

# High-Income Tax Returns for Tax Year 2016

by Justin Bryan

For Tax Year 2016, there were over 6.9 million individual income tax returns with an expanded income of \$200,000 or more, accounting for 4.6 percent of all returns filed for the year.<sup>1</sup> Of these, 12,910 returns had no worldwide income tax liability. This was a 17.9-percent increase over the number of returns with no worldwide income tax liability for 2015. It was the second increase in a row after 5 years of decreases, but still well below the peak of 19,551 for 2009. This article presents detailed data for high-income returns for 2016 and summary data for the period 1977 to 2015. Detailed data for the years 1974 through 2015 were published previously. (See the References section for more details.)

## Income and Tax Concepts

Two income concepts are used in this article to classify tax returns as high income: the statutory concept of adjusted gross

income (AGI) and the “expanded income” concept. The expanded income concept includes items reported on the tax return to obtain a more comprehensive measure of income than AGI. Specifically, expanded income is AGI *plus* tax-exempt interest, nontaxable Social Security benefits, the foreign-earned income exclusion, and items of “tax preference” for alternative minimum tax (AMT) purposes *less* unreimbursed employee business expenses, moving expenses, investment interest expense to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor.<sup>2,3,4</sup>

AGI and expanded income differed for 45.4 million (30.2 percent) of the 150.3 million individual income tax returns filed for 2016 (Figure A). Expanded income exceeded AGI in two-thirds of these returns. The average difference between expanded income and AGI was \$6,378, and the median difference was \$3,551. Although expanded income is a more

**Figure A**  
Returns With Positive, Zero, or Negative U.S. Income Tax: Differences Between Adjusted Gross Income and Expanded Income, by Size of Adjusted Gross Income, Tax Year 2016

[Money amounts are in whole dollars]

Returns by tax status, size of AGI	All returns	Number of returns with difference between AGI and expanded income	Average difference of expanded income minus AGI	Median difference of expanded income minus AGI	Number of returns where expanded income is greater than AGI	Number of returns where AGI is greater than expanded income
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>150,272,154</b>	<b>45,416,598</b>	<b>6,378</b>	<b>3,551</b>	<b>30,506,843</b>	<b>14,909,755</b>
Under \$50,000 [1]	91,314,323	19,789,758	13,838	14,268	16,771,214	3,018,544
\$50,000 under \$100,000	33,199,220	12,739,989	997	1,381	7,422,570	5,317,419
\$100,000 under \$200,000	18,858,241	9,162,924	500	234	4,248,332	4,914,592
\$200,000 or more	6,900,370	3,723,927	2,071	242	2,064,727	1,659,200
<b>Returns with positive U.S. income tax</b>	<b>100,052,487</b>	<b>34,232,610</b>	<b>3,273</b>	<b>1,960</b>	<b>20,794,855</b>	<b>13,437,755</b>
Under \$50,000 [1]	42,881,050	9,336,601	10,115	11,227	7,347,225	1,989,376
\$50,000 under \$100,000	31,571,740	12,112,721	1,182	1,524	7,202,429	4,910,291
\$100,000 under \$200,000	18,711,112	9,066,520	573	250	4,184,774	4,881,746
\$200,000 or more	6,888,586	3,716,769	2,279	242	2,060,427	1,656,342
<b>Returns with zero U.S. income tax</b>	<b>18,433,483</b>	<b>7,992,733</b>	<b>19,891</b>	<b>18,743</b>	<b>7,671,035</b>	<b>321,698</b>
Under \$50,000 [1]	18,009,208	7,684,517	20,530	19,076	7,437,365	247,152
\$50,000 under \$100,000	311,404	227,544	5,524	3,027	173,114	54,430
\$100,000 under \$200,000	101,127	73,533	9,844	4,966	56,260	17,274
\$200,000 or more	11,745	7,138	106,693	4,811	4,297	2,841
<b>Returns with negative U.S. income tax</b>	<b>31,786,184</b>	<b>3,191,255</b>	<b>5,844</b>	<b>7,500</b>	<b>2,040,953</b>	<b>1,150,302</b>
Under \$50,000 [1]	30,424,066	2,768,640	7,814	9,380	1,986,625	782,015
\$50,000 under \$100,000	1,316,076	399,724	7,183	4,508	47,027	352,698
\$100,000 under \$200,000	46,003	22,871	5,040	1,242	7,298	15,573
\$200,000 or more	39	20	4,677	9,044	4	16

[1] Includes returns with adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

<sup>1</sup> The Tax Reform Act of 1976 requires annual publication of data on individual income tax returns reporting incomes of \$200,000 or more, including the number of such returns reporting no income tax liability and the importance of various tax provisions in making these returns nontaxable. The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

<sup>2</sup> The definition of adjustments to AGI to obtain the expanded income given in the text is for the current year. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.

<sup>3</sup> See Notes to Appendix A, note A4.

<sup>4</sup> Tax-exempt interest had to be reported on the individual income tax return starting with Tax Year 1987 and is included in expanded income starting with that year. Beginning with Tax Year 1991, tax-exempt interest was incorporated into the criteria used for sampling returns for Statistics of Income, thus increasing the reliability of the estimates of expanded income.



comprehensive measure of income than AGI, for some taxpayers the subtractions from AGI to arrive at expanded income exceeded the additions, resulting in expanded income that was less than AGI. Returns where expanded income exceeded AGI were concentrated among returns with \$50,000 or less of AGI. Returns where AGI exceeded expanded income were concentrated among returns with more than \$50,000 of AGI.

There are also two tax concepts in this article used to classify returns as taxable or nontaxable: “U.S. income tax” and “worldwide income tax.” U.S. income tax is total Federal income tax liability, which includes the AMT, less all credits against income tax, and does not include payroll or self-employment taxes. To be considered taxable, a return had to have a positive income tax liability after accounting for all credits. A nontaxable return, on the other hand, could either have a zero or negative income tax liability after accounting for all credits (including refundable credits). Since the Federal income tax applies to worldwide income and allows a credit (subject to certain limits) for income taxes paid to foreign governments, a return could be classified as nontaxable under the U.S. income tax concept even though income taxes had been paid to a foreign government. Worldwide income tax addresses this circumstance by adding back the allowable foreign tax credit and foreign taxes paid on

excluded foreign-earned income to U.S. income tax.<sup>5,6</sup> The sum of these two items is believed to be a reasonable proxy for foreign taxes paid.

Figure B shows a cross-tabulation of tax returns based on whether a return has positive, zero, or negative U.S. income tax liability and whether it also has positive, zero, or negative worldwide income tax. Returns with positive U.S. income tax liability have positive worldwide income tax liability; returns with zero U.S. tax liability have either positive or zero worldwide income tax liability; and returns with negative U.S. income tax liability have either positive or negative worldwide income tax liability. Just over one-third of the 150.3 million tax returns filed for 2016 had zero or negative U.S. income tax liability, and 96.4 percent of these returns had AGI of \$50,000 or less—unsurprising given the progressive nature of the U.S. income tax. Only about 5 out of every 1,000 returns with zero or negative U.S. income tax liability had positive worldwide income tax liability, and 38.9 percent of these returns had AGI of \$50,000 or more.

## Number of High-Income Returns

For 2016, there were slightly more than 6.9 million individual income tax returns with an AGI of at least \$200,000, and, likewise, over 6.9 million returns with an expanded income

**Figure B**  
**Returns With Positive, Zero, and Negative U.S. and Worldwide Income Tax: Number of Returns, by Size of Adjusted Gross Income, Tax Year 2016**

Returns by U.S. tax status, size of AGI	All returns	Returns with positive worldwide income tax	Returns with zero worldwide income tax	Returns with negative worldwide income tax
	(1)	(2)	(3)	(4)
<b>Returns with positive U.S. income tax</b>	<b>100,052,487</b>	<b>100,052,487</b>	<b>0</b>	<b>0</b>
Under \$50,000 [1]	42,881,050	42,881,050	0	0
\$50,000 under \$100,000	31,571,740	31,571,740	0	0
\$100,000 under \$200,000	18,711,112	18,711,112	0	0
\$200,000 or more	6,888,586	6,888,586	0	0
<b>Returns with zero U.S. income tax</b>	<b>18,433,483</b>	<b>212,044</b>	<b>18,221,439</b>	<b>0</b>
Under \$50,000 [1]	18,009,208	132,774	17,876,433	0
\$50,000 under \$100,000	311,404	44,329	267,075	0
\$100,000 under \$200,000	101,127	28,640	72,487	0
\$200,000 or more	11,745	6,301	5,444	0
<b>Returns with negative U.S. income tax</b>	<b>31,786,184</b>	<b>16,362</b>	<b>0</b>	<b>31,769,821</b>
Under \$50,000 [1]	30,424,066	6,812	0	30,417,253
\$50,000 under \$100,000	1,316,076	5,198	0	1,310,878
\$100,000 under \$200,000	46,003	4,348	0	41,654
\$200,000 or more	39	3	0	36

[1] Includes returns with adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. and worldwide income tax.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

<sup>5</sup> See Appendix B for a discussion of the tax concepts. In data published for years prior to 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income—Individual Income Tax Returns* (see Reference section), the “U.S. income tax” concept was described as “total income tax,” and the “worldwide income tax” concept was described as “modified total income tax.”

<sup>6</sup> The inclusion of foreign taxes paid on excluded foreign-earned income, beginning with Tax Year 1990, represents an improvement in the worldwide income tax concept. However, it also represents a slight break in the year-to-year comparability of data for worldwide income tax. Nevertheless, the number of returns with foreign taxes paid on excluded foreign-earned income is extremely small compared to the number of returns with the foreign tax credit.

of \$200,000 or more (Figure C). The number of returns with AGI above the \$200,000 threshold increased 2.2 percent from 2015 and accounted for nearly 4.6 percent of all returns for 2016. Similarly, the returns with expanded incomes above the \$200,000 threshold increased 2.3 percent from 2015 and accounted for slightly more than 4.6 percent of all returns for 2016.

The \$200,000 threshold for high-income returns is measured in current-year (nominal) dollars. Because it is fixed in nominal terms, as time passes, more and more tax returns have had incomes exceeding this threshold simply due to inflation. Therefore, to

facilitate a comparison of tax returns across time, Figure C also shows what the \$200,000 threshold in 1976 would be each year after adjusting for inflation and the number and share of returns above this threshold.<sup>7</sup> For Tax Year 2016, this inflation-adjusted threshold was \$843,610. Since 1977, the number of returns with AGI above this inflation-adjusted threshold has increased at an annual rate of approximately 6.6 percent. In comparison, the total number of returns has increased 1.4 percent per year since 1977.

Adjusting for inflation, the number of returns above the AGI threshold was 555,416 for Tax Year 2016 or 0.37 percent of all returns, down from 0.39 percent of all returns in 2015.

**Figure C**

**All Returns and Returns With Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Income Concept, Tax Years 1977–2016**

Tax year	All returns	\$200,000 income threshold measured in current dollars			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)
1977	86,634,640	53,403	67,580	0.062	0.078
1978	89,771,551	68,506	85,137	0.076	0.095
1979	92,694,302	93,731	122,231	0.101	0.132
1980	93,902,459	117,250	149,826	0.125	0.160
1981	95,396,123	138,136	175,092	0.145	0.184
1982	95,337,432	169,367	207,291	0.178	0.217
1983	96,321,310	198,608	249,319	0.206	0.259
1984	99,438,708	243,760	310,042	0.245	0.312
1985	101,660,287	296,507	370,340	0.292	0.364
1986	103,045,170	374,363	529,460	0.363	0.514
1987	106,996,270	539,967	557,848	0.505	0.521
1988	109,708,280	725,345	737,659	0.661	0.672
1989	112,135,673	786,063	814,152	0.701	0.726
1990	113,717,138	834,957	860,940	0.734	0.757
1991	114,730,123	846,707	892,178	0.738	0.778
1992	113,604,503	954,747	989,522	0.840	0.871
1993	114,601,819	993,326	1,043,213	0.867	0.910
1994	115,943,131	1,109,498	1,153,829	0.957	0.995
1995	118,218,327	1,272,508	1,319,382	1.076	1.116
1996	120,351,208	1,523,407	1,572,114	1.266	1.306
1997	122,421,991	1,807,900	1,854,031	1.477	1.514
1998	124,770,662	2,085,211	2,132,301	1.671	1.709
1999	127,075,145	2,429,942	2,479,556	1.912	1.951
2000	129,373,500	2,771,577	2,807,804	2.142	2.170
2001	130,255,237	2,567,220	2,605,021	1.971	2.000
2002	130,076,443	2,414,128	2,464,515	1.856	1.895
2003	130,423,626	2,536,439	2,573,133	1.945	1.973
2004	132,226,042	3,021,435	3,067,602	2.285	2.320
2005	134,372,678	3,566,125	3,584,012	2.654	2.667
2006	138,394,754	4,064,883	4,094,953	2.937	2.959
2007	142,978,806	4,535,623	4,576,315	3.172	3.201
2008	142,450,569	4,375,660	4,416,986	3.072	3.101
2009	140,494,127	3,924,489	3,975,288	2.793	2.830
2010	142,892,051	4,296,307	4,347,756	3.007	3.043
2011	145,370,240	4,700,056	4,758,256	3.233	3.273
2012	144,928,472	5,251,992	5,308,871	3.624	3.663
2013	147,351,299	5,558,244	5,616,056	3.772	3.811
2014	148,606,578	6,223,813	6,279,428	4.188	4.226
2015	150,493,263	6,751,845	6,784,187	4.486	4.508
2016	150,272,154	6,900,370	6,941,686	4.592	4.619

<sup>7</sup> Inflation-adjusted dollars are based on the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics. The consumer price index approximates buying patterns of typical urban consumers. The annual index is the average of the monthly indices.

