

# Individual Tax Returns Filed by Dependents, 1987–2011

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The goal of this article is to help customers, who use individual tax data published in Statistics of Income's annual publications, separate the data collected from tax returns filed by dependents (dependent returns) from the data collected from all individual tax returns.<sup>1</sup> Prior to the Tax Reform Act of 1986 (TRA86), all taxpayers received the benefit of taking a personal exemption, including those claimed as a dependent on another person's tax return. Separating tax returns filed by dependents from all returns claiming a personal exemption would be difficult to determine for years prior to TRA86. For that reason, the figures and tables in this article include only post-1986 tax data.

Individuals claimed as dependents on another person's tax return are required to file a separate return if their individual incomes exceed certain thresholds based on the standard deduction.<sup>2</sup> Under the provisions of TRA86, beginning in 1987, dependents claimed on another taxpayer's return could no longer claim a personal exemption on their own tax returns. However, they could claim a smaller standard deduction. In 1987, dependents could claim a minimum standard deduction of \$500 based on their income. Dependents whose earned income exceeded this amount could claim a standard deduction equal to their earned income, up to \$2,540. Any dependent earning more than these thresholds in 1987 had to file a tax return. By 2011, the filing threshold for dependents with earned income rose to \$5,800 (Figure A).

Since that time, changes in the law have raised the minimum amount of the standard deduction and indexed it to inflation. In 1998, the law added \$250 to the earned income amount so that dependents with both earned and small amounts of unearned income did not have to file a return. In 2008, the law increased the amount added to earned income to \$300.

In addition, TRA86 also introduced a separate provision, commonly referred to as the "Kiddie Tax," because the progressive structure of income tax in the United States could encourage taxpayers to redistribute their income. Taxpayers would avoid tax by having their children claim their income, which meant it would be taxed at a lower rate. The "Kiddie Tax" was enacted to help reduce the incentive to shift income to a child or more specifically a dependent. Under this tax law, dependents under age 14 having investment income exceeding twice the amount of their minimum standard deduction are taxed at the same rates as if the income of all dependents was included on the tax return of the taxpayers claiming them as dependents. Taxpayers use Form 8615, *Tax for Certain Children Who Have*

*Unearned Income*, to figure the tax owed on their child's unearned income when that income is either (1) below a certain dollar amount and the parent's tax rate is higher than the child's tax rate or (2) greater than a certain dollar amount. The law increased the age cutoff for this provision to under age 18 in 2006 and under age 24 in 2008.

## Largest percentage decreases in tax returns filed by dependents coincided with economic downturns

From 1987 through 2011, qualified dependent returns represented between 5.5 percent and 9.3 percent of all returns filed. The largest percentage increase in the number of returns filed by dependents occurred in 2011 (Figure B). Total dependent returns increased 11.8 percent, from 7.9 million in 2010 to 8.8 million in 2011. Not surprisingly, the largest percentage decreases during the 25-year period coincided with periods of economic downturns. The largest percentage decline occurred in 2009 when total dependent returns dropped to 7.9 million, down 17.6 percent from 9.6 million returns in 2008. The next largest percentage decrease occurred in 2008 when total returns declined

### Highlights:

- The filing threshold for dependents with earned income rose from \$2,540 in 1987 to \$5,800 in 2011.
- Individual tax returns filed by dependents represented between 5.5 percent (1987) and 9.3 percent (2011) of all returns filed during the 25-year period.
- Salaries and wages made up the majority of dependents' income from 1987 to 2011, followed by taxable interest.
- Dependents paid \$2.9 billion in individual income taxes for 2011, down from \$5.4 billion for 2000.
- The average tax rate for dependents filing individual returns was 5.2 percent for Tax Year 2011.
- The percentage of tax returns filed by dependents to either only receive a refund or pay taxes other than income taxes increased between 1987 (22.8 percent) and 2011 (47.0 percent).
- Most dependents filing an individual tax return fell in the age 18-under-26 category, followed by dependents under age 18.
- The "Kiddie Tax" accounted for \$621.2 million of the total individual income taxes paid by dependents for 2011.

<sup>1</sup> *Statistics of Income—1987-2011, Individual Income Tax Returns* (IRS Publication 1304).

<sup>2</sup> *Statistics of Income—1987-2011, Individual Income Tax Returns* (IRS Publication 1304).



**Figure A**  
**Requirements for Single Dependents Under Age 65 To File a Tax Return, Tax Years 1987–2011**

Tax year	Unearned income [1]:		Gross income [2] over:
	(1)		(2)
1987	\$1 or more	and	\$500
	\$0	and	\$2,540
1988	\$1 or more	and	\$500
	\$0	and	\$3,000
1989	\$1 or more	and	\$500
	\$0	and	\$3,100
1990	\$1 or more	and	\$500
	\$0	and	\$3,250
1991	\$1 or more	and	\$550
	\$0	and	\$3,400
1992	\$1 or more	and	\$600
	\$0	and	\$3,600
1993	\$1 or more	and	\$600
	\$0	and	\$3,700
1994	\$1 or more	and	\$600
	\$0	and	\$3,800
1995	\$1 or more	and	\$650
	\$0	and	\$3,900
1996	\$1 or more	and	\$650
	\$0	and	\$4,000
1997	\$1 or more	and	\$650
	\$0	and	\$4,150

