain amounts was subject to an additional 5 percent tax, creating an "effective" 33-percent tax rate.

Individual Income Tax Rates and Shares, 1999

tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$293,415. For 1998, the returns in this percentile group (i.e., those with at least \$269,496 in AGI) reported 18.5 percent of total AGI and 34.8 percent of total income tax. For 1999, the returns in the top 5 percentile group (returns reporting AGI of \$120,846 or more) reported 34.0 percent of total AGI and 55.5 percent of total income tax, higher than the 32.9 percent and 53.8 percent, respectively, for 1998 (when the AGI floor was \$114,729). For 1999, returns in the top 10 percentile group (returns with AGI of at least \$87,682) showed 44.9 percent of AGI and 66.5 percent of total income tax. For 1998, the returns in this percentile group (with AGI of \$83,220 or more) reported 43.8 percent of total AGI and 65.0 percent of total income tax.

The statistics by percentile in Tables 5 and 6 (for years prior to 1991) and Tables 7 and 8 (for years prior to 1994) were estimated, using a mathematical technique called “osculatory interpolation,” applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class [11]. For 1991 and later years, the statistics by percentiles in Tables 5 and 6 (and Tables 7 and 8 for 1994 through 1999) were computed based on an actual ranking of the returns in the statistical sample that served as the basis for Individual Statistics of Income estimates. The differences under the two methods were judged to be minor enough so that the pre-1991 and post-1990 data are believed to be comparable.

Figure H presents percentage shares of income and total income tax for various percentile groups, using the 1979 Income Concept, for 1986 through 1999. While shares of income for the top 1 percent and bottom 50 percent of taxpayers have been close over the years, 1999 marks the fifth consecutive year that the income shares of the top 1 percent of taxpayers were higher than the corresponding shares of the bottom 50 percentile. The income share for the top 1 percent of taxpayers grew to the largest it has been in the previous 13 years, reaching 20.3 percent for 1999, while the bottom 50 percent of taxpayers reported the lowest share of income over the corresponding period at 13.0 percent. This constitutes the largest difference in income shares between the two percentile groups over the previous 14 years, 7.3 percentage points. Similar to this recent

trend in shares of income, the shares of total income tax for the top 1 percent and bottom 50 percent of taxpayers have diverged over time. The total income tax shares for the top 1 percent have, despite fluctuations, risen from 25.4 percent for 1986 to a high of 35.0 percent for 1999. Shares of total income tax for the bottom 50 percent of taxpayers have decreased from 6.7 percent for 1986 to just over 4.1 percent for 1999. The difference between shares of income for the top 5 percent and bottom 75 percent of taxpayers, which has converged over time, continued this trend for 1999. Income shares increased from 28.4 percent for 1986 to 35.6 percent for 1999 for the top 5 percent of taxpayers and decreased from 38.2 percent for 1986 to 32.6 percent for 1999 for the bottom 75 percent of taxpayers. Shares of total income tax for the top 5 percent and bottom 75 percent of taxpayers have also diverged over the past 14 years. Percentage shares of total income tax for taxpayers in the top 5 percentile rose from 42.4 percent for 1986 to a high of 54.7 percent for 1999, while shares of total income tax for the bottom 75 percent of taxpayers have decreased from 24.3 percent for 1986 to a low of 16.8 percent for 1999.

Notes and References

- [1] For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where these benefits were completely phased out, the tax rate returned to 28 percent.
- [2] 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 the buying of typical urban consumers (1982-84=100):

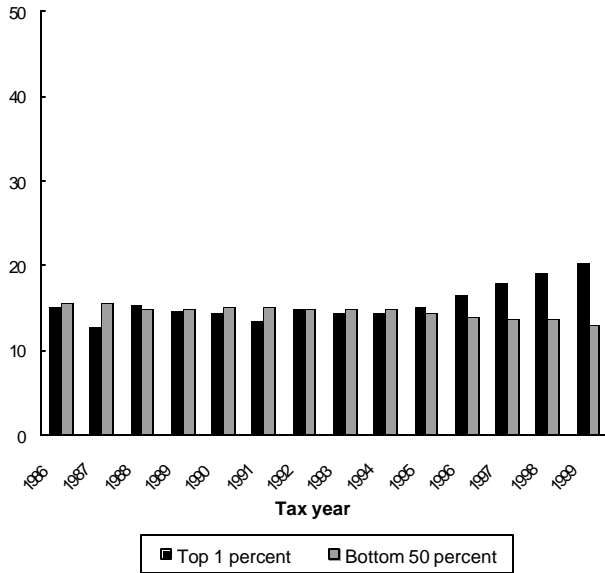
<u>Year</u>	<u>CPI-U</u>	<u>Year</u>	<u>CPI-U</u>
1999	166.6	1991	136.2
1998	163.9	1990	130.7
1997	160.5	1989	124.0
1996	156.9	1988	118.3

Individual Income Tax Rates and Shares, 1999

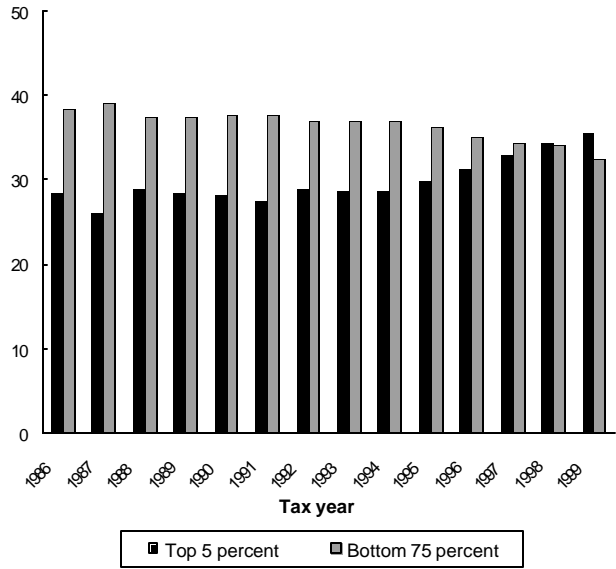
Figure H

Shares of Income and Total Income Tax Based on the 1979 Income Concept, by Cumulative Percentiles, Tax Years 1986-1999 ¹

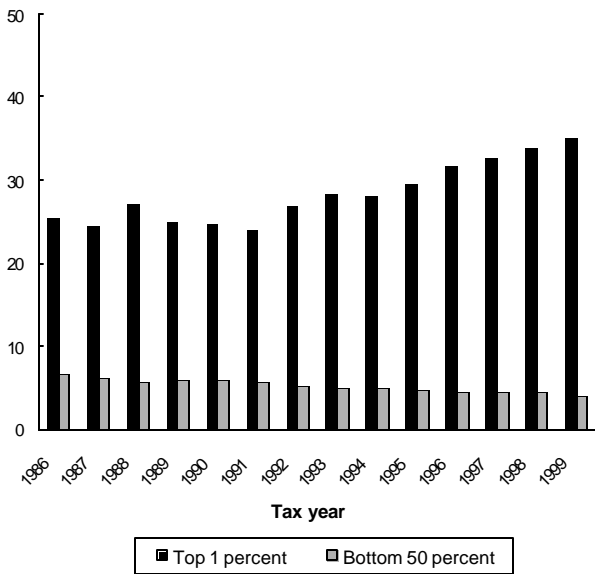
Percentage share of income



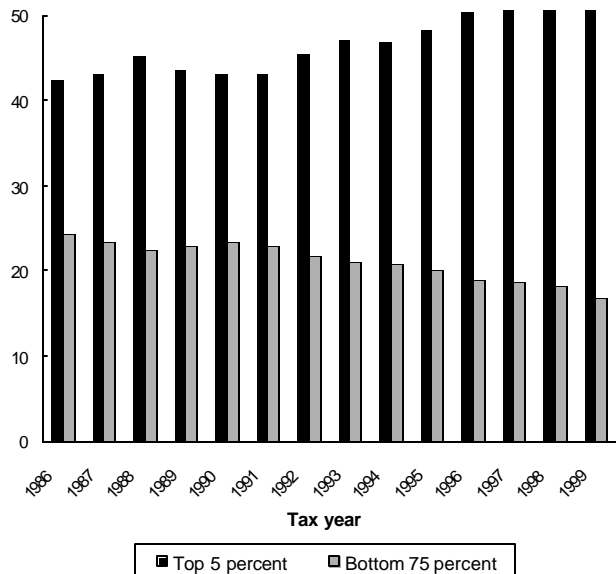
Percentage share of income



Percentage share of total income tax



Percentage share of total income tax



¹ Percentile groupings of tax filers exclude returns with zero or negative income.
NOTE: See Figure I for the components of the 1979 Income Concept.

Individual Income Tax Rates and Shares, 1999

Year	CPI-U	Year	CPI-U
1995	152.4	1987	113.6
1994	148.2	1986	109.6
1993	144.5	1985	107.6
1992	140.5		

- [3] For further information about the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986 (H.R. 3838, 99th Congress, Public Law 99-514), May 4, 1987.
- [4] Table 3.3 in *Statistics of Income--1998* and *Statistics of Income--1999* shows the number of returns for the child tax credit and education credit by size of AGI.
- [5] Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, the receipt of some forms of tax-exempt income, such as Social Security benefits, could have influenced the taxability of other income. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.
- [6] The income amounts on which these special computations were based were not reflected in current-year AGI or current-year taxable income.
- [7] For 1999, the total earned income credit was \$31.9 billion. This amount includes the amount used to reduce the regular income tax (\$1.9 billion), the amount used to reduce other taxes reported on individual income tax returns (\$2.4 billion), and the amount refunded to taxpayers (\$27.6 billion). Table 2.5 in *Statistics of Income--1999, Individual Income Tax Returns*, shows these amounts.
- [8] Total income tax does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security tax on income from self-employment), the Social Security tax on certain tip income, tax from the recapture of prior-year investment or low-income housing credits, tax applicable to

early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans, tax on trusts, accumulation and distributions, and household employment taxes. The statistics for "total tax liability," shown in *Statistics of Income--1999, Individual Income Tax Returns*, include these taxes. For Tax Year 1999, total tax liability reported on 97.1 million returns was \$912.5 billion.

- [9] The difference resulting from the special tax computation does not reflect the provisions of TRA86, which lowered standard deductions for dependents (compared to other taxpayers) and prevented these children from claiming their own personal exemptions.
- [10] The percentile groupings of tax filers exclude returns with zero or negative AGI.
- [11] For an explanation of the osculatory interpolation technique, see Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," *1977 Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.

Appendix A: Explanation of Selected Terms
This appendix provides brief explanations of the major tax concepts discussed. For more extensive definitions, see Section 4 in *Statistics of Income--1999, Individual Income Tax Returns*.

Adjusted Gross Income.--Adjusted gross income is "total income," as defined by the tax code, less "statutory adjustments" (primarily business, investment, or certain other deductions, such as payments to a Keogh self-employed retirement plan, certain deductible contributions to an Individual Retirement Arrangement (IRA), and self-employed health insurance deductions). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and net amounts from such sources as business income, rents and royalties, and sales of capital assets.

Difference Due to Special Tax Computation.--For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 or Schedule D)

Individual Income Tax Rates and Shares, 1999

less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

Form 8615 Tax Computation.--Form 8615 was used to compute the tax on investment income of children under age 14 who had investment income of more than \$1,400. Generally, such income was taxed at the marginal tax rate of the parents.

Income Tax Before Credits (Regular Tax Computation).--This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child's rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 10, 20, 25, or 28-percent tax rate for capital gains.