Figure C—Continued

All Returns and Returns With Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Income Concept, Tax Years 1977–2016—Continued

Tax year	Inflation-adjusted income threshold equal to \$200,000 in 1976 dollars (whole dollars) [1]	\$200,000 inflation-adjusted income threshold			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(6)	(7)	(8)	(9)	(10)
1977	213,005	45,931	58,991	0.053	0.068
1978	229,174	49,388	62,556	0.055	0.070
1979	255,184	55,542	76,479	0.060	0.083
1980	289,631	52,512	71,704	0.056	0.076
1981	319,508	50,880	71,146	0.053	0.075
1982	339,192	59,411	81,297	0.062	0.085
1983	350,088	67,310	93,977	0.070	0.098
1984	365,202	80,800	116,389	0.081	0.117
1985	378,207	95,740	134,715	0.094	0.133
1986	385,237	119,550	191,596	0.116	0.186
1987	399,297	161,408	169,942	0.151	0.159
1988	415,817	235,051	241,201	0.214	0.220
1989	435,852	217,685	228,530	0.194	0.204
1990	459,400	216,716	228,659	0.191	0.201
1991	478,735	183,442	195,743	0.160	0.171
1992	493,146	213,783	227,354	0.188	0.200
1993	507,909	201,236	212,853	0.176	0.186
1994	520,914	204,532	214,673	0.176	0.185
1995	535,677	237,770	248,077	0.201	0.210
1996	551,494	278,342	288,194	0.231	0.239
1997	564,148	335,040	345,869	0.274	0.283
1998	572,934	385,183	396,207	0.309	0.318
1999	585,589	436,118	446,583	0.343	0.351
2000	605,272	482,396	492,589	0.373	0.381
2001	622,495	391,901	400,906	0.301	0.308
2002	632,337	345,892	356,402	0.266	0.274
2003	646,749	356,727	367,012	0.274	0.281
2004	663,972	436,583	445,934	0.330	0.337
2005	686,467	519,216	527,126	0.386	0.392
2006	708,612	569,893	581,199	0.412	0.420
2007	728,794	606,026	618,154	0.424	0.432
2008	756,777	487,656	498,470	0.342	0.350
2009	754,084	372,665	383,354	0.265	0.273
2010	766,453	421,604	433,924	0.295	0.304
2011	790,647	430,127	440,529	0.296	0.303
2012	807,009	535,038	545,246	0.369	0.376
2013	818,830	470,906	480,987	0.320	0.326
2014	832,112	546,588	554,697	0.368	0.373
2015	833,100	583,951	591,942	0.388	0.393
2016	843,610	555,416	562,798	0.370	0.375

[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers with 1976 as the base year. See footnote 8 of this article for further details.

NOTE: See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

Similarly, the number of returns above the inflation-adjusted threshold using the expanded income concept was 562,798 for Tax Year 2016 or 0.38 percent of all returns, down from 0.39 percent of all returns in 2015. Since 1977, the number of returns with expanded income above this threshold has increased at an annual rate of approximately 6.0 percent.

Although the number of returns reporting incomes of \$200,000 or more generally increased annually from 1977 to 2016, the exceptions to this reflect the economic downturns in

Tax Years 2001, 2002, 2008, and 2009. The general trend of a rise in the number of returns is similar when using the inflation-adjusted income threshold. However, the increases are much smaller, and the number of returns above the inflation-adjusted threshold decreased in additional years, i.e., Tax Years 1980, 1981, 1989, 1990, 1991, 1993, 2013, and 2016. Many of these years also coincided with economic downturns.<sup>8</sup>

The difference in the number of high-income returns between the two income concepts significantly decreased beginning

<sup>8</sup> See National Bureau of Economic Research list of business cycles at <http://www.nber.org/cycles.html>.

with 1987, when AGI began to include 100 percent of long-term capital gains. This change in the definition of AGI made it more comparable to the expanded-income concept. In addition, due to the inclusion of tax-exempt interest in expanded income in 1987, expanded income for years after 1986 is not strictly comparable to expanded income for years before 1987.

## Nontaxable High-Income Returns

Of the 6.9 million income tax returns with an AGI of \$200,000 or more, 11,784 showed no U.S. income tax liability for Tax Year 2016 (top panel of Figure D). Also, of the 6.9 million tax

returns with expanded income of \$200,000 or more, 23,400 had no U.S. income tax liability. This represents a 6.3-percent increase for high-AGI returns and a 4.9-percent increase for high-expanded-income returns with no U.S. income tax liability from the corresponding numbers of nontaxable high-income returns for 2015.

Of the returns with an AGI of \$200,000 or more, 5,480 returns showed no worldwide income tax liability for Tax Year 2016. For returns with an expanded income of \$200,000 or more, 12,910 had no worldwide income tax liability. This represents a 25.3-percent increase for high-AGI returns and 17.9-percent

**Figure D**

**Nontaxable Returns With Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Tax and Income Concept, Tax Years 1977–2016**

Tax year	\$200,000 income threshold measured in current dollars							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1977	60	85	37	64	0.112	0.126	0.069	0.095
1978	98	105	60	67	0.143	0.123	0.088	0.079
1979	70	114	28	64	0.075	0.093	0.030	0.052
1980	143	198	56	114	0.122	0.132	0.048	0.076
1981	226	304	79	114	0.164	0.174	0.057	0.065
1982	262	299	109	153	0.155	0.144	0.064	0.074
1983	447	579	321	437	0.225	0.232	0.162	0.175
1984	532	325	471	271	0.218	0.105	0.193	0.087
1985	612	613	442	454	0.206	0.166	0.149	0.123
1986	659	595	437	379	0.176	0.112	0.117	0.072
1987	857	472	740	364	0.159	0.085	0.137	0.065
1988	822	397	731	309	0.113	0.054	0.101	0.042
1989	1,081	779	987	691	0.138	0.096	0.126	0.085
1990	1,219	1,183	1,114	1,087	0.146	0.137	0.133	0.126
1991	1,253	1,933	1,131	1,740	0.148	0.217	0.134	0.195
1992	909	1,896	823	1,799	0.095	0.192	0.086	0.182
1993	1,022	2,392	932	1,950	0.103	0.229	0.094	0.187
1994	1,137	2,574	1,061	2,161	0.102	0.223	0.096	0.187
1995	998	2,676	896	1,746	0.078	0.203	0.070	0.132
1996	1,044	1,820	950	1,660	0.069	0.116	0.062	0.106
1997	1,189	1,814	1,048	1,562	0.066	0.098	0.058	0.084
1998	1,467	2,224	1,283	1,914	0.070	0.104	0.062	0.090
1999	1,605	2,525	1,398	2,174	0.066	0.102	0.058	0.088
2000	2,328	2,766	2,022	2,320	0.084	0.099	0.073	0.083
2001	3,385	4,910	2,875	4,119	0.132	0.188	0.112	0.158
2002	2,959	5,650	2,551	4,922	0.123	0.229	0.106	0.200
2003	2,824	5,839	2,416	4,934	0.111	0.227	0.095	0.192
2004	2,833	5,028	2,420	4,101	0.094	0.164	0.080	0.134
2005	7,389	10,680	4,224	5,420	0.207	0.298	0.118	0.151
2006	8,252	11,014	4,123	4,322	0.203	0.269	0.101	0.106
2007	11,600	14,794	5,497	5,197	0.256	0.323	0.121	0.114
2008	22,257	31,539	12,326	17,127	0.509	0.714	0.282	0.388
2009	20,752	35,061	10,080	19,551	0.529	0.882	0.257	0.492
2010	19,003	32,441	8,046	16,082	0.442	0.746	0.187	0.370
2011	19,563	32,902	7,557	15,000	0.416	0.691	0.161	0.315
2012	20,304	32,326	7,408	13,450	0.387	0.609	0.141	0.253
2013	12,517	25,926	4,266	12,794	0.225	0.462	0.077	0.228
2014	10,905	21,052	3,927	9,692	0.175	0.335	0.063	0.154
2015	11,082	22,297	4,373	10,947	0.164	0.329	0.065	0.161
2016	11,784	23,400	5,480	12,910	0.171	0.337	0.079	0.186

Footnotes at end of figure.

Figure D—Continued

**Nontaxable Returns With Income of \$200,000 or More Measured in Current and Inflation-Adjusted Dollars, by Tax and Income Concept, Tax Years 1977–2016—Continued**

Tax year	\$200,000 inflation-adjusted income threshold [1]							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1977	54	75	32	56	0.118	0.127	0.070	0.095
1978	62	70	31	39	0.126	0.112	0.063	0.062
1979	38	71	15	39	0.068	0.093	0.027	0.051
1980	56	71	22	39	0.107	0.099	0.042	0.054
1981	53	87	21	55	0.104	0.122	0.041	0.077
1982	58	68	27	36	0.098	0.084	0.045	0.044
1983	138	135	113	108	0.205	0.144	0.168	0.115
1984	170	78	160	66	0.210	0.067	0.198	0.057
1985	190	155	137	99	0.198	0.115	0.143	0.073
1986	201	189	138	120	0.168	0.099	0.115	0.063
1987	312	126	271	85	0.193	0.074	0.168	0.050
1988	277	141	251	116	0.118	0.058	0.107	0.048
1989	293	128	269	106	0.135	0.056	0.124	0.046
1990	339	169	307	137	0.156	0.074	0.142	0.060
1991	301	305	273	277	0.164	0.156	0.149	0.142
1992	171	288	148	264	0.080	0.127	0.069	0.116
1993	180	323	160	300	0.089	0.152	0.080	0.141
1994	227	345	209	329	0.111	0.161	0.102	0.153
1995	202	281	174	252	0.085	0.113	0.073	0.102
1996	236	275	213	254	0.085	0.095	0.077	0.088
1997	256	247	222	214	0.076	0.071	0.066	0.062
1998	290	289	251	253	0.075	0.073	0.065	0.064
1999	351	343	296	293	0.080	0.077	0.068	0.066
2000	464	365	390	290	0.096	0.074	0.081	0.059
2001	694	648	567	519	0.177	0.162	0.145	0.129
2002	520	616	437	530	0.150	0.173	0.126	0.149
2003	407	567	339	485	0.114	0.154	0.095	0.132
2004	350	396	301	344	0.080	0.089	0.069	0.077
2005	1,166	1,236	625	624	0.225	0.234	0.120	0.118
2006	1,257	1,111	512	306	0.221	0.191	0.090	0.053
2007	1,524	1,369	565	314	0.251	0.221	0.093	0.051
2008	3,001	2,861	1,436	1,116	0.615	0.574	0.294	0.224
2009	2,268	2,841	874	1,252	0.609	0.741	0.235	0.327
2010	2,151	2,520	621	820	0.510	0.581	0.147	0.189
2011	2,327	2,754	633	884	0.541	0.625	0.147	0.201
2012	2,297	2,450	535	547	0.429	0.449	0.100	0.100
2013	901	1,158	217	398	0.191	0.241	0.046	0.083
2014	627	754	212	303	0.115	0.136	0.039	0.055
2015	617	753	220	329	0.106	0.127	0.038	0.056
2016	598	699	200	272	0.108	0.124	0.036	0.048

[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers with 1976 as the base year. See footnote 8 of this article for further details. See Figure C, Column 6, for the yearly inflation-adjusted thresholds.

NOTES: See Figure M for the derivation of U.S. income tax and worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. In order to maintain historical comparability, Tax Years 2007 and 2008 data were recalculated using the new criteria. However, 2007 and 2008 tables, published earlier, do not reflect these changes. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

increase for high-expanded-income returns with no worldwide income tax liability, compared to the number of returns in the same categories for 2015.

Tables 1 and 2 also show the number of all returns, taxable returns, and nontaxable returns cross-classified by broad AGI and expanded-income size classes. Most returns fall in the

same broad income-size class under both income concepts, but the number of nontaxable returns under the expanded-income concept is generally greater than the AGI concept in each income class over \$50,000. They also show that there were 6.8 million returns with incomes of \$200,000 or more as measured by both AGI and expanded income, of which 9,765 returns had

no U.S. income tax liability and 3,532 returns had no worldwide income tax.

Of the roughly 555,000 returns with an AGI over the inflation-adjusted high-income threshold, 598 returns had no U.S. income tax liability in 2016, down 3.1 percent from the previous year (lower panel of Figure D). Of these, 200 returns showed no worldwide income tax liability, down 9.1 percent over the number for 2015. Measured using expanded income, of the almost 563,000 returns above the inflation-adjusted threshold, 699 returns had no U.S. income tax liability, down 7.2 percent from 2015, as well as 272 returns that showed no worldwide income tax liability for 2016, down 17.3 percent over the number of returns for the previous year.

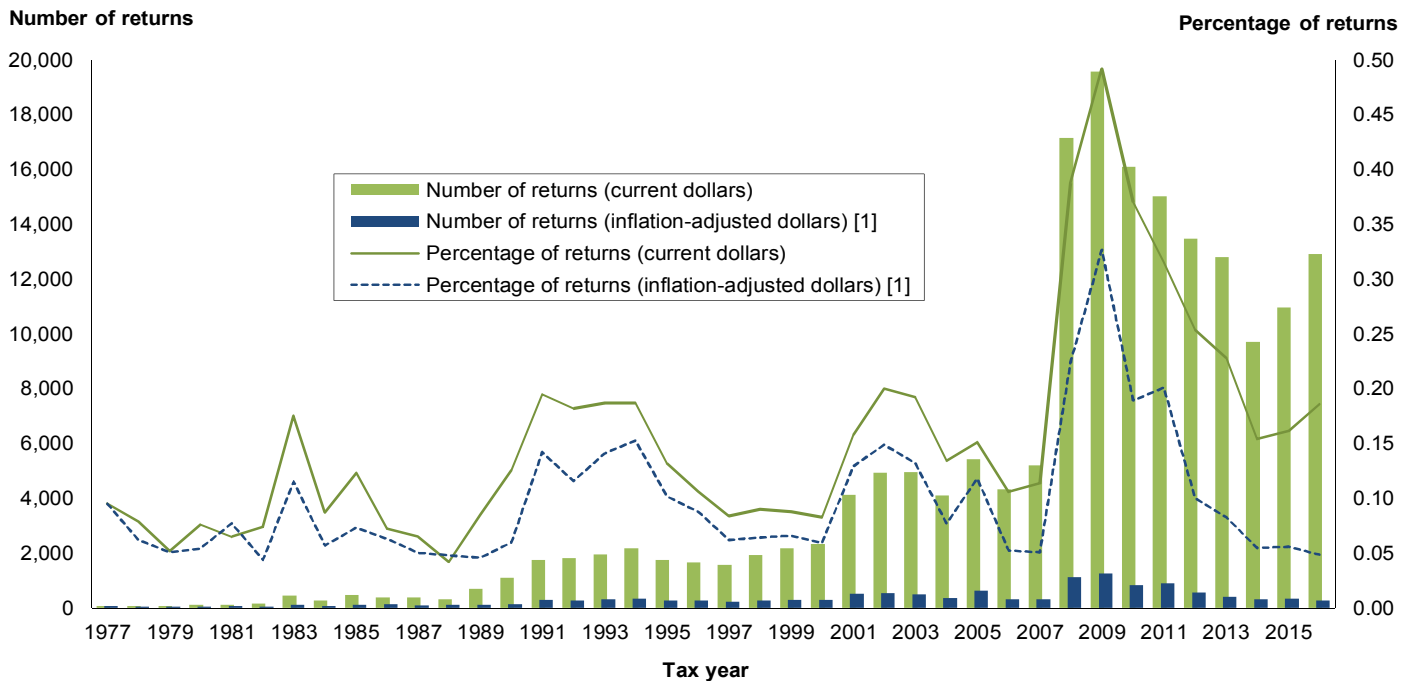
Moving from the nominal \$200,000 threshold to an inflation-adjusted threshold does not generally change substantially the share of high-income returns that are nontaxable. Using AGI, 0.2 percent of high-income returns had no U.S. income tax liability with a nominal \$200,000 threshold, while only 0.1 percent had no U.S. income tax liability using an inflation-adjusted threshold. Similarly, 0.08 percent of high-income returns over

the nominal threshold and 0.04 percent of high-income returns above the inflation-adjusted threshold had no worldwide income tax liability for 2016. When using expanded income with a nominal \$200,000 threshold, 0.3 percent of high-income returns had no U.S. income tax, and 0.2 percent had no worldwide income tax for 2016, while an inflation-adjusted threshold showed that 0.1 percent had no U.S. income tax and 0.05 percent had no worldwide income tax.