Tax year	Unearned income [1] over:		Earned income [3] over:		Gross income [2] over: larger of unearned income (col 3) or earned income up to (A) plus (B):
	(3)		(4)		(5)
1998	\$700	or	\$4,250	or	(A) \$4,000 + (B) \$250
1999	\$700	or	\$4,300	or	\$4,050 + \$250
2000	\$700	or	\$4,400	or	\$4,150 + \$250
2001	\$750	or	\$4,550	or	\$4,300 + \$250
2002	\$750	or	\$4,700	or	\$4,450 + \$250
2003	\$750	or	\$4,750	or	\$4,500 + \$250
2004	\$800	or	\$4,850	or	\$4,600 + \$250
2005	\$800	or	\$5,000	or	\$4,750 + \$250
2006	\$850	or	\$5,150	or	\$4,900 + \$250
2007	\$850	or	\$5,350	or	\$5,100 + \$250
2008	\$900	or	\$5,450	or	\$5,150 + \$300
2009	\$950	or	\$5,700	or	\$5,400 + \$300
2010	\$950	or	\$5,700	or	\$5,400 + \$300
2011	\$950	or	\$5,800	or	\$5,500 + \$300

[1] Unearned income includes taxable interest, ordinary dividends, and capital gain distributions.

[2] Gross income is the sum of unearned income and earned income.

[3] Earned income includes salaries and wages, tips, and taxable scholarship and fellowship grants.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

# Individual Tax Returns Filed by Dependents, 1987–2011

**Figure B**

## Adjusted Gross Income, Sources of Income, and Adjustments for Dependents Filing Individual Income Tax Returns, Tax Years 1987–2011

[Money amounts are in thousands of dollars]

Tax year	Number of returns	Percentage of all returns	Adjusted gross income less deficit (AGI)	Salaries and wages		Taxable interest		Ordinary dividends		Business or profession net income [1]		Business or profession net loss [1]	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
				(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1987	9,354,046	8.74	31,954,198	7,796,219	24,802,448	5,042,570	3,076,865	1,281,966	1,306,227	220,460	796,007	46,581	157,248
1988	10,001,290	9.12	33,782,666	8,395,317	26,393,969	5,430,322	3,438,416	1,298,660	1,333,267	225,785	907,836	41,317	109,251
1989	10,393,592	9.27	34,938,965	8,884,407	27,657,458	5,395,356	3,398,810	1,264,240	1,413,800	229,185	916,893	41,491	78,740
1990	10,349,434	9.10	35,398,791	8,773,507	28,098,243	5,498,399	4,007,079	1,290,183	1,406,035	244,332	992,693	44,150	108,219
1991	9,777,518	8.52	33,736,537	8,298,115	26,861,464	4,972,020	3,126,540	1,271,302	1,350,605	200,321	721,560	30,262	83,111
1992	9,304,872	8.19	33,728,235	7,859,983	27,777,328	4,482,236	2,469,346	1,255,421	1,169,415	234,246	801,386	35,554	166,600
1993	9,278,735	8.10	33,846,895	7,870,856	27,165,720	4,096,450	1,937,966	1,368,099	1,183,092	243,669	1,080,696	49,007	98,114
1994	9,565,624	8.25	36,707,916	8,278,345	30,404,951	4,209,527	1,927,554	1,444,222	1,397,028	215,045	1,142,913	44,731	97,097
1995	10,161,797	8.60	40,141,717	8,714,776	32,709,270	4,469,034	2,236,485	1,701,323	1,788,260	250,664	1,155,889	49,835	137,158
1996	10,652,216	8.85	44,458,282	9,084,778	35,356,944	4,442,863	2,232,959	1,938,858	1,898,431	244,944	1,154,159	59,408	144,045
1997	11,291,951	9.22	53,181,267	9,470,889	40,634,016	4,686,486	2,620,232	2,389,198	2,430,238	261,822	1,247,027	47,233	221,836
1998	11,096,066	8.89	56,013,768	9,398,977	42,874,240	4,322,666	2,387,583	2,336,120	1,949,104	251,810	1,327,976	62,150	252,115
1999	11,534,756	9.08	60,239,963	9,734,080	45,544,796	4,296,832	2,049,584	2,587,255	2,258,640	278,847	1,720,587	53,571	131,892
2000	11,735,687	9.07	65,430,151	9,860,971	48,147,083	4,350,679	2,115,023	2,736,651	2,855,451	285,299	1,503,801	53,360	326,674
2001	10,884,352	8.36	54,330,043	9,519,949	46,480,898	3,855,592	1,956,038	2,076,069	1,550,216	255,059	1,503,960	47,498	337,171
2002	10,225,882	7.86	51,325,946	9,101,345	45,829,110	3,307,368	1,398,684	1,711,625	1,127,704	303,929	1,741,618	52,713	230,829
2003	9,664,679	7.41	50,115,175	8,634,378	44,666,438	2,679,064	1,248,713	1,557,845	1,130,998	302,380	1,523,886	71,596	263,535
2004	9,716,067	7.35	54,251,575	8,673,365	46,917,303	2,493,561	1,139,553	1,590,118	1,560,670	321,856	1,919,916	59,491	241,977
2005	9,699,622	7.22	56,806,290	8,614,029	46,989,682	2,554,144	1,243,213	1,723,506	1,766,269	367,866	2,355,424	74,811	418,194
2006	9,953,589	7.19	61,030,357	8,805,213	49,151,940	2,826,066	1,572,926	1,758,042	2,038,468	381,323	2,133,667	79,051	571,720
2007	10,323,895	7.22	65,756,107	9,069,882	51,600,509	2,930,934	1,880,030	1,771,188	2,649,943	372,926	1,926,369	66,873	398,073
2008	9,558,800	6.71	56,702,391	8,499,248	48,690,091	2,632,475	1,437,074	1,503,565	2,033,948	358,579	1,767,945	69,231	465,337
2009	7,874,191	5.60	47,789,604	6,959,472	42,346,989	1,987,117	1,023,169	1,231,733	1,190,306	348,134	1,585,729	68,193	404,256
2010	7,858,559	5.50	49,363,382	6,952,763	44,486,333	1,714,644	764,969	1,130,122	1,312,634	339,556	1,568,451	71,624	550,141
2011	8,784,527	6.04	56,955,157	7,921,517	49,882,692	1,508,172	762,064	1,078,606	1,941,967	340,756	1,681,308	67,184	378,549