Marginal Tax Rate.--See Appendix D.

Marginal Taxable Income.--See Appendix D.

Regular Tax Computation.--Depending on marital status and size of taxable income, the taxpayer used one of the four tax rate schedules or used an approximation from the tax table to determine tax. Returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method.

Schedule D Tax Computation.--Schedule D was used to compute the 10-percent, 20-percent, 25-percent, and 28-percent tax on net long-term capital gains (in excess of net short-term capital losses), if such a computation was beneficial to the taxpayer. Any investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation.

Taxable Income.--Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for non-itemizers or total itemized deductions. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes exceeding certain income thresholds.

Taxable Returns.--A return is classified as "taxable" based on the presence of "total income tax" (the sum of income tax after credits and the alternative minimum tax). The following additional

taxes were not taken into account for this purpose: self-employment, household employment, Social Security, Railroad Retirement Tax Act (RRTA) taxes, tax from recomputing prior-year investment or low-income housing credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes, advance earned income credit payments, or "golden parachute" payments (made to key employees as compensation under certain circumstances).

Tax Generated.--This is the amount of tax computed on modified taxable income either from the tax rate schedules or the tax table. Tax generated does not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without the special tax on lump-sum distributions from qualified retirement plans), tax generated equals "income tax before credits."

Total Income Tax.--Total income tax is the sum of income tax after credits and the alternative minimum tax.

Appendix B: Income Tax Structure

Each year, taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 1999 were based on the amount of "gross income," filing status, age, and, to a lesser extent, dependency and blindness [B1]. Generally, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 1999 if they had net earnings from self-employment of at least \$400; liability for Social Security or Medicare tax on unreported tip income; Social Security, Medicare, or Railroad Retirement tax on reported tip income or group-term life insurance; "alternative minimum tax"; tax on qualified retirement plan distributions, including an Individual Retirement Arrangement (IRA) or a Medical Savings Account (MSA); tax on the recapture of investment credit or low-income housing credit; recapture tax on the disposition of a home purchased with a Federally-subsidized mortgage; any advance earned income credit payments; or wages of \$108.28 or more from a church or qualified church-controlled organization that was exempt from Social Security taxes.

Individual Income Tax Rates and Shares, 1999

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax [B2]. Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses [B3]. "Taxable income," the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions, or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers.

Income tax before credits is calculated from taxable income using: The tax table or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment income; Schedule D worksheet for net long-term capital gains; or some combination of the above [B4]. For 1999, the tax rates for each filing status were 10, 15, 20, 25, 28, 31, 36, and 39.6 percent. The tax rates of 10, 20, and 25 percent were only for net long-term capital gains (in excess of net short-term capital losses). (See Appendix C for further details on these rates)

To calculate their Federal income tax liability for 1999, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules. The tax table was based on income tax "brackets" up to \$50 wide [B5]. The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax table and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax table could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax table with taxable income that was subject to the 36-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$9.00 [B6]. However, the actual difference in tax was smaller for most taxpayers.

Notes to Appendix B

- [B1] Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Those taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements for 1999, see *Statistics of Income--1999, Individual Income Tax Returns* or Publication 17, *Your Federal Income Tax*.
- [B2] As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross profits from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, concept of "total income," which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.
- [B3] As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, or the health insurance deduction for certain self-employed taxpayers.
- [B4] Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.

Individual Income Tax Rates and Shares, 1999

[B5] For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. All brackets for taxable income above \$3,000 were \$50 wide.

[B6] For example, assume a taxpayer filing as "married filing separately" reported taxable income of \$85,000. Using the tax table, the tax would be \$22,286, but using the tax rate schedules, the tax would be \$22,277, a difference of \$9.

Appendix C: Changes in Law for 1999

Capital Gain Distributions.--For Tax Year 1999, taxpayers who had capital gains only from capital gain distributions did not have to report these gains on Schedule D. Instead, the capital gain distributions could have been reported directly on Form 1040.

Child Tax Credits.--Modifications were made to the child tax credit for 1999. In 1999, taxpayers were allowed a maximum tax credit of \$500 for each of their qualifying children under the age of 17, whereas for 1998, the maximum credit was \$400 per child.

Earned Income Credit.--The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum credit for taxpayers with no qualifying children increased 1.8 percent to \$347. For these taxpayers, earned income and AGI had to be less than \$10,200 (up from \$10,030 for 1998). For taxpayers with one qualifying child, the maximum credit increased 1.8 percent to \$2,312, and, for taxpayers with two or more qualifying children, the maximum credit increased 1.6 percent to \$3,816. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$26,928 for one qualifying child, or less than \$30,580 for two or more qualifying children. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,350 from \$2,300.

Exemption Amount.--Indexing for inflation allowed most taxpayers to claim a \$2,750 deduction for each exemption to which he or she was entitled for 1999, a \$50 increase over the amount allowed for 1998. The AGI threshold for the reduction of exemption amounts was also indexed for inflation, from

\$124,500 to \$126,600 for single filers; \$186,800 to \$189,950 for married persons filing jointly and surviving spouses; \$155,650 to \$158,300 for heads of household; and \$93,400 to \$94,975 for married persons filing separately.

Itemized Deductions.--If a taxpayer's AGI was greater than \$126,600 (\$63,300 if married filing separately), some types of his or her itemized deductions were limited; this threshold increased from \$124,500 (\$62,250) for 1998 as a result of indexing for inflation. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. 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 AGI in excess of the limitation threshold.

Self-Employed Health Insurance Deduction.--Included in the Health Insurance and Portability and Accountability Act of 1996 was a provision to increase the maximum percentage of self-employed health insurance premiums that a taxpayer could deduct as an adjustment, from 45 percent in 1998 to 60 percent for 1999.

Self-Employment Tax.--The ceiling on taxable "self-employment income" was increased for 1998. The maximum amount of net earnings applied to the Social Security portion of self-employment tax increased to \$72,600 from \$68,400 for 1998.

Standard Deduction.--The basic standard deduction and additional standard deduction for age or blindness increased for 1999 as a result of inflation indexing. For single filers, the basic standard deduction rose from \$4,250 to \$4,300; for married persons filing jointly or surviving spouses, from \$7,100 to \$7,200; for married persons filing separately, from \$3,550 to \$3,600; and for heads of household, from \$6,250 to \$6,350. The amount of the standard deduction for dependents was the larger of \$700 or the dependent's earned income plus \$250 (but not more than the regular standard deduction amount).

Student Loan Interest Deduction.--The limit on the deduction for interest paid on qualified higher educational loans rose to \$1,500 for 1999, up from \$1,000 for 1998. These loans must have gone toward qualified expenses of either the taxpayer, taxpayer's spouse, or any dependent of the taxpayer at the time the debt was incurred. The phaseout for a taxpayer

Individual Income Tax Rates and Shares, 1999

claiming the educational interest deduction was over a modified AGI range of \$40,000- \$50,000 (\$60,000 - \$75,000, joint returns) These income ranges will be indexed for inflation in 2003.

Tax Brackets.--To counterbalance the effects of inflation, the boundaries for the tax brackets were widened. The 15-percent bracket applied to taxable income equal to or below \$25,750 (\$25,350 for 1998) for single filers; \$43,050 (\$42,350 for 1998) for joint filers or surviving spouses; \$21,525 (\$21,175 for 1998) for married persons filing separately; and \$34,550 (\$33,950 for 1998) for heads of household. The 28-percent tax bracket applied to taxable income in excess of the 15-percent bracket ceiling and equal to or below \$62,450 (\$61,400 for 1998) for single filers; \$104,050 (\$102,300 for 1998) for joint filers or surviving spouses; \$52,025 (\$51,150 for 1998) for married persons filing separately; and \$89,150 (\$87,700 for 1998) for heads of household. The 31-percent tax bracket applied to taxable income in excess of the 28-percent bracket ceiling and equal to or below \$130,250 (\$128,100 for 1998) for single filers; \$158,550 (\$155,950 for 1998) for joint filers or surviving spouses; \$79,275 (\$77,975 for 1998) for married persons filing separately; and \$144,400 (\$142,000 for 1998) for heads of households. The 36-percent tax bracket applied to taxable income in excess of the 31-percent bracket ceiling and equal to or below \$283,150 (\$278,450 for 1998) for single filers, joint filers or surviving spouses, and heads of households and \$141,575 (\$139,225 for 1998) for married persons filing separately. The 39.6-percent tax rate applied to taxable income in excess of the upper boundary for the 36-percent tax bracket.

Appendix D: Income and Tax Concepts

As discussed in Appendix B, gross income is all income received that is not exempt from tax. Total income is the net amount of gross income after certain expenses (i.e., business or rent and royalty expenses) have been deducted. Adjusted gross income (AGI) is the result of total income less statutory adjustments to income (i.e., deductible contributions to an IRA or Keogh plan).

1979 Income Concept

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI

may vary from year to year as the law changes, the "1979 Income Concept" was developed to provide a more uniform measure of income across tax years. By including the same income and deduction items in each year's income calculation and using only items available on Federal individual income tax returns, the definition of the 1979 Income Concept is consistent throughout the base years and can be used for future years to compare income by including only income components common to all years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in this concept. The 1979 Income Concept applied to 1999 includes many income and deduction items that are also components of AGI (Figure I). However, unlike

Figure I

Components of the 1979 Income Concept, Tax Year 1999

Income or Loss:

- Salaries and wages ¹
- Interest ¹
- Dividends ¹
- Taxable refunds ¹
- Alimony received ¹
- Capital gain distributions not reported on Schedule D ¹
- Capital gains reported on Schedule D minus allowable losses ¹
- Other gains and losses (Form 4797) ¹
- Business net income or loss ¹
- Farm net income or loss ¹
- Rent net income or loss ¹
- Royalty net income or loss ¹
- Partnership net income or loss ¹
- S corporation net income or loss ¹
- Farm rental net income or loss ¹
- Estate or trust net income or loss ¹
- Unemployment compensation ¹
- Depreciation in excess of straight-line depreciation ²
- Total pension income ^{3,4}
- Other net income or loss ⁵
- Net operating loss ¹

Deductions:

- Disallowed passive losses (Form 8582) ⁶
- Moving expenses ¹
- Alimony paid ¹
- Unreimbursed business expenses ⁶

¹ Included in adjusted gross income (less deficit) (AGI) for Tax Year 1999.

² Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

³ Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

⁴ Not fully included in AGI for Tax Year 1999.

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

⁶ Not included in AGI for Tax Year 1999.

Individual Income Tax Rates and Shares, 1999

AGI, the 1979 Income Concept also includes nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [D1].

Modified Taxable Income

This concept is relevant only for “prior-year returns.” For current-year returns, modified taxable income is identical to taxable income.

This is the term used for the statistics to describe “income subject to tax,” the actual base on which tax is computed. Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for the *Statistics of Income* sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year’s tax law (which may reflect different tax rates and income concepts). For the statistics in this article, the taxable income reported on these prior-year returns is modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure J illustrates how income tax is

determined for a single taxpayer with AGI of \$310,000 using the standard deduction. As shown in the example, five different tax rates are applied to the taxable income to arrive at total tax. The first \$25,750 of taxable income were taxed at the 15-percent rate; the next \$36,700 were taxed at the 28-percent rate; the next \$67,800 were taxed at the 31-percent rate; the next \$152,900 were taxed at the 36-percent rate; and the remaining \$22,550 were taxed at the 39.6-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income subject to tax) is the marginal tax rate for that return. The example shown has a marginal tax rate of 39.6 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes which are not subject to the same treatment under tax laws, determining marginal tax rate can be difficult. For instance, investment income of a dependent under age 14 in excess of a specific amount is treated differently than salaries and wages of the same dependent. The investment income in excess of \$1,400 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent’s own rate.