Figure E shows the evolution of the number and share of returns with an expanded income of \$200,000 or more with no worldwide income tax. The number of returns above the threshold is read off the left vertical axis, and the share of returns above the threshold is read off the right vertical axis. Two series are shown for each measure, one using a nominal \$200,000 threshold and one using an inflation-adjusted threshold.

In this figure, the spread between the two shares was small for the late 1970s, showed an increase for the early 1980s, and then narrowed before widening again after 1988. The spread generally narrowed after 1993 but increased or stayed consistent from 2002 to 2007. From 2008 to 2015, the spread widened

**Figure E**  
Returns With Expanded Income of \$200,000 or More: Number and Percentage of Returns With No Worldwide Income Tax, Measured in Current and Inflation-Adjusted Dollars, Tax Years 1977–2016



[1] Inflation-adjusted dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers with 1976 as the base year. See footnote 8 of this article for further details.

NOTES: See Figure M for the derivation of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits were factored in to determine tax liability. In order to maintain historical comparability, Tax Years 2007 and 2008 data were recalculated using the new criteria. However, 2007 and 2008 tables, published earlier, do not reflect these changes. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect. See Appendix A: Income Concepts of this article for a discussion of expanded income.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

considerably. The gap (almost 0.14 percentage point) for 2016 is smaller than many of the past years but was still wide compared with most of the years in this study.<sup>9</sup>

## Reasons for Nontaxability

Taxpayers may have their tax liability reduced—possibly to zero or beyond—in numerous ways. These include claiming tax credits, which directly reduces an individual’s tax liability; claiming various deductions, which reduces taxable income; and receiving income that is excluded from the calculation of taxable income.

It is possible for certain itemized deductions and certain exclusions from income to lead to nontaxability by themselves, but high-income returns are more often nontaxable for a combination of reasons, none of which alone would result in nontaxability. Moreover, some items, either singly or in combination, may eliminate “regular tax” liability (i.e., income tax excluding the AMT), but cannot eliminate an AMT liability, since these items give rise to adjustments or preferences for AMT purposes.

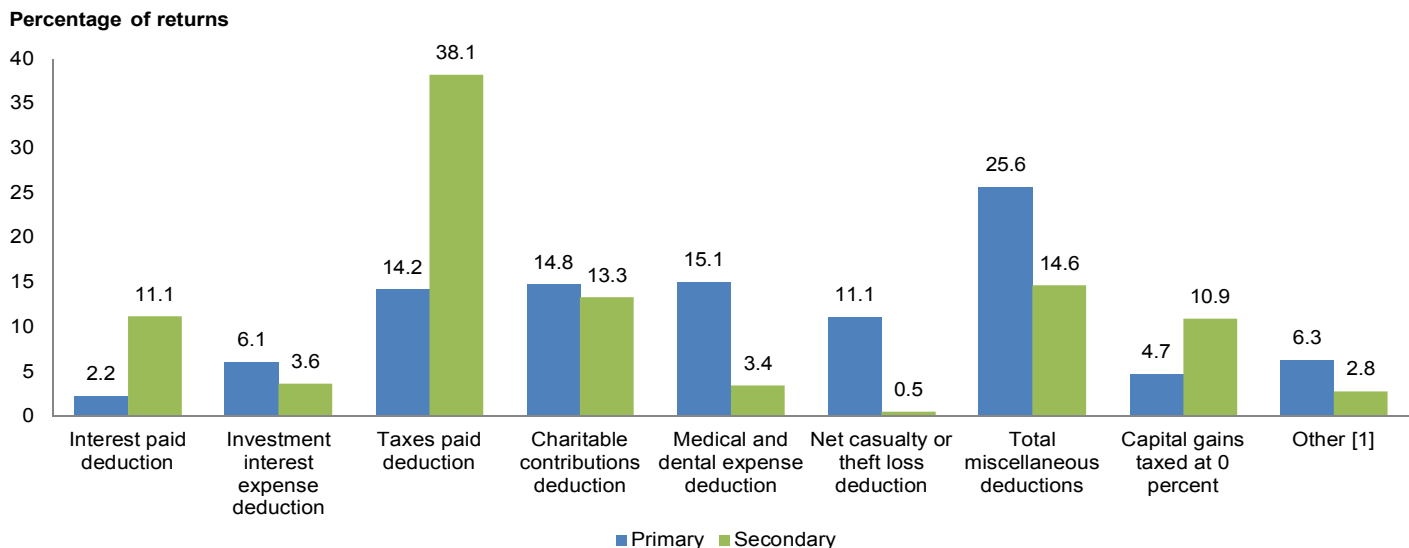
Because they do not generate AMT adjustments or preferences, tax-exempt bond interest (not including private activity bonds), itemized deductions for interest expenses, miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor, casualty or theft losses, and medical expenses

(exceeding 10 percent of AGI) could, by themselves, produce nontaxability.

Due to the AMT exemption of \$83,800 for joint returns (\$53,900 for single and head-of-household returns and \$41,900 for returns of married taxpayers filing separately), a return could have been nontaxable even though it included some items that produced AMT adjustments or preferences.<sup>10</sup> Further, since the starting point for “alternative minimum taxable income” was taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative due to itemized deductions and personal exemptions exceeding AGI, such that the taxpayer’s AMT adjustments and preferences are less than the sum of the AMT exclusion and the amount by which regular taxable income is below zero. Note that, because of the AMT, taxpayers may have found it beneficial to report additional deduction items on their tax returns, even if the items did not produce a benefit for regular tax purposes.

The most important item in eliminating tax on the 5,480 returns without any worldwide income tax and AGI of \$200,000 or more was total miscellaneous deductions, which includes deductions such as the gambling loss deduction, or property income, casualty, and theft deduction. This was the case in 25.6 percent (1,403) of those returns (Figure F). The

**Figure F**  
Returns With Adjusted Gross Income of \$200,000 or More and No Worldwide Income Tax: Percentage of Primary and Secondary Reasons for No Income Tax Liability, Tax Year 2016



[1] Includes 9 returns where the primary reason for nontaxability was not identified by the data items selected for this article. Does not include returns where there was no secondary reason for nontaxability.

NOTES: Detail may not add to 100 percent because of rounding. See Figure M for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

<sup>9</sup> Note that before 1991, the number of nontaxable returns with expanded income of \$200,000 or more was based on samples. Year-to-year differences in the number and percentages of nontaxable returns with expanded income of \$200,000 or more may have represented sampling variability, in addition to actual changes in the number of such returns. Beginning with Tax Year 1991, nontaxable returns with expanded income of \$200,000 or more were sampled at higher rates, which reduced the sampling variability of these returns and, therefore, provided improved estimates. Thus, the data for returns prior to 1991 are not entirely comparable with data for more recent years.

<sup>10</sup> The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status. However, since taxpayers will have some AMT liability in the phase-out range, the phase-out income is not relevant for nontaxable, high-income returns.



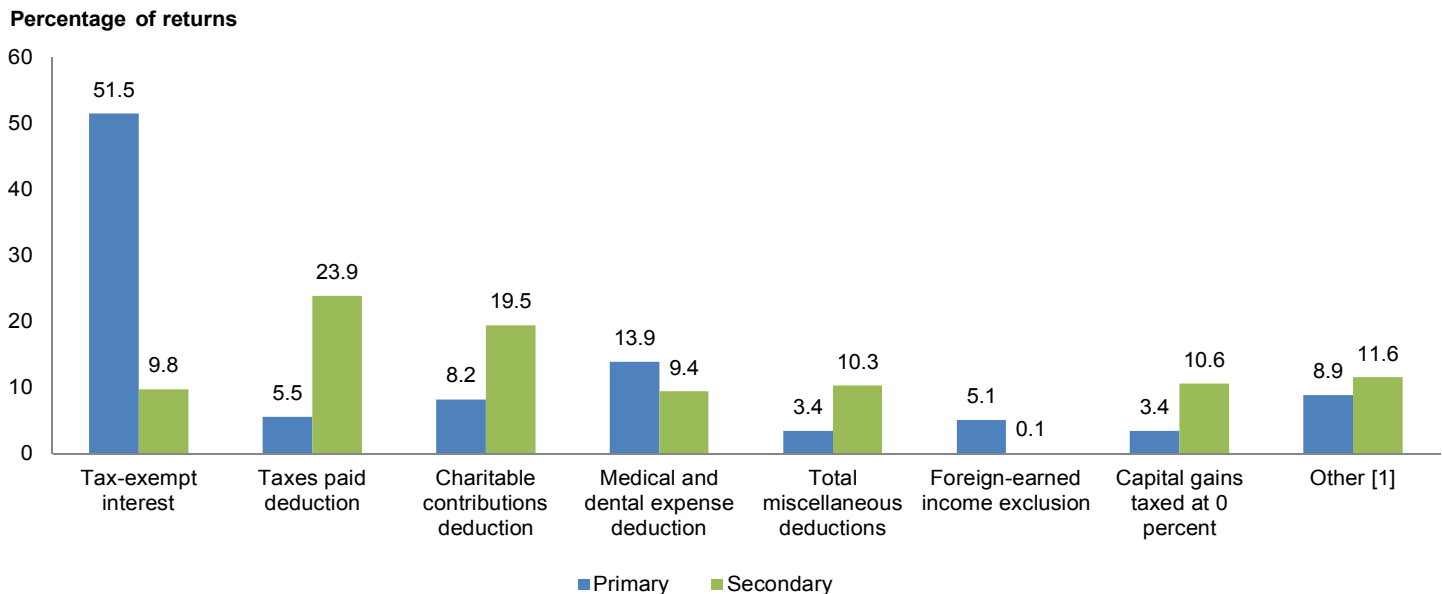
next three categories that most frequently had the largest primary effect in eliminating taxes were: 1) medical and dental expense deduction (15.1 percent or 825 returns); 2) charitable contributions deduction (14.8 percent or 809 returns); and 3) taxes paid deduction (14.2 percent or 776 returns). The item that was most frequently the secondary effect in reducing regular tax liability for high-AGI returns with no worldwide income tax was the deduction for taxes paid (38.1 percent or 2,086 returns). The next three categories that most frequently had the largest secondary effect in eliminating taxes were: 1) total miscellaneous deductions (14.6 percent or 798 returns); 2) the charitable contributions deduction (13.3 percent or 726 returns); and 3) interest paid deduction (11.1 percent or 609 returns).

Of the 12,910 returns without any worldwide income tax and expanded incomes of \$200,000 or more, the most important item in eliminating tax, on 51.5 percent of returns, was the exclusion for interest income on State and local Government bonds (“tax-exempt interest”) (Figure G). The next three categories that most frequently had the largest primary effect on taxes were: 1) medical and dental expense deduction (13.9 percent or 1,794 returns); 2) charitable contributions deduction (8.2 percent or 1,061 returns); and 3) taxes paid deduction (5.5 percent or 714

returns). The item that was most frequently the secondary effect in reducing regular tax liability on high-expanded-income returns with no worldwide income tax was the deduction for taxes paid (23.9 percent or 3,089 returns). The next three categories that most frequently had the largest secondary effect in eliminating taxes were: 1) charitable contributions deduction (19.5 percent or 2,513 returns); 2) capital gains taxed at 0 percent (10.6 percent or 1,368 returns); and 3) total miscellaneous deductions (10.3 percent or 1,330 returns).

Tables 7 and 8 in this article also classify tax returns by items having the largest and second largest effects in reducing or eliminating income tax. For returns on which each of the largest effects was identified, the tables show each of the second largest effects as well.<sup>11</sup> For example, Table 7 shows that on taxable returns with some U.S. income tax and expanded incomes of \$200,000 or more, the taxes paid deduction was the most important item 65.8 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 59.4 percent of the time, and the charitable contributions deduction was the second most important item 26.6 percent of the time. The foreign tax credit was the main factor contributing to nontaxability for both AGI (48.8 percent

**Figure G**  
**Returns With Expanded Income of \$200,000 or More and No Worldwide Income Tax: Primary and Secondary Reasons for No Income Tax Liability, Tax Year 2016**



[1] Includes 3 returns where the primary reason for nontaxability was not identified by the data items selected for this article. Does not include returns where there was no secondary reason for nontaxability.  
 NOTES: Detail may not add to 100 percent because of rounding. See Figure M for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of expanded income.  
 SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

<sup>11</sup> Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons with data prior to 1994 and after 1993.

Figure H

## Returns With Expanded Income of \$200,000 or More and No Worldwide Income Tax: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, by Percentage of Income Reduced, Tax Year 2016

Type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentage of income		
			Under 30 percent	30 percent under 60 percent	60 percent or more
	(1)	(2)	(3)	(4)	(5)
Total itemized deductions	12,910	943	4,198	3,199	4,570
Interest paid deduction:					
Total	12,910	9,145	3,677	42	46
Investment interest expense deduction per income concept	12,910	9,303	3,529	41	36
Taxes paid deduction	12,910	996	10,879	697	338
Charitable contributions deduction	12,910	2,351	9,111	1,408	40
Medical and dental expense deduction	12,910	5,457	5,363	909	1,180
Net casualty or <b>theft</b> loss deduction	12,910	12,256	35	35	584
Net limited miscellaneous deduction per income concept	12,910	4,767	7,419	538	186
Nonlimited miscellaneous deduction	12,910	11,752	1,132	10	16
Deduction equivalent of:					
Total credits	12,910	12,043	463	212	191
General business credit	12,910	12,603	102	135	69
Tax preferences excluded from adjusted gross income	12,910	2,411	3,294	2,491	4,714
Nontaxable Social Security benefits	12,910	6,308	6,602	0	0
Capital gains taxed at 0 percent	12,910	7,359	4,995	556	0

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

of the time) and expanded-income returns with no income tax (30.7 percent of the time). However, in determining worldwide tax, this no longer has an effect (by definition).