Tax year	Capital gain distributions [2]		Sales of capital assets net gain in AGI [2]		Sales of capital assets net loss in AGI [2]		Other income net gain [3]		Other income net loss [3]		Total statutory adjustments	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
1987	N/A	N/A	655,092	1,459,637	119,106	136,081	573,039	1,033,541	14,393	98,709	91,920	104,641
1988	277,267	102,256	432,144	1,191,959	197,455	189,161	482,012	1,007,812	18,295	71,546	86,434	83,558
1989	342,376	158,778	528,435	1,068,334	135,108	147,516	459,349	892,718	31,712	43,805	90,657	84,079
1990	336,699	95,179	427,120	881,733	224,246	274,212	361,491	670,571	24,434	117,351	258,905	132,429
1991	408,024	131,144	589,311	1,192,495	151,735	184,255	444,466	915,492	14,013	59,126	267,694	92,560
1992	509,427	210,377	687,626	1,215,463	122,223	125,190	357,093	748,802	29,802	67,907	208,509	83,592
1993	699,726	340,435	838,809	1,980,320	123,818	122,248	409,444	925,882	22,033	58,977	260,267	134,059
1994	723,944	369,491	796,782	1,531,401	167,714	174,864	425,756	846,173	24,905	72,112	275,551	185,241
1995	932,372	566,863	1,033,953	2,000,952	179,283	169,048	428,213	826,480	20,267	51,109	319,025	211,642
1996	1,249,099	1,035,887	1,478,471	3,509,022	128,649	140,866	419,174	912,341	16,313	66,902	327,932	245,249
1997	1,657,106	2,274,966	1,903,959	5,925,647	134,004	150,898	431,129	1,161,249	29,711	175,868	370,517	306,951
1998	1,671,473	2,271,374	1,940,310	7,050,061	175,517	210,621	456,953	1,166,921	24,693	170,056	268,301	111,045
1999	1,929,144	3,195,586	1,123,432	6,457,302	209,036	239,401	422,195	1,288,627	37,784	275,350	309,513	171,343
2000	2,142,702	4,333,823	2,327,112	10,684,922	298,978	409,543	458,987	1,254,785	19,417	227,340	288,462	158,374
2001	1,023,906	504,143	1,125,520	3,186,218	578,867	1,006,120	454,531	1,424,069	35,481	248,984	235,988	143,236
2002	458,182	134,663	528,052	1,897,368	725,570	1,484,272	502,380	1,412,784	31,098	229,120	296,718	120,903
2003	381,180	119,057	485,677	2,155,699	703,434	1,472,290	427,279	1,498,705	39,016	235,149	284,900	96,350
2004	659,291	400,580	703,532	3,309,570	662,673	1,316,354	447,409	1,383,783	35,631	225,802	311,308	143,989
2005	966,917	4,909,545	586,892	1,117,972	586,892	1,117,972	468,871	1,604,161	38,050	307,563	376,232	157,874
2006	1,032,374	1,571,318	1,136,671	6,497,142	492,697	903,068	432,027	1,666,481	36,755	337,573	367,794	144,469
2007	1,172,043	2,138,831	1,297,228	7,337,685	373,715	669,258	506,762	1,926,096	36,428	311,524	388,117	189,751
2008	679,545	502,228	658,265	2,861,111	575,355	1,114,176	492,768	2,109,802	30,964	378,159	366,066	140,762
2009	131,441	36,158	222,270	1,953,452	600,033	1,231,439	446,796	1,918,565	27,498	451,383	369,670	135,487
2010	215,526	75,135	309,557	1,599,916	546,400	1,120,989	513,682	1,898,049	35,165	403,184	338,958	191,485
2011	346,841	251,945	449,765	2,385,042	447,346	857,957	610,177	2,372,708	40,246	661,521	341,140	177,878