Calculating marginal tax rates for a specific individual income tax return generally depends on the types and amounts of income reported and the assumptions made about the order in which the income is taxed, in particular, which type of income is assumed to be received “last.” This determination is complicated by the presence of such items as the alternative minimum tax and various tax credits.

For this article, it is assumed that the income taxed at the marginal rate was the “last” income received. The alternative minimum tax and income tax credits, such as the earned income credit, are excluded in determining the marginal tax rates. The marginal tax rate is defined as follows:

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains and that amount was

Figure J

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 1999

[Money amounts are in whole dollars]

Item	1999
Adjusted gross income.....	310,000
Less: Exemption amount.....	0 ¹
Standard deduction amount.....	4,300
Equals: Taxable income.....	305,700
Tax based on tax rates for single taxpayers:	
First \$25,750 taxed at 15 percent.....	3,863
Next \$36,700 taxed at 28 percent.....	10,276
Next \$67,800 taxed at 31 percent.....	21,018
Next \$152,900 taxed at 36 percent.....	55,044
Next \$22,550 taxed at 39.6 percent.....	8,930
Total tax from tax rate schedule.....	99,131

¹ The exemption amount was phased out completely because AGI exceeded \$249,100.

Individual Income Tax Rates and Shares, 1999

less than or equal to the 15-percent tax bracket limit, the return was defined as having a “10-percent rate” marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 20-percent or 25-percent rate on the net gain applied, the return was defined as having a marginal tax rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 28-percent tax rate applied as the highest rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a “28-percent (capital gains)” marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 28-percent applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.

- (3) For returns of dependents with a Form 8615 attached when the use of this form resulted in the taxation of some of the dependent’s income as if it were that of the parents, the return was classified as having a “Form 8615” marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest and dividend income of their dependents under age 14 on their own (i.e., the parents’) return using Form 8814, when the dependent’s income generated the only tax liability on the parent’s return, the return was classified with a “Form 8814” marginal tax rate.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses), and presence of Form 8615 or Form 8814. Returns were classified into one of the following eleven mutually exclusive

marginal tax rate categories: (1) 10-percent rate; (2) Form 8814 (15-percent rate with no tax liability other than that generated by the dependent’s income); (3) 15-percent rate; (4) 20-percent rate; (5) 25-percent rate; (6) 28-percent rate with net long-term capital gains [D2]; (7) 28-percent rate; (8) 31-percent rate; (9) 36-percent rate; (10) 39.6-percent rate; and (11) Form 8615 (with income taxed at any rate) [D3].

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modified taxable income. For each marginal rate classification, modified taxable income and “income tax generated” were computed “at all rates” and “at marginal rate.” The “at all rates” computations (columns 3 and 5) show the total amount of modified taxable income or tax generated, tabulated by the marginal tax rate specified; each tax rate classification is mutually exclusive. The “at marginal rate” computations (columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. For example, consider returns in the “joint returns and returns of surviving spouses” filing status that were included in the “39.6-percent” marginal tax rate classification. The total modified taxable income for the 723,143 returns in this classification “at all rates” was \$678.4 billion (column 3), and the total tax generated was \$224.1 billion (column 5). Approximately \$344.8 billion (column 4) of the modified taxable income for 1999 were subject to tax at the marginal tax rate of 39.6 percent. This modified taxable income generated \$136.5 billion (column 6) in tax at the 39.6-percent tax rate with the remainder generated at the lower seven tax rates. The alternative minimum tax was not included in the statistics by marginal tax rate.

Table 2 provides statistics on the tax generated, in total and at each marginal tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI rather than by the marginal tax rate classifications used in Table 1. The tax generated at each marginal tax rate was computed based on the modified taxable income for each individual return. For example, the approximately 1.87 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$463.5 billion and generated total tax of \$129.5 billion. Of the \$463.6 billion

Individual Income Tax Rates and Shares, 1999

of modified taxable income, \$1.2 billion were taxed at the 10-percent rate, \$75.1 billion were taxed at 15 percent, \$57.1 billion were taxed at 20 percent, \$2.6 billion were taxed at 25 percent, \$0.1 billion were taxed at the 28-percent rate with net long-term capital gains, \$102.7 billion were taxed at the 28-percent rate (ordinary income), \$90.9 billion were taxed at the 31-percent rate, \$108.1 billion were taxed at the 36-percent rate, and \$25.6 billion were taxed at the 39.6-percent rate, with the remainder consisting of income related to Forms 8814 and 8615. Approximately \$0.1 billion of the total tax generated were from the 10-percent rate, \$11.3 billion of the total tax generated were from the 15-percent rate, \$11.4 billion were from the 20-percent rate, \$0.6 billion were from the 25-percent rate, \$0.03 billion were from the 28-percent rate with net long-term capital gains, \$28.8 billion were from the 28-percent rate (ordinary income), \$28.2 billion were from the 31-percent rate, \$38.9 billion were from the 36-percent rate, and \$10.1 billion were generated at the 39.6-percent rate, with the remainder from tax related to Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each marginal tax rate (as in Table 2, columns 5 through 37) by filing status, instead of size of AGI, for returns with modified taxable income. Over 0.7 million of the more than 44.6 million returns with modified taxable income filed jointly had some income taxed at the 39.6-percent tax rate. For these returns, the taxable income subject to this rate was \$344.8 billion, and the tax generated was \$136.5 billion.

Notes to Appendix D

[D1] For more details on the income computation under the 1979 Income Concept for 1999, see *Statistics of Income--1999, Individual Income Tax Returns*.

[D2] The “28-percent (capital gains)” marginal tax rate category consists of returns that have a top tax rate of 28 percent, but have net long-term capital gains (in excess of net short-term capital losses), which would have been taxed at a higher rate if they had been some other form of income.

[D3] For some taxpayers, the statutory marginal tax rate may differ from the actual marginal tax rate. For example, extra income received by certain taxpayers may result in the phaseout of their personal exemptions, as well as some of their itemized deductions. Therefore, an extra dollar of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 31 percent, the actual marginal rate faced by the taxpayer would be somewhat higher.

Appendix E: Computation of Alternative Minimum Taxable Income (AMTI)

AMTI was computed by adding certain “tax preferences” (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and “adjustments” (i.e., regular tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions for personal exemptions (Figures K-1 and K-2). Although itemized deductions for some taxpayers were limited for regular tax purposes, the full amounts of such itemized deductions were included as adjustments. To compensate for this, the overall limitation on itemized deductions was subtracted from taxable income for AMT purposes. The “net operating loss deduction” was recomputed to allow for the exclusion of the “tax preference items” and “adjustments” used to reduce regular tax liability. The recomputed net operating loss deduction, termed the “alternative net operating loss deduction,” was

Figure K-1

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 1999

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences
PLUS:	Net operating loss deduction
MINUS:	Overall itemized deductions limitation
MINUS:	Alternative tax net operating loss deduction ¹
EQUALS:	Alternative minimum taxable income

¹ Limited to 90 percent of AMTI, except when depletion is present on Form 6251. In this case, AMTI is recalculated, and the alternative tax net operating loss deduction is limited to 90 percent of the recomputed amount.

Individual Income Tax Rates and Shares, 1999

Figure K-2

Alternative Minimum Tax Adjustments and Preferences, Tax Year 1999

- Standard deduction
- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI)
- Deductions for State and local income, real estate, personal property, and foreign taxes
- Deductions for interest on certain home mortgages not used to buy, build, or improve the taxpayer's main home or second home
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Refunds of State and local income, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Excess of accelerated depreciation on property placed in service before 1987 over straight-line depreciation as refigured for AMT purposes
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result could be negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Amount of net section 1231 gain or loss other than due to casualty or theft from large partnerships
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 42 percent
- Adjustment for refigured tax shelter farm losses, taking into account AMT adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, including section 179 expense deduction, expenses for business or rental use of the home, conservation expenses, taxable IRA distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)

Individual Income Tax Rates and Shares, 1999

limited to 90 percent of AMTI (with certain minor exceptions for 1999).

AMTI was reduced by an exemption amount dependent on the filing status of the individual and subject to phaseout at higher AMTI levels. For 1999, the AMTI exemption for single filers (and heads of households) was \$33,750; for joint filers and surviving spouses, \$45,000; and for married persons filing separately, \$22,500. The exemption was reduced (but not below zero) by 25 percent of the amount by which the AMTI exceeded threshold levels of \$112,500 for single filers (and heads of households), \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was phased out completely for individuals whose filing status was single (or head of household), married filing jointly, and married filing separately, at \$247,500, \$330,000, and \$165,000, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI was subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains (recalculated for AMT purposes) that were taxed at lower rates (10, 20, and 25 percent) were taxed at these same rates for AMT. The rest of AMTI was taxed at the rates mentioned above (26 or 28 percent). The resulting tax was reduced by the "alternative minimum tax foreign tax credit," which produced a "tentative minimum tax." Tentative minimum tax was further reduced by the individual's regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 14 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents' incomes on their own tax returns. (Dependents filing their own returns were limited to an AMT exemption of \$5,100 plus their "earned incomes." The

dependent's AMT could be reduced if the parents had regular tax greater than the child's own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent's own tentative minimum tax.)

Appendix F: Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, 1040EZ, and 1040PC, including electronically-filed returns) filed during Calendar Year 1999. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes [F1]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The 1999 data are based on a sample of 176,966 returns and an estimated final population of 127,321,626 returns. The corresponding sample and population for the 1998 data were 164,340 and 125,037,636 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. Figure L shows estimated CV's for the numbers of returns and money amounts for selected income items. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

Notes to Appendix F

[F1] Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss from Farming*.

SOURCE: IRS, Statistics of Income Bulletin, Winter 2001-2002, Publication 1136 (Rev. 3-2002).

Individual Income Tax Rates and Shares, 1999

Figure L

Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 1999

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount	Amount	Amount	Amount
	(1)	(2)	(3)	(4)	(5)
Total	0.17	0.16	0.19	0.18	0.17
Under \$2,000 ¹	6.49	8.01	8.00	5.68	3.93
\$2,000 under \$4,000.....	5.72	7.64	7.63	5.49	4.86
\$4,000 under \$6,000.....	3.37	4.33	4.33	4.49	3.57
\$6,000 under \$8,000.....	2.90	3.66	3.66	3.72	3.06
\$8,000 under \$10,000.....	2.40	2.84	2.84	2.90	2.65
\$10,000 under \$12,000.....	2.47	2.70	2.70	2.79	2.61
\$12,000 under \$14,000.....	2.20	2.50	2.50	2.64	2.52
\$14,000 under \$16,000.....	2.04	2.38	2.38	2.54	2.42
\$16,000 under \$18,000.....	2.02	2.30	2.30	2.49	2.41
\$18,000 under \$20,000.....	2.05	2.31	2.31	2.49	2.42
\$20,000 under \$25,000.....	1.28	1.42	1.42	1.52	1.48
\$25,000 under \$30,000.....	1.40	1.50	1.50	1.59	1.56
\$30,000 under \$40,000.....	1.05	1.11	1.12	1.17	1.15
\$40,000 under \$50,000.....	1.12	1.17	1.21	1.25	1.24
\$50,000 under \$75,000.....	0.82	0.86	0.90	0.93	0.91
\$75,000 under \$100,000.....	1.11	1.15	1.20	1.20	1.18
\$100,000 under \$200,000.....	1.08	1.02	1.01	0.98	0.96
\$200,000 under \$500,000.....	1.09	1.00	0.99	0.93	0.92
\$500,000 under \$1,000,000.....	1.03	1.02	1.03	0.94	0.93
\$1,000,000 or more.....	0.52	0.31	0.30	0.23	0.22

¹ Includes returns with adjusted gross deficit.