Figure H presents another way of illustrating the importance of selected tax provisions in reducing or eliminating income tax liability. It shows the number of high-expanded-income tax returns with no worldwide income tax utilizing selected tax provisions by the percentage of income reduced. For example, the itemized deduction for medical and dental expenses reduced income by greater than 60 percent of expanded income on 1,180 (or 9.1 percent) of the 12,910 returns, but there were no medical and dental expense deductions on 5,457 returns or 42.3 percent. Conversely, the taxes paid deduction reduced expanded income between 0 and 30 percent on 10,879 (or 84.3 percent) of the 12,910 returns, but reduced income by greater than 60 percent on only 338 returns. Tax preferences excluded from AGI, which included tax-exempt interest, reduced income by greater than 60 percent of expanded income on 4,714 (or 36.5 percent) of the 12,910 returns, more than any other item. In total, 10,499 returns (81.3 percent) had their income reduced by tax preferences excluded from AGI. Only the taxes paid deduction (11,914 returns or 92.3 percent) and the charitable contributions deduction (10,599 returns or 81.8 percent) were claimed by more returns. Tables 9 and 10 report the frequencies of returns in finer detail by the percentage of income reduced.

### Distribution of Tax Levels

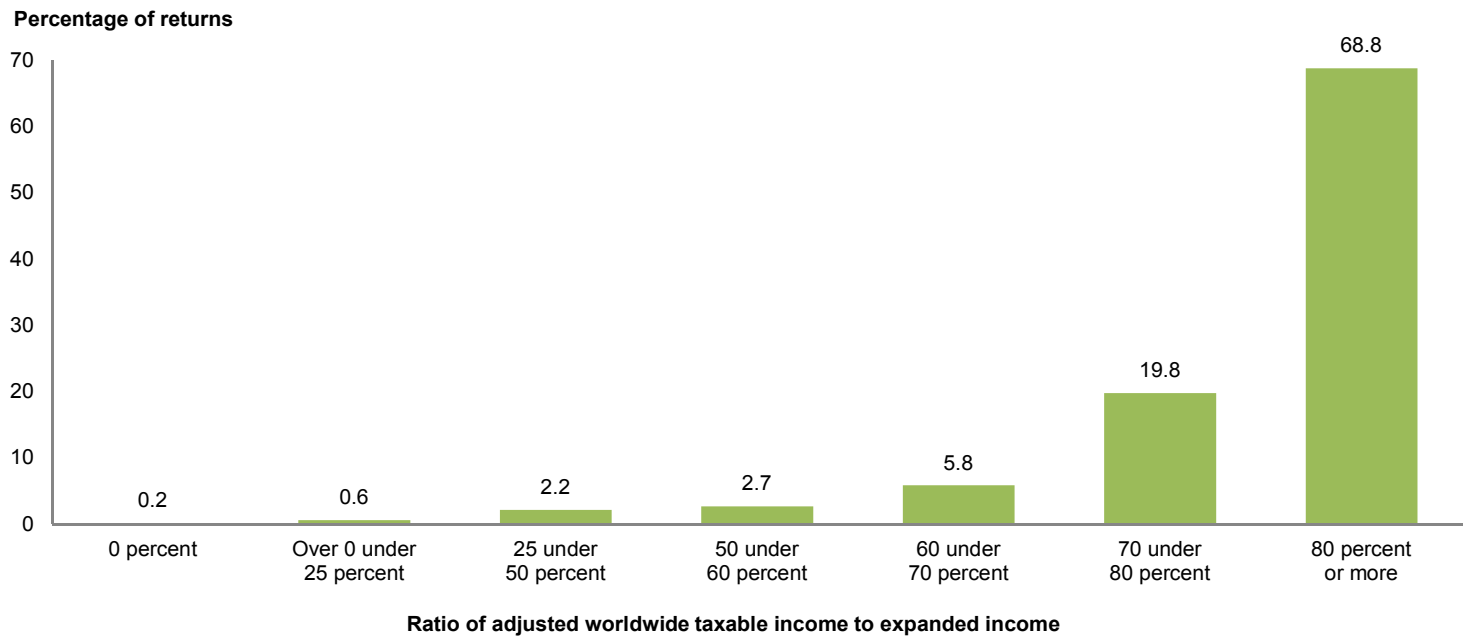
Figure I presents the distribution of high-expanded-income returns by the ratio of “adjusted” worldwide taxable income to expanded income. Taxable income was adjusted for this figure by subtracting the deduction equivalents of tax credits and other items from taxable income.<sup>12</sup> Thus, the figure shows the extent to which expanded income is reduced before taxes are imposed on the remaining income. The figure illustrates three important facts about high-income tax returns:

- Only a small portion of all high-income taxpayers did not pay any worldwide income taxes (0.2 percent).
- Another group of high-income taxpayers—small, but larger than the nontaxable group—could offset a very substantial fraction of income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income. Such taxpayers may be called “nearly nontaxable.” About 0.6 percent of high-expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce their adjusted taxable income to less than 25 percent of their expanded income.
- Overall, most high-income taxpayers were subject to tax on a large share of their income (68.8 percent of high expanded-income taxpayers had adjusted taxable income

<sup>12</sup> See Appendix B for a description of how the deduction equivalent of credits was computed.

**Figure I**

**Distribution of Returns With Expanded Income of \$200,000 or More, by Ratio of Adjusted Worldwide Taxable Income to Expanded Income, Tax Year 2016**



NOTES: Detail may not add to 100 percent because of rounding. See Appendix A: Income Concepts of this article for a discussion of expanded income.  
SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

equal to 80 percent or more of expanded income; and 97.1 percent had adjusted taxable income equal to 50 percent or more of expanded income).

Figure J shows the distribution of all expanded-income returns by worldwide income tax burden. It classifies tax returns by size of expanded income and effective tax rate, i.e., income tax as a percentage of expanded income. This figure illustrates the wide dispersion of effective tax rates for all returns. For example, while 2.8 percent of returns with expanded incomes of \$200,000 or more had worldwide income tax of less than 10 percent of income, 20.1 percent had effective tax rates of 25 percent or more. Also, 28.0 percent had effective tax rates between 20 and 25 percent. In contrast, only 2.6 percent of taxpayers with an expanded income between \$100,000 and \$200,000 had effective tax rates of 20 percent or more, including only 0.1 percent with effective tax rates of 25 percent or more.

**Characteristics of Tax Returns**

By comparing high-income nontaxable returns with taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, under the expanded-income concept, returns without worldwide income tax were much more likely (81.3 percent) than taxable returns (24.7 percent) to have tax-exempt interest, and when they did, the average amount for nontaxable returns (\$189,084) was much higher than the average amount for all taxable returns (\$23,439) (Figure K). Similarly, nontaxable returns (29.6 percent) were much less likely than high-income taxable returns (87.9 percent)

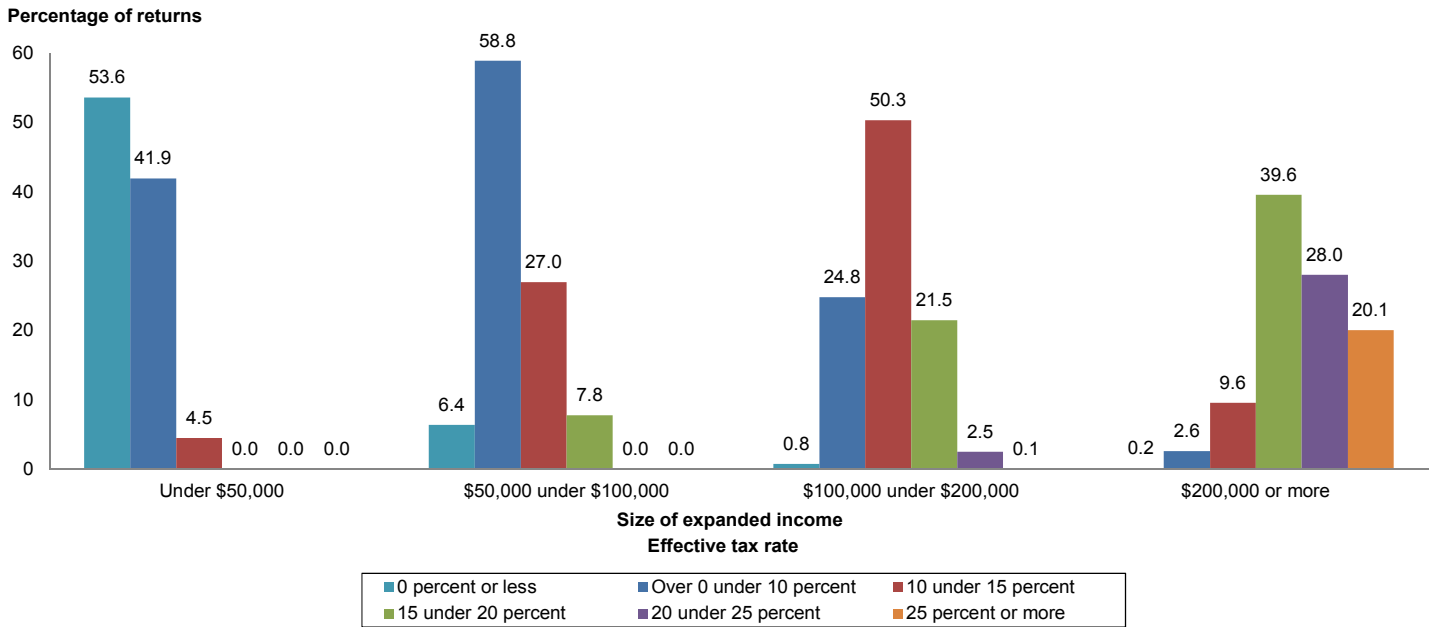
to have income from salaries and wages. Tables 5 and 6 show the aggregate frequencies and amounts of all the types of income, the items of tax preference, and the various deductions, credits, and income taxes on high-income returns.

**More Detailed Data for 2016**

Tables 1 through 12 present data based on income tax returns for 2016, mainly those with income of \$200,000 or more (measured in current-year dollars) of AGI or expanded income. Most of the data are shown for taxable and nontaxable returns, both separately and combined. The odd-numbered tables use the U.S. income tax concept to classify returns as taxable or nontaxable, whereas the even-numbered tables use the worldwide income tax concept. In summary, the tables show:

- The numbers of returns under the two tax concepts, cross-classified by broad AGI and expanded-income size classes (Tables 1 and 2);
- The distributions of taxable income as a percentage of AGI and expanded income (Tables 3 and 4);
- The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax credits, as well as the relationship between the two income concepts (Tables 5 and 6);
- The frequencies with which various deductions and tax credits are the most important and second most important items in reducing (or eliminating) income tax (Tables 7 and 8);

**Figure J**  
**Distribution of Effective Worldwide Income Tax Rate by Size of Expanded Income, Tax Year 2016**



NOTES: Detail may not add to 100 percent because of rounding. See Figure M for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of expanded income. SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

**Figure K**  
**Returns With Expanded Income of \$200,000 or More: Percentage and Average for Selected Items, Tax Year 2016**

[Money amounts are in whole dollars]

Selected items	Returns with expanded income of \$200,000 or more			
	Returns with worldwide income tax		Returns without worldwide income tax	
	Percentage of returns	Average amount	Percentage of returns	Average amount
	(1)	(2)	(3)	(4)
Salaries and wages	87.9	305,023	29.6	111,518
Tax-exempt interest	24.7	23,439	81.3	189,084
Qualified dividends	64.2	29,867	87.0	57,213
Social Security benefits (nontaxable)	18.7	4,818	51.1	4,439
Medical and dental expense deduction	2.9	25,732	57.7	60,556
Net limited miscellaneous deductions per adjusted gross income concept	15.6	24,032	63.8	62,062

NOTES: There were 6,941,686 returns with expanded income of \$200,000 or more; 12,910 of these returns did not have any worldwide income tax. See Figure M for the derivation of worldwide income tax. See Appendix A: Income Concepts of this article for a discussion of expanded income. SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

- The frequencies with which various itemized deductions, tax credits, and tax preference items occur as certain percentages of income (Tables 9 and 10); and
- The distributions of effective tax rates, i.e., income tax under each definition as a percentage of income as well as the percentage of income that is subject to preferential tax rates, by broad income-size classes (Tables 11 and 12).

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## Appendix A: Income Concepts

Congress wanted data on high-income taxpayers classified by an income concept that was more comprehensive than adjusted gross income (AGI), but that was based entirely on items already reported on income tax returns. To derive such an income concept, it was necessary to begin with a broad, inclusive concept of income. AGI must then be compared to this broad income concept, and the differences, (both additions and subtractions) from items reported on tax returns, identified. This appendix begins by defining “Haig-Simons income,” a very broad concept of income used by economists and others as a standard. AGI is then compared to Haig-Simons income, and the major differences between the two income concepts are listed. The next section defines “expanded income,” a more comprehensive income measure than AGI, based entirely on tax return data, and the final section explains in some detail the adjustment to income for investment expenses.

### Haig-Simons Income

The broadest measure of annual income generally used by economists and others is defined as the value of a household’s consumption plus the change, if any, in its net worth. This income concept is referred to as Haig-Simons income, or H-S income, after the two economists who wrote extensively about it [A1]. The H-S income of a household that consumed \$25,000 and saved \$2,000 in a year would be \$27,000. Alternatively, the H-S income of a household that consumed \$25,000 and had no additions to savings but had assets that declined in value by \$1,000 in a year, would be \$24,000.

H-S income consists of three broad components: labor income, capital income (income from assets), and income from transfer payments. The major elements of each of these three components are as follows:

*Labor income*—This includes all forms of employee compensation (including wages and salaries), employee fringe benefits (such as employer-provided health insurance and

accrued pension benefits or contributions), and the employer share of payroll taxes (such as Social Security taxes). Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income (such as pension benefits) would be counted in the year it was earned, rather than in the year it was received.

**Capital income**—This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether realized or not), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms and is net of real, economic depreciation and all other expenses (which could exceed capital income).

**Transfer payments**—These include payments in cash such as Social Security benefits, workers' compensation, unemployment benefits, Aid to Families with Dependent Children (AFDC), and noncash benefits (such as Medicare, Medicaid, and the Supplemental Nutrition Assistance Program (SNAP)).

For purposes of tax analysis, H-S income should be measured on a pretax basis, the amount that would be earned if there were no Federal income tax in place. Most items of income are unaffected, or little affected, by the income tax and so these are reported on a pretax basis. However, certain income items from tax-preferred sources may be reduced because of their preferential treatment. An example is interest from tax-exempt State and local Government bonds. The interest rate on tax-exempt bonds is generally lower than the interest rate on taxable bonds of the same maturity and risk, with the difference approximately equal to the tax rate of the typical investor in tax-exempt bonds. Thus, investors in tax-exempt bonds are effectively paying a tax, referred to as an "implicit tax," and tax-exempt interest as reported is measured on an after-tax, rather than a pretax, basis. Income from all tax-preferred sources should be "grossed up" by implicit taxes to measure H-S income properly.