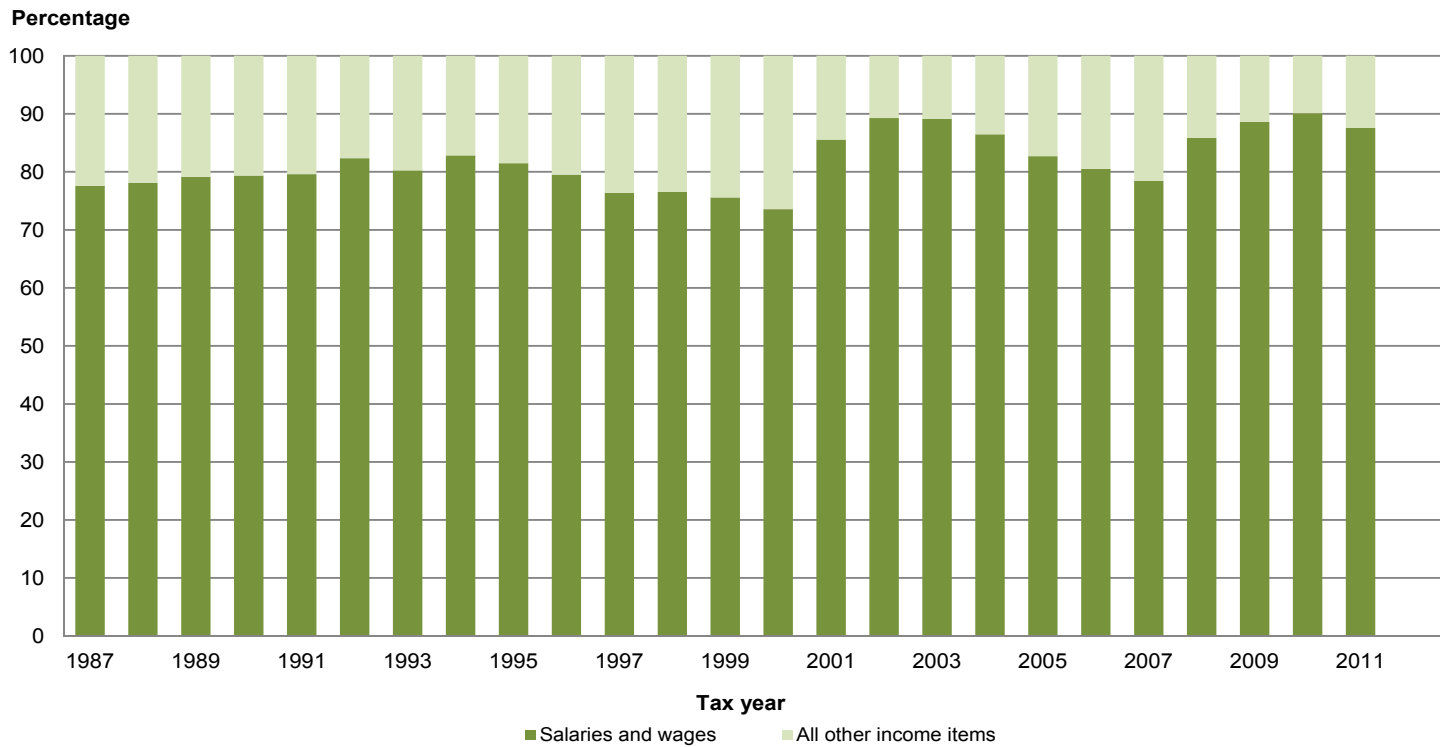
[1] Includes farm income or loss and Partnership and S corporation income or loss.

[2] Includes capital gains from Schedule D and capital gain distributions reported on Form 1040 and Form 1040A, and included in AGI.

[3] Other income includes State income tax refunds, alimony received, IRA distributions, pensions and annuities, unemployment compensation, Social Security benefits, foreign income exclusion, net operating loss, gambling earnings, cancellation of debt, supplemental schedule (Form 4797) gain, rental and royalty income, real estate mortgage investment conduit, and other income.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

**Figure C**  
**Income Items From Individual Income Tax Returns Filed by Dependents as a Percentage of Adjusted Gross Income, Tax Years 1987–2011**



SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

to 9.6 million, down 7.4 percent from 10.3 million in 2007. Also, there was a 7.3-percent decrease in dependent returns in 2001. Adjusted gross income (AGI) followed the same pattern, as it experienced its largest declines in 2009 (down 15.7 percent), 2008 (down 13.8 percent), and 2001 (down 17 percent).

**Taxable interest and net capital gains have fluctuated greatly since 1987**

For all years, salaries and wages represented the majority of dependents’ income, ranging from 77.6 percent of adjusted gross income (AGI) for 1987 to a high of 90.1 percent for 2010 (Figure C). However, the other major sources of dependent income have changed considerably over this period. For the early years of this study, taxable interest represented the second largest source of income, peaking at 11.3 percent of dependents’ AGI in 1990, to a low of just 1.3 percent in 2011. Taxable interest has steadily declined, dropping from 5.5 million returns with \$4.0 billion reported in 1990, to 1.5 million returns with \$0.8 billion reported in 2011.

Dependents’ net capital gains have fluctuated greatly since 1987. The combined net gain less losses on the sale of capital assets increased significantly in 1996 when the total amount jumped 83.9 percent, from \$1.8 billion to \$3.4 billion, and continued to rise 71.5 percent to \$5.8 billion for 1997. The number

of dependent returns reporting the sale of capital assets also rose steadily from 1987 through 2000, from a low of 0.6 million returns in 1988 to a high of 2.6 million in 2000. Combined net capital gains less losses peaked as a percentage of dependents’ income at 15.7 percent in 2000. This percentage fell in 2010 to just 1.0 percent and only rose to 2.7 percent for 2011 (Figure C1).