Individual Income Tax Rates and Shares, 1999

Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 1999

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

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All returns									
Total	102,831,402	5,747,279,314	4,136,344,070	1,930,732,034	906,396,888	460,855,417	870,912,952	15.2	21.1
10 percent.....	1,120,497	14,312,428	4,374,762	4,374,110	437,566	437,411	372,950	2.6	8.5
15 percent (Form 8814) ¹	12,571	10,669	13,778	13,778	2,066	2,066	13	0.1	0.1
15 percent.....	68,117,909	1,855,062,752	996,492,153	978,609,551	148,584,761	146,791,433	127,157,803	6.9	12.8
20 percent.....	1,240,705	170,817,162	132,403,115	87,969,487	23,545,821	17,593,897	23,135,154	13.5	17.5
25 percent.....	56,361	9,893,890	8,374,445	1,818,957	1,660,773	454,739	1,649,721	16.7	19.7
28 percent (capital gains) ²	72,526	7,014,510	5,524,495	475,892	1,120,135	133,250	1,114,938	15.9	20.2
28 percent.....	25,912,056	1,917,425,519	1,442,198,308	303,460,351	276,780,570	84,968,898	268,931,581	14.0	18.6
31 percent.....	3,451,039	499,666,715	409,159,931	71,168,473	97,612,203	22,062,227	97,119,022	19.4	23.7
36 percent.....	1,408,684	374,065,701	322,090,723	64,954,368	87,105,776	23,383,572	86,279,042	23.1	26.8
39.6 percent.....	864,129	894,589,334	811,694,117	414,494,152	268,552,002	164,139,684	264,227,693	29.5	32.6
Form 8615 ³	574,924	4,420,634	4,018,242	3,392,914	995,214	888,240	925,035	20.9	23.0
Joint returns and returns of surviving spouses									
Total	44,630,790	3,885,330,257	2,854,657,499	1,235,487,530	649,882,807	316,992,875	625,130,103	16.1	21.9
10 percent.....	252,848	7,279,369	1,992,865	1,992,224	199,333	199,222	158,832	2.2	8.0
15 percent (Form 8814) ¹	6,851	-33,759	6,246	6,246	937	937	13	(X)	0.2
15 percent.....	24,884,637	1,007,913,897	540,641,342	530,667,146	80,600,621	79,600,072	67,504,626	6.7	12.5
20 percent.....	709,660	118,036,803	91,545,756	60,998,759	16,333,515	12,199,752	15,992,169	13.5	17.5
25 percent.....	36,993	7,375,980	6,219,320	1,280,705	1,228,586	320,176	1,218,327	16.5	19.6
28 percent (capital gains) ²	42,313	4,833,363	3,709,627	317,274	745,759	88,837	741,614	15.3	20.0
28 percent.....	14,892,353	1,349,555,536	998,150,629	202,558,961	191,975,989	56,716,509	185,051,922	13.7	18.5
31 percent.....	1,982,312	340,318,388	274,806,036	42,111,787	65,050,096	13,054,654	64,695,101	19.0	23.5
36 percent.....	1,099,679	302,400,819	259,223,050	50,745,494	69,613,957	18,268,378	68,933,508	22.8	26.6
39.6 percent.....	723,143	747,649,861	678,362,628	344,808,934	224,134,015	136,544,338	220,833,991	29.5	32.6
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)
Returns of married persons filing separately									
Total	2,108,319	101,325,309	75,947,118	38,544,159	17,861,423	10,322,148	17,276,753	17.1	22.7
10 percent.....	*5,096	*114,502	*15,959	*15,959	*1,596	*1,596	*1,557	*1.4	*9.8
15 percent (Form 8814) ¹	*899	*-2,962	*2,129	*2,129	*319	*319	--	(X)	(X)
15 percent.....	1,231,972	25,483,263	14,289,351	14,178,839	2,137,966	2,126,826	1,939,855	7.6	13.6
20 percent.....	28,008	5,002,285	3,952,623	3,349,963	748,970	669,993	735,949	14.7	18.6
25 percent.....	*21	*58,430	*51,137	*23,138	*11,361	*5,785	*11,270	*19.3	*22
28 percent (capital gains) ²	*3	*66,402	*50,667	*11,438	*12,346	*3,203	*12,125	*18.3	*23.9
28 percent.....	683,933	30,714,237	22,774,385	5,897,018	4,383,794	1,651,165	4,278,948	13.9	18.8
31 percent.....	89,942	7,313,227	5,924,845	891,457	1,408,437	276,352	1,402,452	19.2	23.7
36 percent.....	35,836	4,851,579	4,161,902	724,462	1,104,756	260,806	1,073,139	22.1	25.8
39.6 percent.....	32,608	27,724,345	24,724,120	13,449,755	8,051,879	5,326,103	7,821,458	28.2	31.6
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)

Footnotes at end of table.

Individual Income Tax Rates and Shares, 1999

Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 1999
--Continued

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

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Returns of heads of households									
Total.....	11,973,216	388,840,679	214,439,567	146,403,476	38,459,826	25,928,314	31,300,427	8.0	14.6
10 percent.....	33,671	721,170	226,771	226,771	22,680	22,677	17,424	2.4	7.7
15 percent (Form 8814) ¹	*3,866	*38,579	*4,734	*4,734	*710	*710	--	(X)	(X)
15 percent.....	10,580,163	269,982,878	122,566,988	121,668,297	18,340,967	18,250,245	11,774,967	4.4	9.6
20 percent.....	38,004	4,372,207	3,393,850	2,081,549	585,799	416,310	573,546	13.1	16.9
25 percent.....	2,196	388,373	343,074	98,579	69,766	24,645	69,667	17.9	20.3
28 percent (capital gains) ²	*944	*79,867	*67,960	*333	*12,454	*93	*12,453	*15.6	*18.3
28 percent.....	1,196,825	79,438,127	58,504,820	12,407,794	10,872,703	3,474,182	10,450,009	13.2	17.9
31 percent.....	71,925	10,650,481	8,641,238	1,550,821	2,089,300	480,755	2,080,849	19.5	24.1
36 percent.....	30,253	7,762,563	6,784,151	1,491,217	1,860,313	536,838	1,828,033	23.5	26.9
39.6 percent.....	15,368	15,406,433	13,905,982	6,873,381	4,605,133	2,721,859	4,493,478	29.2	32.3
Form 8615 ³	--	--	--	--	--	--	--	(X)	(X)
Returns of single persons									
Total.....	44,119,077	1,371,783,070	991,299,886	510,296,869	200,192,832	107,612,082	197,205,668	14.4	19.9
10 percent.....	828,880	6,197,387	2,139,167	2,139,156	213,958	213,916	195,136	3.1	9.1
15 percent (Form 8814) ¹	*956	*8,810	*669	*669	*100	*100	--	(X)	(X)
15 percent.....	31,421,136	551,682,714	318,994,472	312,095,268	47,505,208	46,814,290	45,938,356	8.3	14.4
20 percent.....	465,034	43,405,867	33,510,886	21,539,217	5,877,537	4,307,843	5,833,491	13.4	17.4
25 percent.....	17,150	2,071,108	1,760,914	416,535	351,060	104,134	350,457	16.9	19.9
28 percent (capital gains) ²	29,267	2,034,877	1,696,242	146,847	349,576	41,117	348,745	17.1	20.6
28 percent.....	9,138,945	457,717,618	362,768,474	82,596,579	69,548,084	23,127,042	69,150,701	15.1	19.1
31 percent.....	1,306,860	141,384,618	119,787,812	26,614,408	29,064,370	8,250,466	28,940,620	20.5	24.2
36 percent.....	242,915	59,050,740	51,921,621	11,993,195	14,526,751	4,317,550	14,444,362	24.5	27.8
39.6 percent.....	93,010	103,808,695	94,701,387	49,362,081	31,760,976	19,547,384	31,078,766	29.9	32.8
Form 8615 ³	574,924	4,420,634	4,018,242	3,392,914	995,214	888,240	925,035	20.9	23.0

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

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28-percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

(X) Percentage not computed.

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

Individual Income Tax Rates and Shares, 1999

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 1999

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

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					10 percent			15 percent (from Form 8814) ¹		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Total.....	102,831,402	4,136,119,648	4,136,344,070	906,396,888	9,308,031	36,755,463	3,675,993	293,426	237,011	35,556
Under \$2,000 ²	817,976	454,042	460,299	59,862	523,760	249,969	25,021	2,559	4,620	693
\$2,000 under \$4,000.....	751,744	1,153,732	1,162,230	177,426	462,492	450,235	45,028	*956	*669	*100
\$4,000 under \$6,000.....	1,728,146	2,102,481	2,111,687	320,742	291,215	391,761	39,192	*956	*1,338	*201
\$6,000 under \$8,000.....	2,203,558	4,047,221	4,055,119	604,216	215,209	346,675	34,680	*956	*669	*100
\$8,000 under \$10,000.....	3,128,860	7,862,311	7,863,007	1,174,397	244,545	425,003	42,510	**957	**669	**100
\$10,000 under \$12,000.....	2,953,753	11,915,519	11,938,389	1,785,850	255,985	492,746	49,294	**	**	**
\$12,000 under \$14,000.....	3,635,610	17,260,961	17,260,871	2,568,455	250,892	504,256	50,435	--	--	--
\$14,000 under \$16,000.....	4,178,813	23,465,046	23,467,807	3,493,385	332,631	760,224	76,046	*2,878	*2,839	*425
\$16,000 under \$18,000.....	4,294,103	29,739,567	29,741,993	4,431,137	310,775	756,765	75,695	*1,912	*2,007	*301
\$18,000 under \$20,000.....	4,117,111	34,280,105	34,282,951	5,103,289	342,830	885,879	88,604	*1,935	*2,709	*406
\$20,000 under \$25,000.....	9,659,573	109,880,452	109,877,198	16,387,198	796,697	2,273,586	227,401	*2,509	*2,415	*362
\$25,000 under \$30,000.....	8,268,020	130,116,151	130,118,463	19,423,544	767,647	2,354,068	235,466	*2,806	*2,385	*358
\$30,000 under \$40,000.....	13,203,325	284,989,844	285,017,826	43,791,880	1,270,395	5,007,175	500,767	16,961	12,530	1,878
\$40,000 under \$50,000.....	9,837,453	290,993,509	291,085,131	47,302,087	999,639	4,136,318	413,663	22,672	16,074	2,412
\$50,000 under \$75,000.....	16,721,867	711,037,056	711,086,624	121,088,117	1,660,684	8,704,725	870,545	44,804	28,968	4,345
\$75,000 under \$100,000.....	7,807,557	491,122,090	491,134,013	95,519,461	321,609	3,768,958	376,919	53,935	45,424	6,816
\$100,000 under \$200,000.....	7,096,691	721,988,211	721,988,296	163,017,878	187,913	3,286,687	328,680	85,734	69,826	10,477
\$200,000 under \$500,000.....	1,874,756	463,540,868	463,617,683	129,540,267	49,978	1,205,187	120,521	36,486	30,788	4,618
\$500,000 under \$1,000,000.....	347,735	209,906,906	209,896,512	66,895,951	11,755	355,822	35,582	8,915	7,823	1,173
\$1,000,000 or more.....	204,751	590,263,576	590,177,972	183,711,745	11,380	399,422	39,942	5,495	5,255	788