### Adjusted Gross Income

AGI is the statutory definition of income for Federal income tax purposes. AGI differs from H-S income by excluding some components of H-S income and by allowing accelerated business deductions and deductions unrelated to income, but also by disallowing or limiting certain expenses of earning income and certain losses. In addition, AGI is not "grossed up" for implicit taxes.

The components of H-S income excluded from AGI include most employee fringe benefits, the employer share of payroll taxes, accrued but deferred employee compensation, accrued but unrealized real capital gains, the rental value of consumer durables, nontaxable Social Security benefits, most other cash transfers, all noncash transfers, and the real income of borrowers due to inflation [A2].

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an

investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRAs), the portion of Social Security contributions for self-employed workers that is analogous to the employer share of such contributions for employees, and contributions to medical savings accounts.

AGI generally exceeds H-S income to the extent that expenses of earning income and losses are limited or disallowed. Most of the expenses of earning income are deductible from AGI in calculating taxable income, but only if the taxpayer "itemizes" deductions and then, in some cases, only to the extent that the sum of all such items exceeds 2 percent of AGI. Expenses incurred in the production of income that are itemized deductions include certain expenses of employees (such as union dues; expenditures for items used on the job but not reimbursed by the employer; and the employees' travel, meal, and entertainment expenses); and expenses attributable to a taxpayer's (passive) investments (as opposed to active participation in a trade or business, for example), including, but not limited to, interest expense incurred in connection with investments in securities [A3]. Note that there are limits on certain types of deductible expenses, e.g., deductible meal and entertainment expenses are limited to 50 percent of total meal and entertainment expenses.

Although net capital losses reduce economic income, only the first \$3,000 of net realized capital losses may be deducted in computing AGI. Any additional realized losses must be carried forward to future years. In a somewhat similar manner, passive losses (from investments in a trade or business in which the taxpayer does not materially participate) can also reduce economic income, but, in computing AGI, they can only be deducted from passive income from other, similar investments (although a larger amount may be deducted when the losses are from rental real estate activities).

AGI can also exceed H-S income because of differences in the timing of income between the two concepts. For example, a taxpayer may realize more capital gains in a year than he or she accrues in capital gains. Since AGI includes only realizations of capital gains, whereas H-S income includes only accruals, AGI in this circumstance would exceed H-S income.

Finally, just as AGI understates the income of borrowers due to inflation, it overstates the income of lenders, who include bond owners and owners of bank deposits.

### Expanded Income

Expanded income is meant to be a measure of income that is conceptually closer to H-S income than AGI, but which is derived entirely from items already reported on income tax returns. Figure L shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI was changed by legislation several times since 1977, and certain reporting requirements also changed, the adjustments differ over the years, as indicated for each item [A4]. Most of these adjustments are

### Figure L Derivation of Expanded Income From Adjusted Gross Income, Tax Years 1977–2016

Adjusted gross income (AGI)	
PLUS:	<ul style="list-style-type: none"> <li>o Excluded capital gains (tax years prior to 1987)</li> <li>o Tax-exempt interest (1987 and later tax years)</li> <li>o Nontaxable Social Security benefits (1988 and later tax years)</li> <li>o Tax preferences for alternative minimum tax purposes [A5]</li> <li>o Foreign-earned income exclusion (1990 and later tax years)</li> </ul>
MINUS:	<ul style="list-style-type: none"> <li>o Unreimbursed employee business expenses [A4]</li> <li>o Nondeductible rental losses (Tax Years 1987 and 1988)</li> <li>o Moving expense deduction (Tax Years 1987 through 1993) [A4]</li> <li>o Investment interest expense deduction to the extent it does not exceed investment income</li> <li>o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)</li> </ul>
EQUALS:	o Expanded income

NOTE: Footnotes to this figure are included with the footnotes to Appendix A: Income Concepts, which also includes an explanation of adjusted gross income and expanded income. SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

relatively straightforward, but the adjustment for investment requires some explanation.

#### Investment Expenses

In measuring H-S income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments, without limit. Investment expenses that exceed investment income would then represent net economic losses. However, such a liberal deduction for investment-related expenses is not necessarily correct when not all income items have been included currently. (Investment income includes interest, dividends, and capital gains.)

If all income has not been included currently, full deduction of investment expenses might represent a mismatching of receipts and expenses and might result in understating income. For example, if a taxpayer borrowed funds to purchase securities, net income would be understated if the taxpayer deducted all interest payments on the loan but did not include as income any accrued gains on the securities. A similar mismatching of income and expenses would occur if investment expenses that should properly be capitalized were deducted when paid. In these instances, a more accurate measure of income might be obtained by postponing the deduction of the expense until the income was recognized for tax purposes.

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and non-income-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets, and,

therefore, ought to be deductible against the gross receipts from such taxable assets. Because of these problems, it has been necessary to set arbitrary limits on the amount of investment expenses that are deductible in calculating expanded income.

Investment expenses that have not been deducted in determining AGI generally can appear on a Federal individual income tax return in two places. Investment interest expense is accounted for in the calculation of the itemized deduction for interest paid. Deductible investment interest expense is a separate part of the total interest deduction. Other investment expenses, such as management fees, are included in the miscellaneous category of itemized deductions [A5]. Beginning with 1987, most types of income-producing expenses included as miscellaneous itemized deductions are only deductible to the extent that their total exceeds 2 percent of AGI. To determine expenses that should be deductible in calculating an approximation of H-S income, investment expenses have been defined as deductible investment interest expenses. Other investment expenses could not be separated from the remainder of miscellaneous deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do not exceed investment income, they are generally allowed as a deduction in the computation of deductible investment interest expenses and thus expanded income. Investment interest expenses that exceed investment income are not deductible in calculating expanded income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly measured income. However, in some instances, limiting investment expenses to investment income may overstate income by disallowing genuine investment losses.

#### Notes to Appendix A

[A1] Haig, Robert M. (ed.), *The Federal Income Tax*, Columbia University Press, 1921, and Simons, Henry C., *Personal Income Taxation*, University of Chicago Press, 1938.

[A2] Borrowers receive income due to inflation because the real value of debt is reduced by inflation. Even though inflation may be anticipated and reflected in interest rates, tax deductions for nominal interest payments overstate interest costs because part of these payments represent a return of principal to the lender, rather than interest.

[A3] See references and footnote A4.

[A4] For 1977, about 50 percent of net long-term capital gains were included in AGI. During 1978, the inclusion ratio was changed to 40 percent. This inclusion ratio remained unchanged through 1986. Beginning with 1987, there was no exclusion allowed for capital gains in computing AGI, and, thus, this adjustment was not made in computing expanded income for returns for years after 1986.

Beginning in 1987, taxpayers were required to report on their Federal income tax returns the amount of

their tax-exempt interest income from State and local Government bonds. Since 1987, tax-exempt interest has been included in expanded income.

Taxpayers are also required to report Social Security benefits. Since 1988, nontaxable Social Security benefits have been included in expanded income. However, if none of a taxpayer's Social Security benefits are taxable, then gross Social Security benefits are not required to be shown on the income tax return. In such instances, which generally only affect lower- and middle-income taxpayers, Social Security benefits are not included in expanded income.

The subtraction of unreimbursed employee business expense and the moving expense deduction is to make the concept of expanded income comparable to years prior to 1987. All current-year moving expenses beginning with Tax Year 1994 were deducted in the calculation of AGI as a statutory adjustment. Due to subtracting nonlimited miscellaneous deductions and not subtracting the nondeductible rental loss for 1989, the expanded income concept for 1989 is not strictly comparable to expanded income for 1988. Nor is the expanded income concept for 1990 strictly comparable to expanded income for 1989 because of the addition of the foreign-earned income exclusion. Specific details on the definition of expanded income for any given year are available in the reports and publications found under the References section.

[A5] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from S Corporations, only the net amounts of which are included in adjusted gross income.

## Appendix B: Tax Concepts

This appendix discusses in more detail two tax concepts used in this article. The first section provides a summary of the U.S. taxation of worldwide income and the foreign tax credit. The two tax concepts used in this article are then defined in the next section. That section is followed by an explanation of deduction equivalent of credits and other items. A final section discusses the possible implications of the use of unaudited tax return data for this article.

### U.S. Taxation of Worldwide Income and the Foreign Tax Credit

Citizens and residents of the United States, regardless of where they physically reside, must generally include in income for Federal income tax purposes income from all geographic sources. Thus, for example, dividends and interest received from a foreign corporation or income earned working abroad is subject to Federal income tax in the same manner as income received from sources inside the United States [B1]. Income from sources outside the United States may also be subject to tax by foreign governments.

To reduce, if not eliminate, the possibility of double taxation of the foreign-source income of U.S. citizens and residents, the Federal income tax allows a credit for income taxes paid to foreign governments. This foreign tax credit is generally limited to the amount of (pre-credit) U.S. tax liability attributable to foreign-source income. This limit prevents the foreign tax credit from offsetting the U.S. tax on U.S.-source income.

Due to taxing citizens and residents on a worldwide basis but allowing a foreign tax credit, some Federal income tax returns may report substantial income but little or no U.S. tax liability after credits. This may occur, for example, if a taxpayer has income only from foreign sources, e.g., the taxpayer may live abroad the entire year and have no income-producing assets in the United States. It may also occur if a taxpayer has foreign-source income that exceeds a net loss from U.S. sources and pays income taxes comparable to the U.S. tax to a foreign government [B2].

For taxpayers with income from foreign sources, these procedures understate the taxpayers' true worldwide income tax liabilities and effective income tax rates. For such taxpayers, it does not seem appropriate to classify U.S. income tax credits for foreign tax payments as reducing tax liabilities. This is particularly true for tax filers who appear to be nontaxable because they do not have any U.S. tax liability, but who have paid foreign income taxes. A more accurate measure of overall income tax burden, as well as the numbers of nontaxable returns, can be obtained by considering all income taxes—U.S. as well as foreign. Thus, a second tax concept, worldwide income tax, has been used in addition to the traditional U.S. income tax.

### Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., returns showing an income tax liability) or nontaxable (i.e., returns showing no income tax liability) and to measure the tax burdens on taxable returns: U.S. income tax and worldwide income tax. Worldwide income tax is defined for purposes of this article as U.S. income tax, *plus* the foreign tax credits reported on the U.S. income tax return, and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, *Foreign Tax Credit*). The amount of the foreign tax credits and foreign taxes paid on excluded foreign-earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax, is shown in Figure M.

### Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations

To compare the importance of various exclusions, deductions, tax credits, and special tax computations (such as the alternative minimum tax on tax preferences), the different types of items must be placed on the same basis. One way of doing so is to calculate the size of the deduction that would reduce (or increase) income tax by the same amount as a tax credit or special computation. This amount is called the "deduction equivalent" of the tax credit or special computation.



**Figure M**  
**Derivation of “U.S. Income Tax” and “Worldwide Income Tax,”**  
**Tax Year 2016**

Tax at regular rates (tax generated)	
PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
PLUS:	Alternative minimum tax (Form 6251)
PLUS:	Excess advance premium tax credit repayment
EQUALS:	Income tax before credits
MINUS:	Excess advance premium tax credit repayment
MINUS:	Tax credits (nonrefundable)
PLUS:	Net investment tax
MINUS:	Refundable tax credits [1]
EQUALS:	U.S. individual income tax
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign-earned income (Form 1116)
EQUALS:	Worldwide income tax

[1] Includes the earned income credit, additional child tax credit, refundable American opportunity credit, regulated investment company credit, net premium tax credit, and the health insurance credit.

NOTE: See Appendix B: Tax Concepts for further discussion of the information in this figure.  
 SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, September 2019.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the “deduction equivalent of all tax credits” is equal to the difference between “taxable income that would yield income tax before credits” and “taxable income that would yield income tax after credits.”

Using this method of equating the value of deductions, exclusions, credits, and special tax computations, the order in which the various credits and special tax computations are calculated may affect the value of their deduction equivalents. Because the tax rate schedules are progressive, with successive increments to income taxed at successively higher tax rates, the deduction equivalent of the credit converted last to a deduction equivalent will be larger (for the same amount of a credit) than the item converted first, unless all relevant taxable income amounts are within a single tax-rate bracket.

The deduction equivalents of tax credits shown in Tables 9 and 10 were computed by assuming that deductions and

exclusions reduce taxes before credits. As a result, the deduction equivalent of tax credits may be overstated.

### Unaudited Data

Tax return data used for Statistics of Income have been tabulated as they were reported on tax returns filed with the Internal Revenue Service (IRS). Certain obvious arithmetic errors have been corrected and certain adjustments have been made to achieve consistent statistical definitions. Otherwise, the data have not been altered. Specifically, the data do not reflect any changes that either may have or could have been made because of IRS audits. While this is true of data throughout the entire Statistics of Income program, it is particularly relevant for high-income tax returns. Because of the greater complexity of these returns, there is a higher probability of error and a broader scope for disagreement about the proper interpretation of tax laws.

The fact that the data have been drawn from unaudited returns is of even greater importance for those high-income returns that are nontaxable. Almost any audit changes would make such returns taxable. Even where the tax consequences are minor, such returns could be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

### Notes to Appendix B

- [B1] An exception is that certain income earned abroad may be excluded from AGI. Any foreign taxes paid on such income are not creditable against U.S. income tax. The tables in this article include such excluded income in expanded income. Foreign taxes paid on such income are reflected in worldwide income tax, as discussed later.
- [B2] Although the foreign tax credit is an item of tax preference for AMT purposes, taxpayers below the AMT exclusion thresholds, or with preferences or deductions not subject to AMT, could completely offset pre-credit U.S. income tax liability with foreign tax credits.
- [B3] Where foreign tax rates exceed U.S. rates, foreign tax credits will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign tax liabilities understates worldwide income tax liability. In other cases, when foreign tax credits are for taxes paid on income from previous years, use of foreign tax credits as a proxy may overstate or understate worldwide taxes on current-year income.