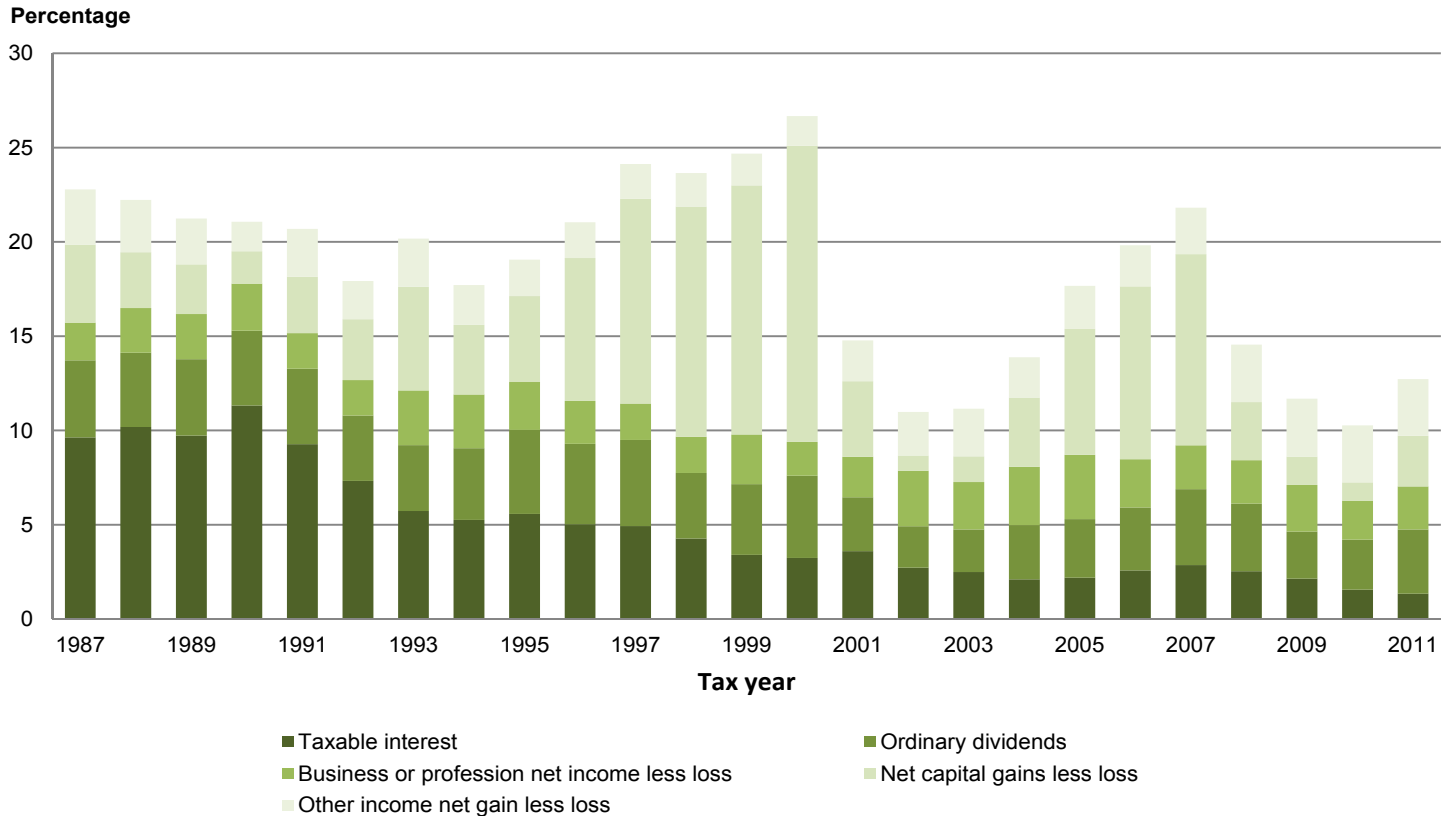
**The average tax rate for dependents was 5.2 percent for 2011, down from 8.2 percent for 2000**

For Tax Year 1987, dependents paid \$2.4 billion in income tax (Figure D). Coinciding with the growth in capital gains income, taxes paid by this population grew to \$3.2 billion in 1996, rose to \$4.1 billion in 1997, before peaking at \$5.4 billion in 2000. This amount fell precipitously to \$3.0 billion in 2001, representing a drop of 43.3 percent. In 2007, total income tax for dependents filing individual income tax returns rose to \$3.7 billion, before declining 21.9 percent in 2008 (to \$2.9 billion), and dropping another 15.4 percent in 2009 (to \$2.5 billion). The total income tax paid by dependents for 2011 was \$2.9 billion, considerably less than the peak years cited above.

In 1987, the average tax rate (total income tax as a percentage of total AGI) for dependents was 7.4 percent. As with total income tax, this rate peaked in 2000 at 8.2 percent. From

**Figure C1**

**Components of All Other Income Items From Individual Income Tax Returns Filed by Dependents as a Percentage of Adjusted Gross Income (AGI), Tax Years 1987–2011**



NOTE: Other income includes State income tax refunds, alimony received, IRA distributions, pensions and annuities, unemployment compensation, social security benefits, foreign earned income exclusion, net operating loss, gambling earnings, cancellation of debt, supplemental schedule (Form 4797) gain, rental and royalty income, real estate mortgage investment conduit, and other income.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

1987 through 2000, the average tax rate was above 6 percent. Partially, due to changes in the tax law, the average tax rate for dependents declined to 5.6 percent in 2001, remaining below 6 percent for all years since and leveling off between 2008 and 2011 to about 5.2 percent (Figure E).<sup>3</sup>

**About 47 percent of income tax returns filed by dependents for 2011 met the requirements for filing a return**

Since 1987, qualified dependents have filed tax returns for three reasons: (1) their income met the requirements for filing a tax return, (2) their income was below the filing thresholds, but they filed a return to only receive a refund or to pay taxes other than income taxes, or (3) there was no apparent reason for filing (Figure F). In 1987, about three-quarters (74.5 percent) of the income tax returns filed by dependents met the requirements for filing a return. This percentage then fell steadily reaching

50.4 percent in 2001. It remained steady from 2001 to 2010, accounting for around 50 percent of all income tax returns filed by dependents. For 2011, this percentage declined to 46.9 percent. Conversely, the percentage of dependent tax returns filed to only receive a refund or to pay taxes other than income taxes steadily increased between 1987 and 2011. In Tax Year 1987, these returns represented 22.8 percent of the population of tax returns filed by dependents. By 2000, this percentage grew to more than 40 percent (44.1 percent) for the first time, rising to 43.8 percent, on average, for Tax Years 2001 through 2011.