Size of adjusted gross income	Tax generated at specified rate--continued								
	15 percent			20 percent			25 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Total.....	101,226,284	2,159,776,648	323,966,497	10,444,816	399,034,837	79,806,966	471,976	9,283,219	2,320,866
Under \$2,000 ²	403,512	163,749	24,562	--	--	--	--	--	--
\$2,000 under \$4,000.....	484,060	399,265	59,890	--	--	--	--	--	--
\$4,000 under \$6,000.....	1,620,218	1,413,261	211,989	--	--	--	--	--	--
\$6,000 under \$8,000.....	2,139,757	3,524,974	528,746	--	--	--	--	--	--
\$8,000 under \$10,000.....	3,034,038	7,224,201	1,083,630	--	--	--	--	--	--
\$10,000 under \$12,000.....	2,886,316	11,220,213	1,683,032	--	--	--	--	--	--
\$12,000 under \$14,000.....	3,589,544	16,691,247	2,503,687	--	--	--	--	--	--
\$14,000 under \$16,000.....	4,103,078	22,602,003	3,390,300	--	--	--	--	--	--
\$16,000 under \$18,000.....	4,231,180	28,879,064	4,331,860	--	--	--	--	--	--
\$18,000 under \$20,000.....	4,069,720	33,294,944	4,994,242	--	--	--	--	--	--
\$20,000 under \$25,000.....	9,583,150	107,427,810	16,114,172	--	--	--	--	--	--
\$25,000 under \$30,000.....	8,219,518	127,579,912	19,136,987	*6,865	*4,370	*875	--	--	--
\$30,000 under \$40,000.....	13,142,348	269,678,925	40,451,839	401,377	609,268	121,862	*3,907	*5,708	*1,426
\$40,000 under \$50,000.....	9,804,917	256,128,627	38,419,294	634,068	2,082,980	416,604	21,310	47,257	11,817
\$50,000 under \$75,000.....	16,683,518	581,768,881	87,265,332	2,291,218	10,361,131	2,072,231	54,659	199,598	49,908
\$75,000 under \$100,000.....	7,782,774	309,315,319	46,397,298	2,370,845	16,511,960	3,302,396	74,473	314,043	78,520
\$100,000 under \$200,000.....	7,060,617	285,887,796	42,883,169	3,189,461	47,964,815	9,592,940	160,286	1,818,367	454,612
\$200,000 under \$500,000.....	1,852,378	75,054,503	11,258,175	1,147,907	57,131,406	11,426,278	105,725	2,562,464	640,630
\$500,000 under \$1,000,000.....	340,480	13,705,139	2,055,771	245,056	37,809,201	7,561,839	28,726	1,439,887	359,976
\$1,000,000 or more.....	195,161	7,816,817	1,172,523	158,019	226,559,706	45,311,941	22,890	2,895,894	723,976

Footnotes at end of table.

Individual Income Tax Rates and Shares, 1999

Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 1999--Continued

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

Size of adjusted gross income	Tax generated at specified rate--continued								
	28 percent (capital gains) ³			28 percent			31 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
Total.....	119,866	1,522,077	426,178	31,705,814	740,632,089	207,376,985	5,724,932	197,691,438	61,284,346
Under \$2,000 ²	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	46,663	44,431	12,441	--	--	--
\$30,000 under \$40,000.....	--	--	--	2,958,592	9,477,613	2,653,732	--	--	--
\$40,000 under \$50,000.....	*8,364	*2,442	*684	3,186,050	28,511,203	7,983,137	*903	*5,735	*1,778
\$50,000 under \$75,000.....	21,849	81,893	22,929	9,019,946	109,450,599	30,646,168	156,405	445,849	138,213
\$75,000 under \$100,000.....	35,024	82,922	23,215	7,281,635	153,551,726	42,994,483	685,183	7,497,495	2,324,223
\$100,000 under \$200,000.....	33,153	131,830	36,912	6,869,520	307,032,312	85,969,047	2,649,936	70,844,957	21,961,937
\$200,000 under \$500,000.....	15,329	102,837	28,794	1,816,806	102,735,975	28,766,073	1,721,228	90,934,396	28,189,663
\$500,000 under \$1,000,000.....	3,437	188,745	52,849	334,337	18,948,410	5,305,555	323,134	17,655,063	5,473,070
\$1,000,000 or more.....	2,711	931,408	260,794	192,264	10,879,820	3,046,350	188,144	10,307,942	3,195,462

Size of adjusted gross income	Tax generated at specified rate--continued								
	36 percent			39.6 percent			Form 8615 ⁴		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)
Total.....	2,272,990	173,470,143	62,449,251	864,306	414,548,220	164,161,095	574,924	3,392,914	888,240
Under \$2,000 ²	--	--	--	--	--	--	132,093	41,959	9,508
\$2,000 under \$4,000.....	--	--	--	--	--	--	211,846	312,057	72,324
\$4,000 under \$6,000.....	--	--	--	--	--	--	86,427	305,325	69,313
\$6,000 under \$8,000.....	--	--	--	--	--	--	35,889	182,801	40,645
\$8,000 under \$10,000.....	--	--	--	--	--	--	**53,614	**438,561	**101,498
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	*5,735	*65,368	*14,290
\$14,000 under \$16,000.....	--	--	--	--	--	--	*7,690	*102,742	*26,536
\$16,000 under \$18,000.....	--	--	--	--	--	--	*6,691	*104,157	*23,163
\$18,000 under \$20,000.....	--	--	--	--	--	--	*5,735	*99,419	*19,953
\$20,000 under \$25,000.....	--	--	--	--	--	--	*8,483	*173,387	*44,976
\$25,000 under \$30,000.....	--	--	--	--	--	--	*5,615	*133,297	*37,056
\$30,000 under \$40,000.....	--	--	--	--	--	--	*7,095	*226,607	*59,998
\$40,000 under \$50,000.....	--	--	--	--	--	--	*3,611	*154,495	*52,442
\$50,000 under \$75,000.....	--	--	--	--	--	--	*903	*44,979	*17,830
\$75,000 under \$100,000.....	*8,414	*25,012	*9,004	--	--	--	*495	*21,154	*5,337
\$100,000 under \$200,000.....	277,048	4,578,672	1,648,322	8,593	165,084	65,373	*2,035	*207,949	*65,554
\$200,000 under \$500,000.....	1,492,410	108,108,410	38,919,028	393,311	25,622,468	10,146,497	*502	*129,248	*39,861
\$500,000 under \$1,000,000.....	311,935	38,175,421	13,743,152	288,918	81,531,548	32,286,493	*166	*79,452	*20,473
\$1,000,000 or more.....	183,183	22,582,629	8,129,746	173,485	307,229,120	121,662,732	300	569,958	167,483

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

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

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Includes returns with adjusted gross deficit.

³ Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate.

⁴ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Shares, 1999

Table 3.--Returns with Modified Taxable Income: Taxable Income and Tax Classified by Marginal Tax Rate and by Filing Status, Tax Year 1999

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

Marginal tax rate classes	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates.....	102,831,402	4,136,344,059	906,391,470	44,630,790	2,854,657,499	649,879,470	2,108,319	75,947,119	17,861,403
10 percent.....	9,308,031	36,755,463	3,675,546	4,173,134	20,886,630	2,088,663	85,518	353,473	35,347
15 percent (Form 8814) ¹	293,426	237,011	35,556	268,009	211,037	31,658	1,822	3,813	572
15 percent.....	101,226,284	2,159,776,648	323,966,497	44,317,511	1,360,582,089	204,087,313	2,097,941	32,684,323	4,902,648
20 percent.....	10,444,816	399,034,837	79,806,967	6,973,112	300,625,171	60,125,034	165,544	11,878,484	2,375,697
25 percent.....	471,976	9,283,219	2,320,805	323,895	7,378,392	1,844,598	3,428	125,676	31,419
28 percent (capital gains) ²	119,866	1,522,077	426,182	75,954	1,080,030	302,408	129	57,324	16,051
28 percent.....	31,705,814	740,632,089	207,376,985	18,736,775	536,780,504	150,298,541	842,319	11,881,800	3,326,904
31 percent.....	5,724,932	197,691,438	61,284,346	3,805,134	141,455,572	43,851,227	158,386	2,756,555	854,532
36 percent.....	2,272,990	173,470,143	62,449,251	1,822,822	140,849,140	50,705,690	68,444	2,755,916	992,130
39.6 percent.....	864,306	414,548,220	164,161,095	723,143	344,808,934	136,544,338	32,608	13,449,755	5,326,103
Form 8615 ³	574,924	3,392,914	888,240	--	--	--	--	--	--

Marginal tax rate classes	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates.....	11,973,216	214,439,565	38,459,529	44,119,077	991,299,876	200,191,067
10 percent.....	437,449	1,660,976	166,098	4,611,930	13,854,384	1,385,438
15 percent (Form 8814) ¹	22,563	21,440	3,217	1,031	721	108
15 percent.....	11,931,871	167,953,752	25,193,063	42,878,960	598,556,484	89,783,473
20 percent.....	262,825	8,148,315	1,629,663	3,043,335	78,382,868	15,676,574
25 percent.....	12,037	175,796	43,949	132,616	1,603,356	400,839
28 percent (capital gains) ²	1,298	5,986	1,676	42,485	378,737	106,046
28 percent.....	1,315,316	21,904,961	6,133,389	10,811,404	170,064,824	47,618,151
31 percent.....	117,547	4,071,406	1,262,136	1,643,865	49,407,904	15,316,450
36 percent.....	45,621	3,623,552	1,304,479	336,103	26,241,535	9,446,953
39.6 percent.....	15,368	6,873,381	2,721,859	93,187	49,416,149	19,568,795
Form 8615 ³	--	--	--	574,924	3,392,914	888,240

¹ Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$700 and \$7,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28-percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,400. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Shares, 1999