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**Table 1. Individual Income Tax Returns With and Without U.S. Income Tax Liability: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2016**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total</b>	<b>150,272,154</b>	<b>91,314,323</b>	<b>33,199,220</b>	<b>18,858,241</b>	<b>6,900,370</b>
Under \$50,000 [1]	88,788,914	87,900,195	876,042	8,419	4,257
\$50,000 under \$100,000	35,639,540	3,340,292	31,769,639	524,637	4,971
\$100,000 under \$200,000	18,902,015	70,297	545,410	18,167,349	118,960
\$200,000 or more	6,941,686	3,539	8,129	157,836	6,772,182
<b>Returns with U.S. income tax</b>					
<b>Total</b>	<b>100,052,487</b>	<b>42,881,050</b>	<b>31,571,740</b>	<b>18,711,112</b>	<b>6,888,586</b>
Under \$50,000 [1]	41,133,060	40,401,994	724,188	3,755	3,122
\$50,000 under \$100,000	33,299,770	2,453,609	30,324,314	517,031	4,816
\$100,000 under \$200,000	18,701,370	24,459	518,343	18,040,338	118,231
\$200,000 or more	6,918,286	988	4,894	149,988	6,762,416
<b>Returns without U.S. income tax</b>					
<b>Total</b>	<b>50,219,667</b>	<b>48,433,273</b>	<b>1,627,480</b>	<b>147,130</b>	<b>11,784</b>
Under \$50,000 [1]	47,655,853	47,498,201	151,854	4,664	1,135
\$50,000 under \$100,000	2,339,769	886,684	1,445,325	7,606	155
\$100,000 under \$200,000	200,645	45,838	27,067	127,011	728
\$200,000 or more	23,400	2,551	3,235	7,849	9,765

[1] Includes returns with adjusted gross deficit or with negative expanded income.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 2. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2016**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total</b>	<b>150,272,154</b>	<b>91,314,323</b>	<b>33,199,220</b>	<b>18,858,241</b>	<b>6,900,370</b>
Under \$50,000 [1]	88,788,914	87,900,195	876,042	8,419	4,257
\$50,000 under \$100,000	35,639,540	3,340,292	31,769,639	524,637	4,971
\$100,000 under \$200,000	18,902,015	70,297	545,410	18,167,349	118,960
\$200,000 or more	6,941,686	3,539	8,129	157,836	6,772,182
<b>Returns with worldwide income tax</b>					
<b>Total</b>	<b>100,280,893</b>	<b>43,020,637</b>	<b>31,621,266</b>	<b>18,744,100</b>	<b>6,894,890</b>
Under \$50,000 [1]	41,239,278	40,507,872	724,226	4,056	3,124
\$50,000 under \$100,000	33,360,646	2,474,476	30,364,314	517,038	4,818
\$100,000 under \$200,000	18,752,193	36,853	527,195	18,069,847	118,297
\$200,000 or more	6,928,776	1,436	5,531	153,159	6,768,650
<b>Returns without worldwide income tax</b>					
<b>Total</b>	<b>49,991,261</b>	<b>48,293,686</b>	<b>1,577,954</b>	<b>114,141</b>	<b>5,480</b>
Under \$50,000 [1]	47,549,636	47,392,324	151,816	4,363	1,133
\$50,000 under \$100,000	2,278,894	865,817	1,405,325	7,600	153
\$100,000 under \$200,000	149,822	33,443	18,215	97,501	662
\$200,000 or more	12,910	2,103	2,598	4,677	3,532

[1] Includes returns with adjusted gross deficit or with negative expanded income.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 3. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>6,900,370</b>	<b>100.0</b>	<b>100.0</b>	<b>6,941,686</b>	<b>100.0</b>	<b>100.0</b>
<b>Returns without U.S. income tax</b>	<b>11,784</b>	<b>0.2</b>	<b>0.2</b>	<b>23,400</b>	<b>0.3</b>	<b>0.3</b>
<b>Returns with U.S. income tax: Total</b>	<b>6,888,586</b>	<b>99.8</b>	<b>N/A</b>	<b>6,918,286</b>	<b>99.7</b>	<b>N/A</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Over 0 under 5 percent	18,888	0.3	0.3	24,953	0.4	0.4
5 under 10 percent	10,613	0.2	0.4	13,272	0.2	0.6
10 under 15 percent	12,366	0.2	0.6	15,823	0.2	0.8
15 under 20 percent	12,373	0.2	0.8	13,412	0.2	1.0
20 under 25 percent	11,649	0.2	1.0	15,697	0.2	1.2
25 under 30 percent	14,019	0.2	1.2	22,575	0.3	1.5
30 under 35 percent	23,451	0.3	1.5	27,058	0.4	1.9
35 under 40 percent	22,156	0.3	1.8	32,459	0.5	2.4
40 under 45 percent	30,304	0.4	2.3	39,834	0.6	3.0
45 under 50 percent	45,025	0.7	2.9	58,177	0.8	3.8
50 under 60 percent	169,890	2.5	5.4	198,419	2.9	6.7
60 under 70 percent	402,930	5.8	11.2	415,284	6.0	12.6
70 under 80 percent	1,425,262	20.7	31.9	1,379,920	19.9	32.5
80 percent or more	4,689,659	68.0	99.8	4,661,405	67.2	99.7

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 4. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b>	<b>6,900,370</b>	<b>100.0</b>	<b>100.0</b>	<b>6,941,686</b>	<b>100.0</b>	<b>100.0</b>
<b>Returns without worldwide income tax</b>	<b>5,480</b>	<b>0.1</b>	<b>0.1</b>	<b>12,910</b>	<b>0.2</b>	<b>0.2</b>
<b>Returns with worldwide income tax: Total</b>	<b>6,894,890</b>	<b>99.9</b>	<b>N/A</b>	<b>6,928,776</b>	<b>99.8</b>	<b>N/A</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Over 0 under 5 percent	6,172	0.1	0.1	7,758	0.1	0.1
5 under 10 percent	5,417	0.1	0.2	6,541	0.1	0.2
10 under 15 percent	5,723	0.1	0.3	7,649	0.1	0.3
15 under 20 percent	7,279	0.1	0.4	7,203	0.1	0.4
20 under 25 percent	7,442	0.1	0.5	11,163	0.2	0.6
25 under 30 percent	10,746	0.2	0.6	16,712	0.2	0.8
30 under 35 percent	17,291	0.3	0.9	20,606	0.3	1.1
35 under 40 percent	19,298	0.3	1.2	28,805	0.4	1.5
40 under 45 percent	25,557	0.4	1.5	34,206	0.5	2.0
45 under 50 percent	39,193	0.6	2.1	49,069	0.7	2.7
50 under 60 percent	154,901	2.2	4.3	186,525	2.7	5.4
60 under 70 percent	392,945	5.7	10.0	405,300	5.8	11.3
70 under 80 percent	1,409,748	20.4	30.5	1,373,011	19.8	31.0
80 percent or more	4,793,176	69.5	99.9	4,774,228	68.8	99.8

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 5. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages	6,135,630	1,870,383,209	6,127,468	1,868,021,713	8,163	2,361,497
Business or profession:						
Net income	1,246,985	122,363,845	1,245,410	122,180,719	1,575	183,126
Net loss	408,991	8,704,217	407,902	8,639,767	1,089	64,450
Farm:						
Net income	41,921	3,215,999	41,847	3,211,983	74	4,016
Net loss	102,387	5,021,909	102,166	4,995,631	221	26,279
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,907,131	633,934,906	1,905,132	633,631,622	1,999	303,284
Net loss	529,534	50,854,116	527,533	50,397,575	2,002	456,540
Sales of capital assets:						
Net gain	2,870,905	533,500,464	2,867,209	532,595,607	3,696	904,857
Net loss	1,567,609	3,793,128	1,564,023	3,783,393	3,586	9,735
Sales of property other than capital assets:						
Net gain	306,242	19,938,941	305,134	19,873,890	1,108	65,051
Net loss	312,381	6,470,685	311,356	6,417,435	1,025	53,250
Taxable interest received	5,415,733	56,880,139	5,408,519	56,432,216	7,214	447,923
Tax-exempt interest	1,626,127	34,115,124	1,623,436	33,941,527	2,691	173,597
Dividends	4,550,134	159,153,975	4,544,020	158,635,577	6,113	518,398
Qualified dividends	4,383,277	131,148,306	4,377,652	130,744,810	5,626	403,496
Pensions and annuities in adjusted gross income	1,525,238	86,591,295	1,523,393	86,490,627	1,845	100,668
Rent:						
Net income	784,072	33,623,832	782,367	33,555,131	1,705	68,701
Net loss, total (deductible and nondeductible)	900,758	14,134,523	898,999	14,070,867	1,759	63,656
Nondeductible rental loss	690,363	9,036,922	689,021	9,002,448	1,342	34,474
Royalty:						
Net income	416,399	11,404,590	415,335	11,387,729	1,064	16,861
Net loss	30,570	274,764	30,463	272,875	107	1,889
Estate or trust:						
Net income	146,641	23,209,073	146,349	23,198,837	292	10,236
Net loss	16,098	2,575,930	15,978	2,550,739	120	25,192
State income tax refunds	2,632,345	16,006,840	2,630,625	15,968,042	1,720	38,797
Alimony received	11,949	1,893,299	11,937	1,891,895	12	1,404
Social Security benefits in adjusted gross income	1,211,449	32,874,288	1,208,985	32,808,098	2,464	66,189
Social Security benefits (nontaxable)	1,211,935	5,816,221	1,209,444	5,804,047	2,491	12,175
Unemployment compensation	141,152	880,006	141,082	879,582	70	424
Other income	812,670	22,308,017	810,487	22,139,344	2,183	168,674
Other loss	51,526	1,665,539	50,954	1,624,647	573	40,892
Foreign-earned income exclusion	40,982	3,756,538	39,338	3,590,437	1,644	166,101
<b>Total income</b>	<b>6,900,370</b>	<b>3,607,463,936</b>	<b>6,888,586</b>	<b>3,602,741,166</b>	<b>11,784</b>	<b>4,722,770</b>
Statutory adjustments, total	2,664,100	59,651,390	2,661,079	59,596,632	3,021	54,758
Payments to Individual Retirement Arrangements	158,790	1,544,443	158,607	1,542,742	183	1,701
Payments to self-employed retirement (Keogh) plans	487,889	17,309,184	487,700	17,301,987	189	7,198
Moving expenses adjustment	71,670	438,377	71,600	437,670	70	707
<b>Adjusted gross income</b>	<b>6,900,370</b>	<b>3,547,812,546</b>	<b>6,888,586</b>	<b>3,543,144,534</b>	<b>11,784</b>	<b>4,668,012</b>
Investment interest expense deduction	685,861	12,621,012	684,029	12,279,804	1,833	341,208
Total tax preferences excluded from adjusted gross income [2]	1,642,063	35,502,691	1,639,355	35,329,088	2,708	173,602
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,163	1,497,780	26,111	1,496,650	52	1,130
Passive activity loss (alternative minimum tax adjustment)	678,264	923,680	676,949	922,840	1,315	840

Footnotes at end of table.

**Table 5. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded income</b>	<b>6,900,179</b>	<b>3,555,523,109</b>	<b>6,888,586</b>	<b>3,551,616,791</b>	<b>11,593</b>	<b>3,906,318</b>
Exemption	5,146,448	53,229,640	5,137,175	53,131,911	9,273	97,729
Itemized deductions:						
Total per adjusted gross income concept	6,444,060	481,026,780	6,436,347	478,283,810	7,713	2,742,970
Charitable contributions deduction	5,917,409	124,351,902	5,911,570	124,093,386	5,838	258,515
Interest paid deduction:						
Total per adjusted gross income concept	5,182,721	82,114,960	5,177,593	81,679,710	5,128	435,250
Total home mortgage interest	4,967,403	69,208,113	4,963,010	69,115,449	4,393	92,664
Medical and dental expense deduction	181,698	5,116,477	179,675	4,936,889	2,022	179,588
Net casualty or theft loss deduction	8,411	1,171,374	7,780	854,155	631	317,218
Taxes paid deduction	6,437,748	272,653,699	6,430,408	272,224,651	7,340	429,049
Net limited miscellaneous deductions per adjusted gross income concept	1,126,282	26,959,801	1,123,135	26,569,269	3,147	390,532
Nonlimited miscellaneous deductions	300,478	14,378,480	298,282	13,622,213	2,195	756,266
Excess of exemptions and deductions over adjusted gross income	11,691	3,427,604	8,524	2,587,929	3,167	839,675
Taxable income	6,888,656	3,011,390,150	6,880,061	3,008,763,896	8,595	2,626,254
Tax at regular rates	6,881,870	810,967,712	6,874,990	810,262,672	6,879	705,040
Alternative minimum tax (Form 6251)	3,814,001	29,033,297	3,813,630	29,029,413	371	3,884
Income tax before credits	6,892,496	840,039,182	6,885,231	839,330,184	7,265	708,998
Tax credits, total	3,111,229	23,498,441	3,104,268	22,789,326	6,960	709,115
Child care credit	697,466	397,923	697,356	397,870	110	53
Minimum tax credit	147,570	673,829	147,355	670,896	215	2,933
Foreign tax credit	2,238,436	17,882,892	2,232,143	17,197,049	6,293	685,843
General business credit	201,885	3,676,104	201,411	3,666,900	474	9,204
U.S. total income tax	6,888,586	835,969,391	6,888,586	835,969,391	0	0
Taxable income which would yield:						
Income tax before credits less excess advance PTC repayment [3]	6,892,185	2,824,128,565	6,885,231	2,821,714,967	6,954	2,413,599
Income tax after credits	6,876,638	2,758,352,894	6,876,638	2,758,352,894	0	0
U.S. total income tax	6,888,586	2,809,584,982	6,888,586	2,809,584,982	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>6,900,370</b>	<b>3,547,812,546</b>	<b>6,888,586</b>	<b>3,543,144,534</b>	<b>11,784</b>	<b>4,668,012</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,642,063	35,502,691	1,639,355	35,329,088	2,708	173,602
Social Security benefits (nontaxable)	1,211,935	5,816,221	1,209,444	5,804,047	2,491	12,175
Foreign-earned income exclusion	40,982	3,756,538	39,338	3,590,437	1,644	166,101
minus: Investment interest expense deduction	685,861	12,621,012	684,029	12,279,804	1,833	341,208
Nonlimited miscellaneous deductions	300,478	14,378,480	298,282	13,622,213	2,195	756,266
Unreimbursed employee business expenses	1,344,619	10,365,396	1,343,678	10,349,298	941	16,098
<b>Equals: Expanded income</b>	<b>6,900,179</b>	<b>3,555,523,109</b>	<b>6,888,586</b>	<b>3,551,616,791</b>	<b>11,593</b>	<b>3,906,318</b>

Footnotes at end of table.