In 2011, dependents filing a tax return to only receive a refund or to pay taxes other than income taxes accounted for 47 percent of all returns filed by qualified dependents, the highest percentage within the years studied, and for the first time, higher than the percentage of returns filed because the dependent met the income threshold. Dependent returns with no perceived reason for filing represented only a small percentage of total returns filed. Specifically, returns filed between 1987 and

<sup>3</sup> The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 added a 10-percent tax bracket for single filers with taxable income up to \$6,000. The Jobs and Growth Tax Relief Reconciliation Act (JGTRRA) of 2003 decreased the capital gains tax rates from 8 percent, 10 percent, and 20 percent to 5 percent and 15 percent, with the 5 percent further reduced to 0 percent in 2008.

**Figure D**

## Deductions, Credits, and Total Income Tax for Dependents Filing Individual Income Tax Returns, Tax Years 1987–2011

[Money amounts are in thousands of dollars]

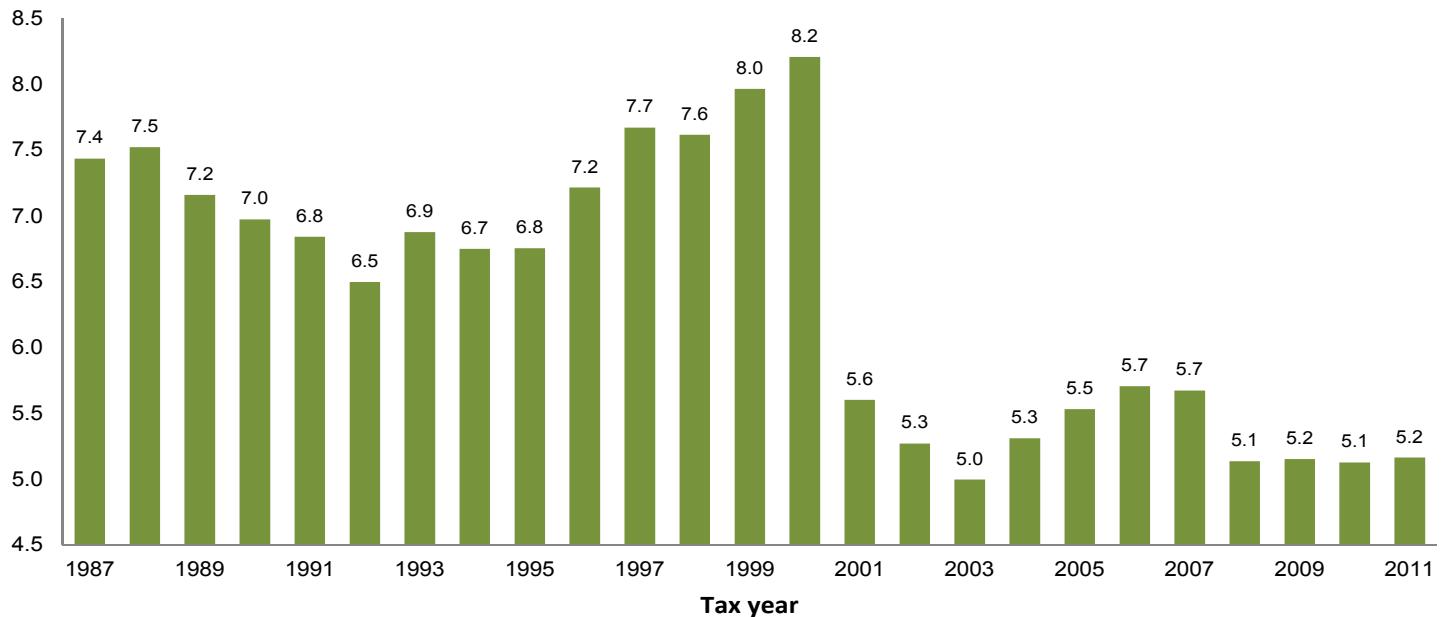
Tax year	Number of returns	Total standard deduction		Total itemized deductions		Total credits		Total income tax	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1987	9,354,046	9,245,384	16,022,407	58,579	314,847	29,781	15,142	6,853,752	2,375,067
1988	10,001,290	9,893,567	18,807,859	66,226	264,449	21,201	5,132	6,963,188	2,540,324
1989	10,393,592	10,317,442	19,970,693	52,466	295,477	21,413	20,132	6,929,318	2,500,841
1990	10,349,434	10,227,593	20,685,491	65,430	233,294	71,117	9,911	6,842,400	2,467,859
1991	9,777,518	9,698,080	20,148,098	44,096	182,843	31,140	5,029	6,329,997	2,307,820
1992	9,304,872	9,210,631	20,690,417	46,025	194,103	57,900	6,842	5,964,462	2,191,086
1993	9,278,735	9,179,987	20,668,302	51,702	289,021	72,219	11,169	5,565,845	2,327,204
1994	9,565,624	9,455,980	22,748,962	56,558	269,929	110,756	15,686	6,029,977	2,477,347
1995	10,161,797	10,044,530	24,649,070	58,510	217,852	124,788	7,552	6,433,426	2,710,589
1996	10,652,216	10,532,635	26,458,953	56,945	288,071	135,951	9,930	6,631,779	3,206,922
1997	11,291,951	11,156,122	29,083,613	74,627	374,735	205,020	21,420	7,373,896	4,078,402
1998	11,096,066	10,911,987	31,066,986	92,332	576,103	238,030	15,544	6,283,449	4,265,396
1999	11,534,756	11,374,012	32,737,815	71,750	533,455	220,848	21,599	6,496,224	4,797,204
2000	11,735,687	11,504,031	33,947,323	100,425	677,973	252,194	23,249	6,794,394	5,368,087
2001	10,884,352	10,482,766	33,252,621	110,386	826,423	146,065	22,163	5,439,158	3,043,093
2002	10,225,882	9,758,907	32,909,335	72,213	524,097	115,938	12,119	4,772,621	2,704,548
2003	9,664,679	9,188,204	31,429,192	65,351	483,727	121,721	21,421	4,563,384	2,503,434
2004	9,716,067	9,290,755	32,605,643	81,811	631,906	180,075	26,040	4,646,832	2,879,896
2005	9,699,622	9,325,237	32,988,753	82,033	775,384	244,209	41,949	4,820,666	3,142,322
2006	9,953,589	9,607,981	34,861,799	84,213	959,986	327,111	50,968	5,057,070	3,481,939
2007	10,323,895	9,993,645	37,033,319	113,930	1,294,275	393,404	38,464	5,215,021	3,729,942
2008	9,558,800	9,156,598	35,223,900	102,991	1,211,584	193,486	55,571	4,228,095	2,911,767
2009	7,874,191	7,443,345	30,164,884	77,210	1,198,092	105,875	81,738	3,374,264	2,462,254
2010	7,858,559	7,439,206	30,604,986	77,993	884,748	108,344	22,582	3,554,350	2,530,363
2011	8,784,527	8,433,607	34,400,892	96,899	1,211,320	140,213	43,187	3,864,954	2,940,289