Table 4.--Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 1998 and 1999

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

Type of tax computation by size of adjusted gross income	Tax Year 1998				Tax Year 1999			
	Income tax before credits (regular tax computation) ¹		Tax generated	Difference due to special tax computation ²	Income tax before credits (regular tax computation) ¹		Tax generated	Difference due to special tax computation ²
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with regular tax computation only								
Total.....	83,348,385	456,664,501	456,548,375	--	84,117,372	487,596,499	487,448,545	--
Under \$5,000 ³	1,388,226	117,280	117,280	--	1,240,612	106,742	106,742	--
\$5,000 under \$10,000.....	5,758,616	1,710,206	1,709,976	--	5,552,709	1,656,010	1,656,012	--
\$10,000 under \$15,000.....	8,312,262	5,652,330	5,649,934	--	7,822,748	5,337,754	5,337,754	--
\$15,000 under \$20,000.....	9,927,978	11,059,824	11,059,759	--	9,850,125	10,644,024	10,644,021	--
\$20,000 under \$25,000.....	8,963,000	15,280,448	15,279,301	--	8,860,009	15,121,307	15,120,404	--
\$25,000 under \$30,000.....	7,359,438	17,428,699	17,427,180	--	7,494,517	17,673,473	17,673,437	--
\$30,000 under \$40,000.....	11,468,309	38,319,377	38,319,065	--	11,676,541	38,785,497	38,785,119	--
\$40,000 under \$50,000.....	8,435,395	40,751,541	40,750,606	--	8,306,213	39,813,102	39,812,766	--
\$50,000 under \$75,000.....	12,473,904	89,496,124	89,483,572	--	13,231,473	94,799,981	94,790,013	--
\$75,000 under \$100,000.....	5,041,669	61,240,358	61,228,189	--	5,346,995	64,925,546	64,899,761	--
\$100,000 under \$200,000.....	3,441,757	77,789,965	77,770,621	--	3,873,863	86,621,811	86,589,360	--
\$200,000 under \$500,000.....	649,064	46,221,003	46,202,334	--	715,331	50,548,866	50,535,030	--
\$500,000 under \$1,000,000.....	89,856	18,813,550	18,801,617	--	100,671	21,075,754	21,066,494	--
\$1,000,000 or more.....	38,910	32,783,796	32,748,943	--	45,567	40,486,630	40,431,632	--
Returns with Form 8615 tax computation								
Total.....	465,254	741,292	803,320	62,028	574,924	783,166	933,335	150,170
Under \$5,000 ³	329,937	91,995	117,540	25,545	392,164	116,615	145,473	28,858
\$5,000 under \$10,000.....	72,834	66,888	100,121	33,232	103,215	94,475	134,238	39,763
\$10,000 under \$15,000.....	24,539	42,000	61,159	19,158	33,092	52,355	79,883	27,529
\$15,000 under \$20,000.....	10,402	24,636	34,039	9,403	17,248	42,355	61,326	18,971
\$20,000 under \$25,000.....	9,430	30,244	55,821	25,576	*8,483	*26,577	*45,395	*18,818
\$25,000 under \$30,000.....	*3,791	*11,810	*23,470	*11,659	*5,615	*20,779	*37,405	*16,626
\$30,000 under \$40,000.....	*1,797	*9,527	*14,016	*4,489	*7,095	*40,738	*60,300	*19,563
\$40,000 under \$50,000.....	*4,475	*30,560	*41,519	*10,960	*3,611	*31,586	*52,604	*21,018
\$50,000 under \$75,000.....	*2,810	*32,089	*30,307	*-1,782	*903	*9,749	*17,926	*8,177
\$75,000 under \$100,000.....	*346	*6,965	*5,617	*-1,348	*495	*4,292	*5,337	*1,046
\$100,000 under \$200,000.....	*3,659	*118,570	*118,590	*20	*2,035	*54,816	*65,614	*10,798
\$200,000 under \$500,000.....	*935	*85,752	*62,793	*-22,959	*502	*41,165	*39,861	*-1,304
\$500,000 under \$1,000,000.....	*122	*25,504	*21,175	*-4,329	*166	*28,509	*20,480	*-8,030
\$1,000,000 or more.....	177	164,751	117,152	-47,599	300	219,155	167,492	-51,662
Returns with Schedule D tax computation								
Total.....	15,835,783	396,647,844	345,199,240	-51,448,604	16,913,104	464,675,975	405,764,485	-58,911,490
Under \$5,000 ³	336,629	77,738	62,106	-15,632	344,434	81,189	64,329	-16,861
\$5,000 under \$10,000.....	362,713	183,681	154,064	-29,617	377,758	200,723	166,815	-33,908
\$10,000 under \$15,000.....	510,432	438,352	390,908	-47,443	515,435	459,634	412,948	-46,686
\$15,000 under \$20,000.....	673,961	838,624	776,052	-62,572	673,885	809,946	739,611	-70,334
\$20,000 under \$25,000.....	736,623	1,317,388	1,233,817	-83,571	720,274	1,254,687	1,167,990	-86,697
\$25,000 under \$30,000.....	682,498	1,632,454	1,542,300	-90,154	722,133	1,765,560	1,669,335	-96,225
\$30,000 under \$40,000.....	1,525,989	5,433,302	5,163,499	-269,803	1,464,062	5,134,958	4,872,644	-262,314
\$40,000 under \$50,000.....	1,465,648	7,441,912	7,128,776	-313,136	1,495,997	7,718,621	7,369,755	-348,866
\$50,000 under \$75,000.....	3,342,119	26,490,626	25,326,126	-1,164,501	3,451,142	27,359,947	26,148,320	-1,211,627
\$75,000 under \$100,000.....	2,151,343	28,161,713	26,870,714	-1,290,999	2,435,436	31,956,485	30,439,377	-1,517,108
\$100,000 under \$200,000.....	2,779,234	69,924,533	66,163,622	-3,760,911	3,186,404	80,518,771	75,868,192	-4,650,580
\$200,000 under \$500,000.....	935,005	70,985,769	64,069,065	-6,916,704	1,136,894	86,629,285	78,165,542	-8,463,743
\$500,000 under \$1,000,000.....	209,350	45,354,508	39,234,808	-6,119,701	239,726	51,736,522	45,111,759	-6,624,763
\$1,000,000 or more.....	124,239	138,367,243	107,083,383	-31,283,860	149,523	169,049,647	133,567,869	-35,481,778

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

¹ Includes special tax not included in tax generated.

² The difference between the amount of tax resulting from using provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

³ Includes returns with adjusted gross deficit.

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

Individual Income Tax Rates and Shares, 1999

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-1999

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	102,087,623	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987.....	106,154,761	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988.....	108,872,859	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989.....	111,312,721	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990.....	112,812,262	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991.....	113,804,104	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992.....	112,652,759	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993.....	113,681,387	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994.....	114,989,920	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995.....	117,274,186	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996.....	119,441,767	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997 *.....	121,503,284	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998.....	123,775,831	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999.....	126,008,974	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
Adjusted gross income floor on percentiles (current dollars):						
1986.....	N/A	118,818	62,377	48,656	32,242	17,302
1987.....	N/A	139,289	68,414	52,921	33,983	17,768
1988.....	N/A	157,136	72,735	55,437	35,398	18,367
1989.....	N/A	163,869	76,933	58,263	36,839	18,993
1990.....	N/A	167,421	79,064	60,287	38,080	19,767
1991.....	N/A	170,139	81,720	61,944	38,929	20,097
1992.....	N/A	181,904	85,103	64,457	40,378	20,803
1993.....	N/A	185,715	87,386	66,077	41,210	21,179
1994.....	N/A	195,726	91,226	68,753	42,742	21,802
1995.....	N/A	209,406	96,221	72,094	44,207	22,344
1996.....	N/A	227,546	101,141	74,986	45,757	23,174
1997 *.....	N/A	250,736	108,048	79,212	48,173	24,393
1998.....	N/A	269,496	114,729	83,220	50,607	25,491
1999.....	N/A	293,415	120,846	87,682	52,965	26,415
Adjusted gross income floor on percentiles (constant dollars): ²						
1986.....	N/A	108,411	56,913	44,394	29,418	15,786
1987.....	N/A	122,614	60,224	46,585	29,915	15,641
1988.....	N/A	132,828	61,484	46,861	29,922	15,526
1989.....	N/A	132,152	62,043	46,986	29,709	15,317
1990.....	N/A	128,096	60,493	46,126	29,135	15,124
1991.....	N/A	124,919	60,000	45,480	28,582	14,756
1992.....	N/A	129,654	60,658	45,942	28,780	14,828
1993.....	N/A	128,522	60,475	45,728	28,519	14,657
1994.....	N/A	132,069	61,556	46,392	28,841	14,711
1995.....	N/A	137,406	63,137	47,306	29,007	14,661
1996.....	N/A	145,026	64,462	47,792	29,163	14,769
1997 *.....	N/A	156,222	67,320	49,353	30,014	15,198
1998.....	N/A	164,427	69,999	50,775	30,877	15,553
1999.....	N/A	176,119	72,537	52,630	31,792	15,855

Footnotes at end of Table 6.

Individual Income Tax Rates and Shares, 1999

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	285,197	608,467	886,510	1,490,173	2,103,569
1987.....	2,813,728	346,635	722,221	1,038,221	1,709,389	2,373,869
1988.....	3,124,156	473,527	890,702	1,232,536	1,950,860	2,657,865
1989.....	3,298,858	468,079	918,421	1,286,539	2,054,478	2,805,235
1990.....	3,451,237	483,252	953,337	1,338,032	2,144,177	2,932,537
1991.....	3,516,142	456,603	943,350	1,343,202	2,174,765	2,984,003
1992.....	3,680,552	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993.....	3,775,578	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994.....	3,961,146	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995.....	4,244,607	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996.....	4,590,527	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997 *.....	5,023,457	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998.....	5,469,211	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999.....	5,909,329	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
Total income tax (millions of dollars): ³						
1986.....	366,979	94,491	156,240	200,703	278,976	343,289
1987.....	369,046	91,559	159,642	205,230	283,857	346,655
1988.....	412,761	113,841	188,303	236,411	321,297	389,145
1989.....	432,838	109,259	190,188	241,458	334,258	407,599
1990.....	447,061	112,338	195,088	247,514	344,340	421,075
1991.....	448,349	111,267	194,480	250,282	346,511	423,759
1992.....	476,163	131,156	218,479	276,213	373,700	452,070
1993.....	502,720	145,836	238,083	297,808	398,516	478,563
1994.....	534,754	154,337	254,106	317,902	425,402	509,256
1995.....	588,331	178,035	287,741	357,402	472,808	561,225
1996.....	658,124	212,626	335,433	411,404	535,164	629,684
1997 *.....	727,303	241,239	377,241	459,639	594,007	696,161
1998.....	788,452	274,009	424,506	512,836	651,964	755,240
1999.....	877,292	317,419	486,464	583,002	732,890	842,168
Average tax rate (percentage): ⁴						
1986.....	14.54	33.13	25.68	22.64	18.72	16.32
1987.....	13.12	26.41	22.10	19.77	16.61	14.60
1988.....	13.21	24.04	21.14	19.18	16.47	14.64
1989.....	13.12	23.34	20.71	18.77	16.27	14.53
1990.....	12.95	23.25	20.46	18.50	16.06	14.36
1991.....	12.75	24.37	20.62	18.63	15.93	14.20
1992.....	12.94	25.05	21.19	19.13	16.25	14.44
1993.....	13.32	28.01	22.71	20.20	16.90	14.90
1994.....	13.50	28.23	23.04	20.48	17.15	15.11
1995.....	13.86	28.73	23.53	20.97	17.58	15.47
1996.....	14.34	28.87	24.07	21.55	18.12	15.96
1997 *.....	14.48	27.64	23.62	21.36	18.18	16.09
1998.....	14.42	27.12	23.63	21.42	18.16	16.00
1999.....	14.85	27.53	24.18	21.98	18.66	16.43

Footnotes at end of Table 6.

Individual Income Tax Rates and Shares, 1999

Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income share (percentage):						
1986.....	100.00	11.30	24.11	35.12	59.04	83.34
1987.....	100.00	12.32	25.67	36.90	60.75	84.37
1988.....	100.00	15.16	28.51	39.45	62.44	85.07
1989.....	100.00	14.19	27.84	39.00	62.28	85.04
1990.....	100.00	14.00	27.62	38.77	62.13	84.97
1991.....	100.00	12.99	26.83	38.20	61.85	84.87
1992.....	100.00	14.23	28.01	39.23	62.47	85.08
1993.....	100.00	13.79	27.76	39.05	62.45	85.08
1994.....	100.00	13.80	27.85	39.19	62.64	85.11
1995.....	100.00	14.60	28.81	40.16	63.37	85.46
1996.....	100.00	16.04	30.36	41.59	64.32	85.92
1997 *.....	100.00	17.38	31.79	42.83	65.05	86.16
1998.....	100.00	18.47	32.85	43.77	65.63	86.33
1999.....	100.00	19.51	34.04	44.89	66.46	86.75
Total income tax share (percentage):						
1986.....	100.00	25.75	42.57	54.69	76.02	93.54
1987.....	100.00	24.81	43.26	55.61	76.92	93.93
1988.....	100.00	27.58	45.62	57.28	77.84	94.28
1989.....	100.00	25.24	43.94	55.78	77.22	94.17
1990.....	100.00	25.13	43.64	55.36	77.02	94.19
1991.....	100.00	24.82	43.38	55.82	77.29	94.52
1992.....	100.00	27.54	45.88	58.01	78.48	94.94
1993.....	100.00	29.01	47.36	59.24	79.27	95.19
1994.....	100.00	28.86	47.52	59.45	79.55	95.23
1995.....	100.00	30.26	48.91	60.75	80.36	95.39
1996.....	100.00	32.31	50.97	62.51	81.32	95.68
1997 *.....	100.00	33.17	51.87	63.20	81.67	95.72
1998.....	100.00	34.75	53.84	65.04	82.69	95.79
1999.....	100.00	36.18	55.45	66.45	83.54	96.00

Footnotes at end of Table 6.