**Table 5. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages	6,105,870	1,861,689,780	6,092,813	1,858,352,126	13,057	3,337,654
Business or profession:						
Net income	1,254,219	123,223,362	1,251,732	122,982,595	2,487	240,767
Net loss	403,206	8,623,331	401,905	8,553,349	1,301	69,982
Farm:						
Net income	42,264	3,233,367	42,148	3,229,005	116	4,362
Net loss	102,051	5,011,922	101,679	4,973,950	372	37,972
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,921,487	634,189,005	1,918,125	633,878,487	3,362	310,518
Net loss	544,042	51,040,179	539,949	50,275,926	4,093	764,253
Sales of capital assets:						
Net gain	2,930,770	535,207,617	2,922,153	534,195,251	8,617	1,012,366
Net loss	1,597,223	3,884,795	1,589,070	3,862,282	8,152	22,513
Sales of property other than capital assets:						
Net gain	312,081	20,015,192	310,375	19,952,102	1,706	63,090
Net loss	318,935	6,508,657	317,171	6,422,505	1,764	86,153
Taxable interest received	5,494,599	57,167,609	5,477,082	56,661,647	17,516	505,962
Tax-exempt interest	1,727,324	42,224,793	1,715,730	40,174,685	11,593	2,050,108
Dividends	4,641,685	162,684,141	4,625,686	161,681,398	15,999	1,002,743
Qualified dividends	4,469,674	133,804,311	4,454,746	133,034,703	14,929	769,608
Pensions and annuities in adjusted gross income	1,583,572	89,529,816	1,579,200	89,364,901	4,372	164,916
Rent:						
Net income	796,020	33,885,693	793,484	33,812,396	2,536	73,297
Net loss, total (deductible and nondeductible)	900,572	14,056,639	897,300	13,967,359	3,272	89,280
Nondeductible rental loss	690,477	8,985,919	688,444	8,938,371	2,033	47,548
Royalty:						
Net income	431,785	11,508,164	429,173	11,480,046	2,612	28,119
Net loss	30,179	267,108	29,935	264,432	244	2,676
Estate or trust:						
Net income	151,750	23,572,674	150,998	23,554,902	752	17,773
Net loss	16,260	2,583,011	16,030	2,564,285	230	18,727
State income tax refunds	2,623,237	16,007,243	2,619,880	15,954,149	3,357	53,094
Alimony received	11,967	1,873,552	11,952	1,871,965	15	1,587
Social Security benefits in adjusted gross income	1,307,469	35,597,886	1,300,243	35,416,680	7,226	181,206
Social Security benefits (nontaxable)	1,308,057	6,299,435	1,300,769	6,266,097	7,288	33,337
Unemployment compensation	135,831	850,277	135,759	849,770	72	507
Other income	827,890	22,493,643	824,206	22,325,466	3,685	168,177
Other loss	62,021	1,859,386	60,322	1,795,600	1,698	63,785
Foreign-earned income exclusion	70,185	6,994,236	64,081	6,236,772	6,104	757,464
<b>Total income</b>	<b>6,941,671</b>	<b>3,605,007,336</b>	<b>6,918,286</b>	<b>3,599,780,231</b>	<b>23,384</b>	<b>5,227,105</b>
Statutory adjustments, total	2,674,454	59,992,443	2,669,771	59,915,853	4,683	76,589
Payments to Individual Retirement Arrangements	162,865	1,588,082	162,456	1,584,487	409	3,595
Payments to self-employed retirement (Keogh) plans	492,290	17,440,589	491,994	17,428,228	296	12,361
Moving expenses adjustment	70,784	438,000	70,658	436,817	126	1,183
<b>Adjusted gross income</b>	<b>6,941,671</b>	<b>3,545,014,893</b>	<b>6,918,286</b>	<b>3,539,864,378</b>	<b>23,384</b>	<b>5,150,515</b>
Investment interest expense deduction	692,859	11,797,169	688,696	11,662,404	4,164	134,765
Total tax preferences excluded from adjusted gross income [2]	1,744,782	43,823,121	1,733,170	41,748,090	11,612	2,075,030
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,708	1,707,355	28,586	1,680,763	122	26,592
Passive activity loss (alternative minimum tax adjustment)	693,310	940,838	690,624	942,817	2,686	-1,979

Footnotes at end of table.

**Table 5. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded income</b>	<b>6,941,686</b>	<b>3,573,561,156</b>	<b>6,918,286</b>	<b>3,565,717,525</b>	<b>23,400</b>	<b>7,843,632</b>
Exemption	5,192,366	53,215,369	5,171,013	53,002,869	21,353	212,500
Itemized deductions:						
Total per adjusted gross income concept	6,448,985	474,261,579	6,433,499	471,625,608	15,486	2,635,971
Total per expanded income concept	6,448,738	495,107,868	6,433,276	492,622,337	15,461	2,485,531
Charitable contributions deduction	5,922,965	124,949,451	5,910,081	124,541,085	12,885	408,366
Interest paid deduction:						
Total per adjusted gross income concept	5,150,860	80,701,662	5,141,980	80,439,315	8,879	262,347
Total per expanded income concept	4,937,803	68,904,494	4,931,630	68,776,912	6,173	127,582
Total home mortgage interest	4,926,803	68,632,426	4,920,674	68,505,937	6,129	126,488
Medical and dental expense deduction	209,536	5,651,312	201,604	5,188,432	7,932	462,880
Net casualty or theft loss deduction	8,370	1,156,354	7,707	834,340	663	322,014
Taxes paid deduction	6,441,579	273,055,052	6,426,587	272,425,385	14,991	629,667
Net limited miscellaneous deductions per adjusted gross income concept	1,087,974	26,459,953	1,078,667	25,919,725	9,307	540,229
Nonlimited miscellaneous deductions	271,326	7,949,215	269,956	7,922,763	1,370	26,453
Excess of exemptions and deductions over adjusted gross income	15,864	3,344,149	8,663	2,449,906	7,201	894,243
Taxable income	6,925,820	3,014,827,100	6,909,623	3,011,714,365	16,197	3,112,735
Tax at regular rates	6,915,026	811,455,235	6,903,979	810,653,582	11,046	801,653
Alternative minimum tax (Form 6251)	3,789,661	28,971,371	3,789,212	28,967,145	449	4,227
Income tax before credits	6,927,958	840,465,141	6,915,479	839,659,186	12,478	805,954
Tax credits, total	3,164,164	23,911,803	3,151,989	23,104,237	12,175	807,565
Child care credit	680,230	387,322	680,074	387,257	156	65
Minimum tax credit	153,228	670,294	152,816	667,022	412	3,272
Foreign tax credit	2,307,664	18,308,582	2,297,315	17,526,980	10,349	781,602
General business credit	203,995	3,679,150	203,454	3,669,603	540	9,547
U.S. total income tax	6,918,286	835,980,324	6,918,286	835,980,324	0	0
Taxable income which would yield:						
Income tax before credits less excess advance PTC repayment [3]	6,926,650	2,826,459,592	6,915,479	2,823,572,072	11,170	2,887,521
Income tax after credits	6,905,395	2,758,847,064	6,905,395	2,758,847,064	0	0
U.S. total income tax	6,918,286	2,810,068,700	6,918,286	2,810,068,700	0	0
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>6,941,671</b>	<b>3,545,014,893</b>	<b>6,918,286</b>	<b>3,539,864,378</b>	<b>23,384</b>	<b>5,150,515</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,744,782	43,823,121	1,733,170	41,748,090	11,612	2,075,030
Social Security benefits (nontaxable)	1,308,057	6,299,435	1,300,769	6,266,097	7,288	33,337
Foreign-earned income exclusion	70,185	6,994,236	64,081	6,236,772	6,104	757,464
minus: Investment interest expense deduction	692,859	11,797,169	688,696	11,662,404	4,164	134,765
Nonlimited miscellaneous deductions	271,326	7,949,215	269,956	7,922,763	1,370	26,453
Unreimbursed employee business expenses	1,257,136	8,818,299	1,256,149	8,811,949	987	6,349
<b>Equals: Expanded income</b>	<b>6,941,686</b>	<b>3,573,561,156</b>	<b>6,918,286</b>	<b>3,565,717,525</b>	<b>23,400</b>	<b>7,843,632</b>

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

[3] Excess advance premium tax credit repayment is included in income tax before credits on Form 1040 but is subtracted here because it is not considered a part of income tax since it is not based on earned income.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 6. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages	6,135,630	1,870,383,209	6,132,937	1,870,078,382	2,693	304,828
Business or profession:						
Net income	1,246,985	122,363,845	1,246,159	122,307,628	826	56,217
Net loss	408,991	8,704,217	408,150	8,646,298	841	57,919
Farm:						
Net income	41,921	3,215,999	41,860	3,212,094	61	3,905
Net loss	102,387	5,021,909	102,239	4,999,362	148	22,548
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,907,131	633,934,906	1,905,664	633,772,963	1,466	161,943
Net loss	529,534	50,854,116	527,989	50,459,773	1,545	394,343
Sales of capital assets:						
Net gain	2,870,905	533,500,464	2,868,209	532,978,814	2,696	521,650
Net loss	1,567,609	3,793,128	1,565,874	3,788,108	1,736	5,021
Sales of property other than capital assets:						
Net gain	306,242	19,938,941	305,275	19,885,710	967	53,231
Net loss	312,381	6,470,685	311,554	6,427,190	827	43,495
Taxable interest received	5,415,733	56,880,139	5,411,582	56,459,564	4,151	420,575
Tax-exempt interest	1,626,127	34,115,124	1,623,943	33,954,118	2,184	161,006
Dividends	4,550,134	159,153,975	4,546,440	158,758,199	3,693	395,776
Qualified dividends	4,383,277	131,148,306	4,379,683	130,839,880	3,594	308,426
Pensions and annuities in adjusted gross income	1,525,238	86,591,295	1,523,815	86,510,850	1,422	80,445
Rent:						
Net income	784,072	33,623,832	782,804	33,571,904	1,268	51,928
Net loss, total (deductible and nondeductible)	900,758	14,134,523	900,046	14,096,622	712	37,901
Nondeductible rental loss	690,363	9,036,922	689,889	9,019,796	474	17,126
Royalty:						
Net income	416,399	11,404,590	415,530	11,391,041	869	13,549
Net loss	30,570	274,764	30,485	273,170	85	1,594
Estate or trust:						
Net income	146,641	23,209,073	146,396	23,201,876	245	7,198
Net loss	16,098	2,575,930	15,996	2,552,130	102	23,800
State income tax refunds	2,632,345	16,006,840	2,631,021	15,975,357	1,324	31,482
Alimony received	11,949	1,893,299	11,941	1,892,717	8	582
Social Security benefits in adjusted gross income	1,211,449	32,874,288	1,209,297	32,816,105	2,152	58,182
Social Security benefits (nontaxable)	1,211,935	5,816,221	1,209,783	5,805,946	2,152	10,275
Unemployment compensation	141,152	880,006	141,109	879,721	43	285
Other income	812,670	22,308,017	811,363	22,233,360	1,306	74,658
Other loss	51,526	1,665,539	51,444	1,639,483	82	26,056
Foreign-earned income exclusion	40,982	3,756,538	40,976	3,755,967	6	572
<b>Total income</b>	<b>6,900,370</b>	<b>3,607,463,936</b>	<b>6,894,890</b>	<b>3,605,465,822</b>	<b>5,480</b>	<b>1,998,114</b>
Statutory adjustments, total	2,664,100	59,651,390	2,662,020	59,615,063	2,080	36,327
Payments to Individual Retirement Arrangements	158,790	1,544,443	158,708	1,543,628	82	815
Payments to self-employed retirement (Keogh) plans	487,889	17,309,184	487,760	17,304,767	129	4,417
Moving expenses adjustment	71,670	438,377	71,654	438,169	16	208
<b>Adjusted gross income</b>	<b>6,900,370</b>	<b>3,547,812,546</b>	<b>6,894,890</b>	<b>3,545,850,759</b>	<b>5,480</b>	<b>1,961,787</b>
Investment interest expense deduction	685,861	12,621,012	684,413	12,292,182	1,448	328,830
Total tax preferences excluded from adjusted gross income [2]	1,642,063	35,502,691	1,639,865	35,341,646	2,198	161,045
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,163	1,497,780	26,122	1,496,806	41	974
Passive activity loss (alternative minimum tax adjustment)	678,264	923,680	677,300	923,330	964	350

Footnotes at end of table.



**Table 6. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded income</b>	<b>6,900,179</b>	<b>3,555,523,109</b>	<b>6,894,890</b>	<b>3,554,481,711</b>	<b>5,289</b>	<b>1,041,398</b>
Exemption	5,146,448	53,229,640	5,141,619	53,176,050	4,829	53,590
Itemized deductions:						
Total per adjusted gross income concept	6,444,060	481,026,780	6,438,615	478,451,062	5,445	2,575,718
Charitable contributions deduction	5,917,409	124,351,902	5,913,066	124,139,334	4,343	212,568
Interest paid deduction:						
Total per adjusted gross income concept	5,182,721	82,114,960	5,179,397	81,722,285	3,325	392,675
Total home mortgage interest	4,967,403	69,208,113	4,964,660	69,145,561	2,743	62,552
Medical and dental expense deduction	181,698	5,116,477	179,852	4,943,054	1,845	173,423
Net casualty or theft loss deduction	8,411	1,171,374	7,784	854,944	627	316,430
Taxes paid deduction	6,437,748	272,653,699	6,432,403	272,276,519	5,345	377,180
Net limited miscellaneous deductions per adjusted gross income concept	1,126,282	26,959,801	1,123,699	26,590,747	2,582	369,054
Nonlimited miscellaneous deductions	300,478	14,378,480	298,455	13,628,137	2,022	750,343
Excess of exemptions and deductions over adjusted gross income	11,691	3,427,604	8,542	2,601,818	3,149	825,787
Taxable income	6,888,656	3,011,390,150	6,886,347	3,011,232,337	2,309	157,813
Tax at regular rates	6,881,870	810,967,712	6,881,280	810,956,165	589	11,547
Alternative minimum tax (Form 6251)	3,814,001	29,033,297	3,813,769	29,030,307	232	2,989
Income tax before credits	6,892,496	840,039,182	6,891,522	840,024,631	974	14,551
Tax credits, total	3,111,229	23,498,441	3,110,559	23,483,828	669	14,613
Child care credit	697,466	397,923	697,418	397,891	48	32
Minimum tax credit	147,570	673,829	147,469	672,117	101	1,712
General business credit	201,885	3,676,104	201,584	3,669,279	301	6,825
Worldwide total income tax	6,894,890	854,742,954	6,894,890	854,742,954	0	0
Foreign taxes paid [3]	2,239,150	18,773,565	2,239,147	18,773,565	3	[5]
Foreign taxes paid on excluded foreign-earned income (Form 1116)	33,587	890,673	** 33,587	** 890,673	**	**
Taxable income which would yield:						
Income tax before credits less excess advance PTC repayment [4]	6,892,185	2,824,128,565	6,891,522	2,824,056,584	663	71,982
Income tax after credits [3]	6,891,065	2,810,726,586	6,891,062	2,810,726,584	3	3
Worldwide total income tax [3]	6,894,893	2,861,723,012	6,894,890	2,861,723,010	3	3
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>6,900,370</b>	<b>3,547,812,546</b>	<b>6,894,890</b>	<b>3,545,850,759</b>	<b>5,480</b>	<b>1,961,787</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,642,063	35,502,691	1,639,865	35,341,646	2,198	161,045
Social Security benefits (nontaxable)	1,211,935	5,816,221	1,209,783	5,805,946	2,152	10,275
Foreign-earned income exclusion	40,982	3,756,538	40,976	3,755,967	6	572
minus: Investment interest expense deduction	685,861	12,621,012	684,413	12,292,182	1,448	328,830
Nonlimited miscellaneous deductions	300,478	14,378,480	298,455	13,628,137	2,022	750,343
Unreimbursed employee business expenses	1,344,619	10,365,396	1,343,922	10,352,287	697	13,109
<b>Equals: Expanded income</b>	<b>6,900,179</b>	<b>3,555,523,109</b>	<b>6,894,890</b>	<b>3,554,481,711</b>	<b>5,289</b>	<b>1,041,398</b>

Footnotes at end of table.