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

**Figure E**

## Individual Income Tax Returns Filed by Dependents, Average Tax Rates, Tax Years 1987–2011

Average tax rate (percent)



NOTE: Average tax rate is defined as dependents' total income tax divided by dependents' total adjusted gross income less deficit.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

**Figure F**

**Number of Dependents Filing Individual Income Tax Returns, by Reason for Filing, Tax Years 1987–2011**

Tax year	All dependent returns	Met dependent requirements for filing a tax return	Filed a return only to receive a refund or to pay taxes other than income tax	No reason for filing
	(1)	(2)	(3)	(4)
1987	9,354,046	6,966,845	2,132,621	254,581
1988	10,001,290	6,995,295	2,720,271	285,724
1989	10,393,592	7,033,373	3,037,624	322,595
1990	10,349,434	6,940,137	3,105,344	303,952
1991	9,777,518	6,423,007	3,031,765	322,746
1992	9,304,872	6,056,383	2,851,640	396,848
1993	9,278,735	5,665,365	3,117,212	496,158
1994	9,565,624	6,132,865	3,043,866	388,893
1995	10,161,797	6,560,682	3,223,762	377,353
1996	10,652,216	6,693,587	3,569,023	389,606
1997	11,291,951	7,479,979	3,467,284	344,687
1998	11,096,066	6,312,239	4,380,769	403,058
1999	11,534,756	6,515,882	4,576,093	442,780
2000	11,735,687	6,822,715	4,489,549	423,423
2001	10,884,352	5,481,655	4,796,736	605,960
2002	10,225,882	4,807,295	4,692,363	726,224
2003	9,664,679	4,601,122	4,414,262	649,295
2004	9,716,067	4,692,805	4,422,627	600,636
2005	9,699,622	4,866,633	4,271,433	561,556
2006	9,953,589	5,105,048	4,318,304	530,236
2007	10,323,895	5,262,955	4,480,067	580,873
2008	9,558,800	4,530,635	4,406,374	621,791
2009	7,874,191	3,561,660	3,328,892	983,640
2010	7,858,559	3,750,389	3,153,584	954,586
2011	8,784,527	4,119,456	4,133,002	532,070

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

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

2008 represented 7.1 percent or less of total returns. However, in 2009, these returns made up 12.5 percent of total returns, compared to 6.5 percent in 2008. In 2010, they still represented 12.1 percent of the total income tax returns filed by dependents before dropping to 6.1 percent in 2011.

**Number of tax returns filed by dependents in the under-18 category decreased 38.5 percent between 2006 and 2011**

From 2006 to 2011, the majority of dependent returns were filed by dependents between the ages of 18 and under 26. This age group accounted for between 67.3 percent (2006) and 75.6 percent (2011) of dependent returns, while those under 18 years of age accounted for 30.9 percent (2006) and 21.5 percent (2011) of dependent returns, a decline of 38.5 percent. During this period, those in the age 18-under-26 category also accounted for between 74.6 percent and 81.2 percent of total AGI less deficit reported on individual income tax returns filed by dependents. Furthermore, dependents age 65 and over filing a dependent return during this 6-year period accounted for less than 1 percent of total dependent returns as well as total AGI (Figure G).

**The “Kiddie Tax” generated taxes totaling \$621.2 million for 2011**

In 1987, the number of returns subject to the “Kiddie Tax” was 464,691, and the total tax collected from those returns was \$386.6 million. Between 2000 and 2001, the number of returns subject to this tax dropped 63.0 percent (to 201,902 returns) and generated taxes totaling \$418.8 million. For 2011, the most recent year in this study, 215,138 returns were subject to the “Kiddie Tax,” which generated taxes totaling \$621.2 million (Figure H).