Individual Income Tax Rates and Shares, 1999

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-1999

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987.....	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988.....	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989.....	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990.....	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
1991.....	113,804,104	56,902,052	85,353,078	102,423,694	108,113,899	112,666,063
1992.....	112,652,759	56,326,380	84,489,560	101,387,483	107,020,121	111,526,231
1993.....	113,681,387	56,840,693	85,261,040	102,313,248	107,997,318	112,544,573
1994.....	114,989,920	57,494,960	86,242,440	103,490,928	109,240,424	113,840,021
1995.....	117,274,186	58,637,093	87,955,640	105,546,767	111,410,477	116,101,444
1996.....	119,441,767	59,720,883	89,581,325	107,497,590	113,469,679	118,247,349
1997 *.....	121,503,284	60,751,642	91,127,463	109,352,956	115,428,120	120,288,251
1998.....	123,775,831	61,887,916	92,831,873	111,398,248	117,587,039	122,538,073
1999.....	126,008,974	63,004,487	94,506,731	113,408,077	119,708,525	124,748,884
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987.....	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988.....	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989.....	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990.....	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991.....	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992.....	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993.....	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994.....	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995.....	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996.....	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997 *.....	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998.....	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999.....	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
Total income tax (millions of dollars): ³						
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,816	209,404	277,488
1988.....	412,761	23,616	91,464	176,350	224,459	298,920
1989.....	432,838	25,239	98,580	191,380	242,650	323,579
1990.....	447,061	25,986	102,721	199,547	251,973	334,723
1991.....	448,349	24,554	101,837	198,067	253,869	337,081
1992.....	476,163	24,093	102,463	199,950	257,683	345,007
1993.....	502,720	24,157	104,203	204,912	264,637	356,884
1994.....	534,754	25,499	109,353	216,852	280,648	380,418
1995.....	588,331	27,106	115,523	230,929	300,590	410,296
1996.....	658,124	28,440	122,960	246,720	322,691	445,498
1997 *.....	727,303	31,134	133,296	267,664	350,062	486,064
1998.....	788,452	33,212	136,488	275,615	363,946	514,442
1999.....	877,292	35,126	144,402	294,290	390,828	559,874

Footnotes at end of table.

Individual Income Tax Rates and Shares, 1999

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage): ⁴						
1986.....	14.54	5.63	8.51	10.15	11.00	12.17
1987.....	13.12	5.09	7.71	9.23	10.01	11.25
1988.....	13.21	5.06	7.80	9.32	10.05	11.28
1989.....	13.12	5.11	7.92	9.51	10.19	11.43
1990.....	12.95	5.01	7.86	9.44	10.09	11.28
1991.....	12.75	4.61	7.59	9.12	9.87	11.04
1992.....	12.94	4.39	7.42	8.94	9.73	10.93
1993.....	13.32	4.29	7.35	8.90	9.70	10.96
1994.....	13.50	4.32	7.39	9.00	9.82	11.14
1995.....	13.86	4.39	7.43	9.09	9.95	11.32
1996.....	14.34	4.40	7.51	9.20	10.09	11.56
1997 *.....	14.48	4.48	7.59	9.32	10.22	11.71
1998.....	14.42	4.44	7.26	8.96	9.91	11.54
1999.....	14.85	4.49	7.29	9.04	10.03	11.77
Adjusted gross income share (percentage):						
1986.....	100.00	16.66	40.96	64.88	75.89	88.70
1987.....	100.00	15.63	39.25	63.10	74.33	87.68
1988.....	100.00	14.93	37.56	60.55	71.49	84.84
1989.....	100.00	14.96	37.72	61.00	72.16	85.81
1990.....	100.00	15.03	37.87	61.23	72.38	86.00
1991.....	100.00	15.13	38.15	61.80	73.17	87.01
1992.....	100.00	14.92	37.53	60.77	71.99	85.77
1993.....	100.00	14.92	37.55	60.95	72.24	86.21
1994.....	100.00	14.89	37.36	60.81	72.15	86.20
1995.....	100.00	14.54	36.63	59.84	71.19	85.40
1996.....	100.00	14.08	35.68	58.41	69.64	83.96
1997 *.....	100.00	13.84	34.95	57.17	68.21	82.63
1998.....	100.00	13.67	34.37	56.23	67.15	81.53
1999.....	100.00	13.25	33.54	55.11	65.96	80.49
Total income tax share (percentage):						
1986.....	100.00	6.46	23.98	45.31	57.43	74.25
1987.....	100.00	6.07	23.08	44.39	56.74	75.19
1988.....	100.00	5.72	22.16	42.72	54.38	72.42
1989.....	100.00	5.83	22.78	44.22	56.06	74.76
1990.....	100.00	5.81	22.98	44.64	56.36	74.87
1991.....	100.00	5.48	22.71	44.18	56.62	75.18
1992.....	100.00	5.06	21.52	41.99	54.12	72.46
1993.....	100.00	4.81	20.73	40.76	52.64	70.99
1994.....	100.00	4.77	20.45	40.55	52.48	71.14
1995.....	100.00	4.61	19.64	39.25	51.09	69.74
1996.....	100.00	4.32	18.68	37.49	49.03	67.69
1997 *.....	100.00	4.28	18.33	36.80	48.13	66.83
1998.....	100.00	4.21	17.31	34.96	46.16	65.25
1999.....	100.00	4.00	16.46	33.55	44.55	63.82

N/A-- Not applicable.

* Numbers have been revised.

¹ The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Tables 5 and 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 1999, there were 4,842 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$109.3 million.

² For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). See footnote 2 of this article for further details.

³ Total income tax is the sum of income tax after credits and alternative minimum tax reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

⁴ The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

Individual Income Tax Rates and Shares, 1999

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-1999

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	101,988,805	1,019,888	5,099,440	10,198,881	25,497,201	50,994,402
1987.....	106,191,624	1,061,916	5,309,581	10,619,162	26,547,906	53,095,812
1988.....	108,879,154	1,088,792	5,443,958	10,887,915	27,219,788	54,439,577
1989.....	111,328,835	1,113,288	5,566,442	11,132,884	27,832,209	55,664,418
1990.....	112,717,959	1,127,180	5,635,898	11,271,796	28,179,490	56,358,980
1991.....	113,823,123	1,138,231	5,691,156	11,382,312	28,455,781	56,911,562
1992.....	112,687,747	1,126,877	5,634,387	11,268,775	28,171,937	56,343,874
1993.....	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
1994.....	115,061,112	1,150,611	5,753,056	11,506,111	28,765,278	57,530,556
1995.....	117,333,779	1,173,338	5,866,689	11,733,378	29,333,445	58,666,889
1996.....	119,487,813	1,194,878	5,974,391	11,948,781	29,871,953	59,743,906
1997.....	121,555,156	1,215,552	6,077,758	12,155,516	30,388,789	60,777,578
1998 *.....	123,852,016	1,238,520	6,192,601	12,385,202	30,963,004	61,926,008
1999.....	126,107,596	1,261,076	6,305,380	12,610,760	31,526,899	63,053,798
Income floor on percentiles (current dollars):						
1986.....	N/A	147,863	68,362	52,035	33,623	17,909
1987.....	N/A	145,624	69,222	53,094	34,165	17,959
1988.....	N/A	161,774	73,451	55,532	35,432	18,534
1989.....	N/A	169,603	77,542	58,429	36,783	19,152
1990.....	N/A	174,813	80,400	60,623	38,026	19,947
1991.....	N/A	180,268	83,300	62,413	38,913	20,302
1992.....	N/A	197,031	87,370	65,283	40,423	21,041
1993.....	N/A	199,698	88,992	66,685	41,013	21,390
1994.....	N/A	210,742	93,186	69,118	42,480	22,000
1995.....	N/A	224,523	98,420	72,210	43,860	22,575
1996.....	N/A	246,268	103,489	75,574	45,508	23,378
1997.....	N/A	268,889	110,949	79,598	47,738	24,551
1998 *.....	N/A	301,513	120,262	84,904	50,232	25,612
1999.....	N/A	332,253	126,643	89,172	52,399	26,487
Income floor on percentiles (constant dollars): ²						
1986.....	N/A	134,912	62,374	47,477	30,678	16,340
1987.....	N/A	128,190	60,935	46,738	30,075	15,809
1988.....	N/A	136,749	62,089	46,942	29,951	15,667
1989.....	N/A	136,777	62,534	47,120	29,664	15,445
1990.....	N/A	133,751	61,515	46,383	29,094	15,262
1991.....	N/A	132,355	61,160	45,825	28,571	14,906
1992.....	N/A	140,436	62,274	46,531	28,812	14,997
1993.....	N/A	138,199	61,586	46,149	28,383	14,803
1994.....	N/A	142,201	62,879	46,638	28,664	14,845
1995.....	N/A	147,325	64,580	47,382	28,780	14,813
1996.....	N/A	156,959	65,959	48,167	29,004	14,900
1997.....	N/A	167,532	69,127	49,594	29,743	15,297
1998 *.....	N/A	183,962	73,375	51,802	30,648	15,627
1999.....	N/A	199,432	76,016	53,525	31,452	15,899

Footnotes at end of Table 8.