**Data Sources and Limitations**

SOI used a sample of individual tax returns (Forms 1040, 1040A, 1040EZ, including electronically filed returns; Form 1040-PC for Tax Years 1991-1998, and Form 1040-T for Tax Year 1994) filed for Tax Years 1987 through 2011 as a basis for these statistics. Beginning with Tax Year 1987, SOI stratified the returns in the sample based on the following: (1) the larger of positive income or negative income; (2) the presence or absence of specific forms or schedules; (3) the size of business and farm receipts; and (4) the usefulness of returns for tax policy modeling

**Figure G**

**Individual Income Tax Returns Filed by Dependents: Number of Returns and Adjusted Gross Income by Age, Tax Years 2006–2011**

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

	returns	income less deficit	returns	income less deficit	returns	income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>9,953,589</b>	<b>61,030,357</b>	<b>10,323,895</b>	<b>65,756,107</b>	<b>9,558,800</b>	<b>56,702,391</b>
Under 18	3,070,870	13,952,288	3,123,816	15,430,400	2,619,595	11,385,424
18 under 26	6,700,257	46,187,983	6,905,578	49,037,085	6,718,723	44,290,891
26 under 65	159,451	746,391	224,145	1,083,846	190,107	925,521
65 and over	23,011	143,695	70,355	204,777	30,376	100,553

Age	Tax Year 2009		Tax Year 2010		Tax Year 2011	
	Number of returns	Adjusted gross income less deficit	Number of returns	Adjusted gross income less deficit	Number of returns	Adjusted gross income less deficit
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns</b>	<b>7,874,191</b>	<b>47,789,604</b>	<b>7,858,559</b>	<b>49,363,382</b>	<b>8,784,527</b>	<b>56,955,157</b>
Under 18	1,727,197	7,396,556	1,668,686	8,266,398	1,887,292	9,657,460
18 under 26	5,925,050	38,827,584	5,939,573	39,447,177	6,581,105	44,561,257
26 under 65	178,083	1,382,062	200,606	1,419,685	268,130	2,311,183
65 and over	43,860	183,403	49,694	230,121	48,001	425,257

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

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.

purposes (beginning with Tax Year 1991). SOI selected returns at rates ranging from 0.02 percent to 100 percent depending on the tax year. For Tax Years 1987-1997, SOI selected returns at a rate of 0.02 percent. For Tax Years 1998-2004, the rate was 0.05 percent and for Tax Years 2005-2011, the rate was 0.1 percent.

Because SOI based these estimates on a sample, they are subject to sampling error. To properly use these statistical data, the magnitude of the potential sampling error must be known; coefficients of variation (CVs) are used to measure that magnitude. The smaller the CV, the more reliable the estimate is judged to be. The CV concept is defined in the section on sampling variability in the “SOI Sampling Methodology and Data Limitations,” located at <http://www.irs.gov/pub/irs-soi/sampling.pdf>. SOI derived the data in this article from its larger sample of individual income tax returns. The data on individual income tax returns filed by dependents came from Forms 1040, 1040A,

1040EZ, and 8615, including electronically filed returns, filed for Tax Years 1987 through 2011.

**Additional Tabular Data on Tax Stats**

Numerous other studies, which provide statistics on income, deductions, tax, and credits reported on individual income tax (Form 1040) returns and associated schedules are available in the Individual section of the IRS Tax Stats Webpages at: <http://www.irs.gov/uac/SOI-Tax-Stats-Individual-Income-Tax-Return-Form-1040-Statistics>. This section of the site also includes studies containing statistics on high-income tax returns, income tax rates, nonfarm sole proprietorships, and data by geographic areas.

*Adrian Dungan and Michael Parisi are economists with the Individual Returns Analysis Section. Michael Strudler, Chief, Individual Research Section, provided technical assistance and review.*



Figure H

All Individual Income Tax Returns Subject to Form 8615 (“Kiddie”) Tax, Tax Years 1987–2011

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

Tax year	Form 8615 tax rate				Average tax rate (percent)
	Number of returns	Adjusted gross income less deficit	Tax generated		
			At all rates	At parents' marginal rate	
	(1)	(2)	(3)	(4)	(5)
1987	464,691	1,613,530	386,629	356,585	24.0
1988	384,588	1,252,890	272,197	240,683	21.7
1989	351,582	1,404,509	311,726	283,757	22.2
1990	383,964	1,652,566	366,403	325,240	22.2
1991	287,777	1,284,384	295,802	266,350	23.0
1992	207,539	1,176,423	279,399	256,655	23.7
1993	251,531	1,574,068	408,132	381,575	25.9
1994	248,804	1,638,284	436,070	412,216	26.6
1995	312,352	1,797,432	455,268	425,430	25.3
1996	364,783	2,445,832	610,127	572,132	24.9
1997	507,367	3,109,139	678,337	633,533	21.8
1998	465,254	3,904,949	832,078	763,024	21.3
1999	574,924	4,420,634	995,214	888,240	22.5
2000	545,600	5,355,047	1,166,267	1,095,169	21.8
2001	201,902	1,943,144	418,758	404,666	21.6
2002	126,639	1,287,558	289,448	280,684	22.5
2003	100,337	1,081,611	191,617	186,486	17.7
2004	111,617	1,559,382	304,384	284,294	19.5
2005	141,612	2,261,298	433,021	412,180	19.1
2006	352,987	5,150,965	928,508	863,043	18.0
2007	419,089	5,597,007	894,700	845,487	16.0
2008	384,095	5,133,946	838,213	754,158	16.3
2009	165,111	3,353,202	574,060	558,827	17.1
2010	190,960	3,082,422	531,704	508,906	17.2
2011	215,138	3,680,760	621,231	598,153	16.9

NOTE: Taxpayers use Form 8615, *Tax for Certain Children Who Have Unearned Income*, to figure the tax owed on their child's unearned income when that income is either 1) below a certain dollar amount and the parent's tax rate is higher than the child's or 2) greater than a certain dollar amount.

SOURCE: IRS, Statistics of Income Division, Individual Income Tax Returns Filed by Dependents, July 2014.