Individual Income Tax Rates and Shares, 1999

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income (millions of dollars):						
1986.....	2,804,691	427,513	796,935	1,097,550	1,732,231	2,368,620
1987.....	2,856,118	363,880	749,240	1,067,438	1,741,747	2,411,715
1988.....	3,153,639	484,675	911,170	1,255,108	1,973,061	2,683,524
1989.....	3,336,571	486,976	947,363	1,317,619	2,085,003	2,838,481
1990.....	3,497,118	504,687	987,582	1,376,162	2,182,091	2,973,847
1991.....	3,577,337	478,756	985,590	1,390,924	2,224,979	3,038,428
1992.....	3,763,002	556,421	1,090,019	1,509,728	2,369,701	3,206,490
1993.....	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
1994.....	4,033,642	579,564	1,161,972	1,617,250	2,544,400	3,436,167
1995.....	4,317,506	653,717	1,284,726	1,772,890	2,754,988	3,692,267
1996.....	4,670,644	772,868	1,462,979	1,984,931	3,025,107	4,015,461
1997.....	5,112,706	918,007	1,679,877	2,242,353	3,353,245	4,409,075
1998 *.....	5,626,390	1,072,779	1,925,214	2,542,399	3,742,006	4,869,467
1999.....	6,082,931	1,236,081	2,166,370	2,825,789	4,099,929	5,290,805
Total income tax (millions of dollars):³						
1986.....	366,763	93,128	155,553	198,862	277,578	342,296
1987.....	368,924	89,908	158,485	204,050	282,970	346,228
1988.....	412,549	112,208	186,793	235,121	320,152	388,631
1989.....	432,643	107,508	188,588	240,229	333,285	407,106
1990.....	446,906	110,530	192,991	245,856	342,926	420,345
1991.....	448,177	107,926	192,548	246,745	345,168	423,180
1992.....	476,067	127,361	216,303	272,361	372,352	451,494
1993.....	502,638	142,329	235,908	294,238	397,261	477,997
1994.....	534,693	150,133	250,770	314,909	423,743	508,540
1995.....	588,292	173,877	284,036	354,427	471,035	560,748
1996.....	658,059	208,071	331,404	407,726	532,750	628,918
1997.....	731,123	238,978	376,046	459,674	595,060	699,131
1998 *.....	783,437	262,464	413,303	503,577	644,182	749,547
1999.....	877,199	307,382	479,531	577,903	729,679	841,172
Average tax rate (percentage):⁴						
1986.....	13.08	21.78	19.52	18.12	16.02	14.45
1987.....	12.92	24.71	21.15	19.12	16.25	14.36
1988.....	13.08	23.15	20.50	18.73	16.23	14.48
1989.....	12.97	22.08	19.91	18.23	15.98	14.34
1990.....	12.78	21.90	19.54	17.87	15.72	14.13
1991.....	12.53	22.54	19.54	17.74	15.51	13.93
1992.....	12.65	22.89	19.84	18.04	15.71	14.08
1993.....	13.06	25.69	21.35	19.14	16.40	14.58
1994.....	13.26	25.90	21.58	19.47	16.65	14.80
1995.....	13.63	26.60	22.11	19.99	17.10	15.19
1996.....	14.09	26.92	22.65	20.54	17.61	15.66
1997.....	14.30	26.03	22.39	20.50	17.75	15.86
1998 *.....	13.92	24.47	21.47	19.81	17.21	15.39
1999.....	14.42	24.87	22.14	20.45	17.80	15.90

Footnotes at end of Table 8.

Individual Income Tax Rates and Shares, 1999

Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income share (percentage):						
1986.....	100.00	15.24	28.41	39.13	61.76	84.45
1987.....	100.00	12.74	26.23	37.37	60.98	84.44
1988.....	100.00	15.37	28.89	39.80	62.56	85.09
1989.....	100.00	14.60	28.39	39.49	62.49	85.07
1990.....	100.00	14.43	28.24	39.35	62.40	85.04
1991.....	100.00	13.38	27.55	38.88	62.20	84.94
1992.....	100.00	14.79	28.97	40.12	62.97	85.21
1993.....	100.00	14.39	28.71	39.93	62.93	85.18
1994.....	100.00	14.37	28.81	40.09	63.08	85.19
1995.....	100.00	15.14	29.76	41.06	63.81	85.52
1996.....	100.00	16.55	31.32	42.50	64.77	85.97
1997.....	100.00	17.96	32.86	43.86	65.59	86.24
1998 *.....	100.00	19.07	34.22	45.19	66.51	86.55
1999.....	100.00	20.32	35.61	46.45	67.40	86.98
Total income tax share (percentage):						
1986.....	100.00	25.39	42.41	54.22	75.68	93.33
1987.....	100.00	24.37	42.96	55.31	76.70	93.85
1988.....	100.00	27.20	45.28	56.99	77.60	94.20
1989.....	100.00	24.85	43.59	55.53	77.03	94.10
1990.....	100.00	24.73	43.18	55.01	76.73	94.06
1991.....	100.00	24.08	42.96	55.06	77.02	94.42
1992.....	100.00	26.75	45.44	57.21	78.21	94.84
1993.....	100.00	28.32	46.93	58.54	79.04	95.10
1994.....	100.00	28.08	46.90	58.90	79.25	95.11
1995.....	100.00	29.56	48.28	60.25	80.07	95.32
1996.....	100.00	31.62	50.36	61.96	80.96	95.57
1997.....	100.00	32.69	51.43	62.87	81.39	95.62
1998 *.....	100.00	33.50	52.76	64.28	82.23	95.67
1999.....	100.00	35.04	54.67	65.88	83.18	95.89

Footnotes at end of Table 8.

Individual Income Tax Rates and Shares, 1999

Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-1999

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: ¹						
1986.....	101,988,805	50,994,402	76,491,604	91,789,924	96,889,365	100,968,917
1987.....	106,191,624	53,095,812	79,643,718	95,572,462	100,882,043	105,129,708
1988.....	108,879,154	54,439,577	81,659,366	97,991,239	103,435,196	107,790,362
1989.....	111,328,835	55,664,417	83,496,626	100,195,951	105,762,393	110,215,547
1990.....	112,717,959	56,358,980	84,538,469	101,446,163	107,082,061	111,590,779
1991.....	113,823,123	56,911,562	85,367,342	102,440,811	108,131,967	112,684,892
1992.....	112,687,747	56,343,874	84,515,810	101,418,972	107,053,360	111,560,870
1993.....	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
1994.....	115,061,112	57,530,556	86,295,834	103,555,001	109,308,056	113,910,501
1995.....	117,333,779	58,666,890	88,000,334	105,600,401	111,467,090	116,160,441
1996.....	119,487,813	59,743,907	89,615,860	107,539,032	113,513,422	118,292,935
1997.....	121,555,156	60,777,578	91,166,367	109,399,640	115,477,398	120,339,604
1998 *.....	123,852,016	61,926,008	92,889,012	111,466,814	117,659,415	122,613,496
1999.....	126,107,596	63,053,798	94,580,697	113,496,836	119,802,216	124,846,520
Income (millions of dollars):						
1986.....	2,804,691	436,071	1,072,460	1,707,142	2,007,756	2,377,178
1987.....	2,856,118	444,403	1,114,372	1,788,680	2,106,878	2,492,238
1988.....	3,153,639	470,115	1,180,578	1,898,531	2,242,469	2,668,964
1989.....	3,336,571	498,089	1,251,567	2,018,952	2,389,207	2,849,595
1990.....	3,497,118	523,271	1,315,027	2,120,956	2,509,535	2,992,431
1991.....	3,577,337	538,910	1,352,358	2,186,413	2,591,748	3,098,582
1992.....	3,763,002	556,512	1,393,300	2,253,273	2,672,983	3,206,581
1993.....	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
1994.....	4,033,642	597,475	1,489,242	2,416,392	2,871,670	3,454,078
1995.....	4,317,506	625,239	1,562,518	2,544,615	3,032,780	3,663,789
1996.....	4,670,644	655,183	1,645,537	2,685,713	3,207,665	3,897,777
1997.....	5,112,706	703,631	1,759,461	2,870,353	3,432,828	4,194,699
1998 *.....	5,626,390	756,923	1,884,384	3,083,991	3,701,176	4,553,611
1999.....	6,082,931	792,125	1,983,002	3,257,142	3,916,561	4,846,850
Total income tax (millions of dollars): ³						
1986.....	366,763	24,467	89,186	167,901	211,210	273,635
1987.....	368,924	22,696	85,954	164,874	210,439	279,016
1988.....	412,549	23,918	92,397	177,429	225,756	300,341
1989.....	432,643	25,537	99,358	192,414	244,055	325,135
1990.....	446,906	26,562	103,980	201,050	253,915	336,376
1991.....	448,177	24,997	103,009	201,432	255,629	340,251
1992.....	476,067	24,573	103,715	203,706	259,764	348,706
1993.....	502,638	24,641	105,377	208,400	266,730	360,309
1994.....	534,693	26,153	110,950	219,783	283,923	384,560
1995.....	588,292	27,544	117,257	233,864	304,256	414,415
1996.....	658,059	29,142	125,310	250,333	326,655	449,988
1997.....	731,123	31,992	136,063	271,450	355,078	492,146
1998 *.....	783,437	33,889	139,249	279,860	370,134	520,973
1999.....	877,199	36,027	147,520	299,294	397,669	569,817

Footnotes at end of table.

Individual Income Tax Rates and Shares, 1999

Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-1999--Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage):⁴						
1986.....	13.08	5.61	8.32	9.84	10.52	11.51
1987.....	12.92	5.11	7.71	9.22	9.99	11.20
1988.....	13.08	5.09	7.83	9.35	10.07	11.25
1989.....	12.97	5.13	7.94	9.53	10.21	11.41
1990.....	12.78	5.08	7.91	9.48	10.12	11.24
1991.....	12.53	4.64	7.62	9.21	9.86	10.98
1992.....	12.65	4.42	7.44	9.04	9.72	10.87
1993.....	13.06	4.32	7.38	9.01	9.72	10.93
1994.....	13.26	4.38	7.45	9.10	9.89	11.13
1995.....	13.63	4.41	7.50	9.19	10.03	11.31
1996.....	14.09	4.45	7.62	9.32	10.18	11.54
1997.....	14.30	4.55	7.73	9.46	10.34	11.73
1998 *.....	13.92	4.48	7.39	9.07	10.00	11.44
1999.....	14.42	4.55	7.44	9.19	10.15	11.76
Income share (percentage):						
1986.....	100.00	15.55	38.24	60.87	71.59	84.76
1987.....	100.00	15.56	39.02	62.63	73.77	87.26
1988.....	100.00	14.91	37.44	60.20	71.11	84.63
1989.....	100.00	14.93	37.51	60.51	71.61	85.40
1990.....	100.00	14.96	37.60	60.65	71.76	85.57
1991.....	100.00	15.06	37.80	61.12	72.45	86.62
1992.....	100.00	14.79	37.03	59.88	71.03	85.21
1993.....	100.00	14.82	37.07	60.07	71.29	85.61
1994.....	100.00	14.81	36.92	59.91	71.19	85.63
1995.....	100.00	14.48	36.19	58.94	70.24	84.86
1996.....	100.00	14.03	35.23	57.50	68.68	83.45
1997.....	100.00	13.76	34.41	56.14	67.14	82.04
1998 *.....	100.00	13.45	33.49	54.81	65.78	80.93
1999.....	100.00	13.02	32.60	53.55	64.39	79.68
Total income tax share (percentage):						
1986.....	100.00	6.67	24.32	45.78	57.59	74.61
1987.....	100.00	6.15	23.30	44.69	57.04	75.63
1988.....	100.00	5.80	22.40	43.01	54.72	72.80
1989.....	100.00	5.90	22.97	44.47	56.41	75.15
1990.....	100.00	5.94	23.27	44.99	56.82	75.27
1991.....	100.00	5.58	22.98	44.94	57.04	75.92
1992.....	100.00	5.16	21.79	42.79	54.56	73.25
1993.....	100.00	4.90	20.96	41.46	53.07	71.68
1994.....	100.00	4.89	20.75	41.10	53.10	71.92
1995.....	100.00	4.68	19.93	39.75	51.72	70.44
1996.....	100.00	4.43	19.04	38.04	49.64	68.38
1997.....	100.00	4.38	18.61	37.13	48.57	67.31
1998 *.....	100.00	4.33	17.77	35.72	47.24	66.50
1999.....	100.00	4.11	16.82	34.12	45.33	64.96

N/A--Not applicable.

* Numbers have been revised.

¹ The number of returns in columns 2 through 6, Tables 7 and 8, was processed in thousands and, therefore, reflects differences due to rounding.

² For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982=84=100). See footnote 2 of this article for further details.

³ Total income tax is the sum of income tax after credits and the alternative minimum tax.

⁴ Average tax rate was computed by dividing total income tax (see footnote 3) by income, using the 1979 income concept (see text and Figure I).