**Table 6. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages	6,105,870	1,861,689,780	6,102,044	1,861,263,002	3,827	426,778
Business or profession:						
Net income	1,254,219	123,223,362	1,252,943	123,160,095	1,275	63,266
Net loss	403,206	8,623,331	402,284	8,562,235	922	61,096
Farm:						
Net income	42,264	3,233,367	42,167	3,229,253	97	4,114
Net loss	102,051	5,011,922	101,772	4,979,697	279	32,225
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,921,487	634,189,005	1,918,869	634,029,614	2,618	159,391
Net loss	544,042	51,040,179	540,635	50,393,552	3,407	646,628
Sales of capital assets:						
Net gain	2,930,770	535,207,617	2,923,981	534,596,704	6,789	610,913
Net loss	1,597,223	3,884,795	1,591,963	3,869,586	5,259	15,209
Sales of property other than capital assets:						
Net gain	312,081	20,015,192	310,592	19,964,969	1,489	50,223
Net loss	318,935	6,508,657	317,469	6,436,753	1,466	71,904
Taxable interest received	5,494,599	57,167,609	5,482,513	56,699,464	12,086	468,145
Tax-exempt interest	1,727,324	42,224,793	1,716,832	40,241,118	10,491	1,983,676
Dividends	4,641,685	162,684,141	4,630,039	161,852,507	11,646	831,634
Qualified dividends	4,469,674	133,804,311	4,458,438	133,161,463	11,236	642,848
Pensions and annuities in adjusted gross income	1,583,572	89,529,816	1,579,956	89,396,328	3,616	133,489
Rent:						
Net income	796,020	33,885,693	794,341	33,834,550	1,679	51,143
Net loss, total (deductible and nondeductible)	900,572	14,056,639	899,138	14,004,806	1,434	51,833
Nondeductible rental loss	690,477	8,985,919	689,731	8,962,008	746	23,911
Royalty:						
Net income	431,785	11,508,164	429,504	11,486,953	2,281	21,212
Net loss	30,179	267,108	29,973	264,758	206	2,350
Estate or trust:						
Net income	151,750	23,572,674	151,080	23,558,590	670	14,084
Net loss	16,260	2,583,011	16,060	2,565,716	200	17,296
State income tax refunds	2,623,237	16,007,243	2,620,542	15,962,916	2,695	44,328
Alimony received	11,967	1,873,552	11,956	1,872,787	11	765
Social Security benefits in adjusted gross income	1,307,469	35,597,886	1,300,870	35,432,301	6,599	165,585
Social Security benefits (nontaxable)	1,308,057	6,299,435	1,301,455	6,270,129	6,602	29,306
Unemployment compensation	135,831	850,277	135,795	849,992	36	285
Other income	827,890	22,493,643	825,553	22,428,598	2,337	65,045
Other loss	62,021	1,859,386	61,641	1,828,773	379	30,613
Foreign-earned income exclusion	70,185	6,994,236	69,512	6,867,917	673	126,319
<b>Total income</b>	<b>6,941,671</b>	<b>3,605,007,336</b>	<b>6,928,776</b>	<b>3,602,980,924</b>	<b>12,895</b>	<b>2,026,411</b>
Statutory adjustments, total	2,674,454	59,992,443	2,671,338	59,942,071	3,115	50,372
Payments to Individual Retirement Arrangements	162,865	1,588,082	162,676	1,586,390	189	1,692
Payments to self-employed retirement (Keogh) plans	492,290	17,440,589	492,084	17,431,982	206	8,607
Moving expenses adjustment	70,784	438,000	70,762	437,659	22	341
<b>Adjusted gross income</b>	<b>6,941,671</b>	<b>3,545,014,893</b>	<b>6,928,776</b>	<b>3,543,038,853</b>	<b>12,895</b>	<b>1,976,040</b>
Investment interest expense deduction	692,859	11,797,169	689,248	11,672,680	3,611	124,489
Total tax preferences excluded from adjusted gross income [2]	1,744,782	43,823,121	1,734,278	41,839,152	10,504	1,983,969
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,708	1,707,355	28,602	1,705,540	106	1,815
Passive activity loss (alternative minimum tax adjustment)	693,310	940,838	691,191	942,484	2,119	-1,646

Footnotes at end of table.

**Table 6. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2016—Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded income</b>	<b>6,941,686</b>	<b>3,573,561,156</b>	<b>6,928,776</b>	<b>3,569,600,404</b>	<b>12,910</b>	<b>3,960,752</b>
Exemption	5,192,366	53,215,369	5,179,648	53,092,817	12,718	122,552
Itemized deductions:						
Total per adjusted gross income concept	6,448,985	474,261,579	6,437,007	471,838,372	11,978	2,423,207
Total per expanded income concept	6,448,738	495,107,868	6,436,761	492,826,904	11,977	2,280,965
Charitable contributions deduction	5,922,965	124,949,451	5,912,403	124,599,437	10,562	350,014
Interest paid deduction:						
Total per adjusted gross income concept	5,150,860	80,701,662	5,144,631	80,490,760	6,229	210,902
Total per expanded income concept	4,937,803	68,904,494	4,934,034	68,818,080	3,769	86,414
Total home mortgage interest	4,926,803	68,632,426	4,923,064	68,546,992	3,739	85,434
Medical and dental expense deduction	209,536	5,651,312	202,081	5,199,867	7,455	451,445
Net casualty or theft loss deduction	8,370	1,156,354	7,716	835,428	654	320,926
Taxes paid deduction	6,441,579	273,055,052	6,429,656	272,491,756	11,923	563,296
Net limited miscellaneous deductions per adjusted gross income concept	1,087,974	26,459,953	1,079,736	25,948,747	8,237	511,206
Nonlimited miscellaneous deductions	271,326	7,949,215	270,165	7,925,299	1,161	23,916
Excess of exemptions and deductions over adjusted gross income	15,864	3,344,149	8,849	2,487,846	7,015	856,303
Taxable income	6,925,820	3,014,827,100	6,919,927	3,014,551,686	5,894	275,414
Tax at regular rates	6,915,026	811,455,235	6,914,278	811,443,707	747	11,528
Alternative minimum tax (Form 6251)	3,789,661	28,971,371	3,789,385	28,968,157	276	3,214
Income tax before credits	6,927,958	840,465,141	6,925,784	840,450,384	2,174	14,756
Tax credits, total	3,164,164	23,911,803	3,162,294	23,895,502	1,870	16,301
Child care credit	680,230	387,322	680,184	387,293	46	29
Minimum tax credit	153,228	670,294	153,067	668,432	161	1,862
General business credit	203,995	3,679,150	203,687	3,672,226	307	6,924
Worldwide total income tax	6,928,776	855,594,898	6,928,776	855,594,898	0	0
Foreign taxes paid [3]	2,308,789	19,614,582	2,308,740	19,614,578	49	4
Foreign taxes paid on excluded foreign-earned income (Form 1116)	48,429	1,306,000	48,426	1,306,000	3	[5]
Taxable income which would yield:						
Income tax before credits less excess advance PTC repayment [4]	6,926,650	2,826,459,592	6,925,781	2,826,385,592	868	74,000
Income tax after credits [3]	6,925,583	2,814,496,732	6,925,534	2,814,496,691	49	41
Worldwide total income tax [3]	6,928,825	2,865,472,721	6,928,776	2,865,472,680	49	41
Reconciliation of adjusted gross income and expanded income:						
<b>Adjusted gross income</b>	<b>6,941,671</b>	<b>3,545,014,893</b>	<b>6,928,776</b>	<b>3,543,038,853</b>	<b>12,895</b>	<b>1,976,040</b>
plus: Total tax preferences excluded from adjusted gross income [2]	1,744,782	43,823,121	1,734,278	41,839,152	10,504	1,983,969
Social Security benefits (nontaxable)	1,308,057	6,299,435	1,301,455	6,270,129	6,602	29,306
Foreign-earned income exclusion	70,185	6,994,236	69,512	6,867,917	673	126,319
minus: Investment interest expense deduction	692,859	11,797,169	689,248	11,672,680	3,611	124,489
Nonlimited miscellaneous deductions	271,326	7,949,215	270,165	7,925,299	1,161	23,916
Unreimbursed employee business expenses	1,257,136	8,818,299	1,256,539	8,815,561	597	2,738
<b>Equals: Expanded income</b>	<b>6,941,686</b>	<b>3,573,561,156</b>	<b>6,928,776</b>	<b>3,569,600,404</b>	<b>12,910</b>	<b>3,960,752</b>

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

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

[3] For returns without worldwide income tax, refundable credits offset the amount of foreign taxes paid.

[4] Excess advance premium tax credit repayment is included in income tax before credits on Form 1040 but is subtracted here because it is not considered a part of income tax since it is not based on earned income.

[5] Less than \$500.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction [3]		Investment interest expense deduction [1, 3]		Taxes paid deduction [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>6,625,035</b>	<b>100.0</b>	<b>788,392</b>	<b>11.9</b>	<b>24,923</b>	<b>0.4</b>	<b>4,556,184</b>	<b>68.8</b>
Interest paid deduction	2,773,230	41.9	0	0.0	1,923	7.7	2,638,256	57.9
Investment interest expense deduction [1]	55,235	0.8	1,921	0.2	0	0.0	41,305	0.9
Taxes paid deduction	1,488,317	22.5	727,165	92.2	15,381	61.7	0	0.0
Charitable contributions deduction	1,419,422	21.4	40,793	5.2	** 3,108	** 12.5	1,328,738	29.2
Medical and dental expense deduction	39,360	0.6	1,699	0.2	**	**	26,322	0.6
Net casualty or theft loss deduction	1,861	[4]	**	**	0	0.0	* 613	* [4]
Total miscellaneous deductions	312,146	4.7	** 12,105	** 1.5	2,000	8.0	255,104	5.6
Foreign tax credit	107,334	1.6	**	**	617	2.5	81,015	1.8
General business credit	30,348	0.5	* 580	* 0.1	528	2.1	22,749	0.5
All other tax credits	72,731	1.1	2,394	0.3	**	**	57,754	1.3
Capital gains taxed at 0 percent	61,868	0.9	1,113	0.1	** 1,366	** 5.5	25,240	0.6
No second largest item	263,184	4.0	* 622	* 0.1	0	0.0	79,087	1.7
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>6,728,427</b>	<b>100.0</b>	<b>780,134</b>	<b>11.6</b>	<b>0</b>	<b>0.0</b>	<b>4,430,329</b>	<b>65.8</b>
Interest paid deduction	2,764,473	41.1	0	0.0	0	0.0	2,629,628	59.4
Tax-exempt interest [2]	252,345	3.8	652	0.1	0	0.0	169,610	3.8
Taxes paid deduction	1,499,823	22.3	726,413	93.1	0	0.0	0	0.0
Charitable contributions deduction	1,269,994	18.9	41,550	5.3	0	0.0	1,177,526	26.6
Medical and dental expense deduction	34,067	0.5	* 1,395	* 0.2	0	0.0	19,442	0.4
Net casualty or theft loss deduction	1,438	[4]	**	**	0	0.0	* 613	* [4]
Total miscellaneous deductions	134,417	2.0	** 2,429	** 0.3	0	0.0	89,632	2.0
Foreign tax credit	135,789	2.0	* 352	* [4]	0	0.0	56,693	1.3
General business credit	29,033	0.4	* 581	* 0.1	0	0.0	21,713	0.5
All other tax credits	75,203	1.1	2,865	0.4	0	0.0	54,559	1.2
Foreign-earned income exclusion [2]	27,744	0.4	* 36	* [4]	0	0.0	630	[4]
AMT tax preference [2]	2,217	[4]	0	0.0	0	0.0	1,477	[4]
Nontaxable Social Security benefits [2]	186,649	2.8	2,297	0.3	0	0.0	111,485	2.5
Capital gains taxed at 0 percent	72,215	1.1	982	0.1	0	0.0	22,239	0.5
No second largest item	243,022	3.6	* 583	* 0.1	0	0.0	75,081	1.7

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction [3]		Net casualty or theft loss deduction		Total miscellaneous deductions [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>532,217</b>	<b>8.0</b>	<b>51,205</b>	<b>0.8</b>	<b>4,391</b>	<b>0.1</b>	<b>198,745</b>	<b>3.0</b>
Interest paid deduction	61,357	11.5	** 3,537	** 6.9	** 450	** 10.2	24,021	12.1
Investment interest expense deduction [1]	4,267	0.8	**	**	**	**	3,147	1.6
Taxes paid deduction	415,165	78.0	29,927	58.4	2,387	54.3	135,117	68.0
Charitable contributions deduction	0	0.0	5,646	11.0	** 326	** 7.4	21,259	10.7
Medical and dental expense deduction	4,710	0.9	0	0.0	**	**	** 2,889	** 1.5
Net casualty or theft loss deduction	* 446	* 0.1	**	**	0	0.0	**	**
Total miscellaneous deductions	21,681	4.1	** 4,560	** 8.9	** 349	** 7.9	0	0.0
Foreign tax credit	2,312	0.4	* 643	* 1.3	**	**	2,910	1.5
General business credit	2,986	0.6	0	0.0	0	0.0	676	0.3
All other tax credits	3,422	0.6	**	**	0	0.0	599	0.3
Capital gains taxed at 0 percent	14,765	2.8	** 6,892	** 13.5	* 880	* 20.0	8,057	4.1
No second largest item	1,104	0.2	0	0.0	0	0.0	* 70	* [4]
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>528,394</b>	<b>7.9</b>	<b>49,664</b>	<b>0.7</b>	<b>4,049</b>	<b>0.1</b>	<b>57,842</b>	<b>0.9</b>
Interest paid deduction	62,911	11.9	3,723	7.5	**	**	2,342	4.0
Tax-exempt interest [2]	19,410	3.7	4,126	8.3	** 592	** 14.6	9,789	16.9
Taxes paid deduction	405,291	76.7	24,428	49.2	2,203	54.4	31,201	53.9
Charitable contributions deduction	0	0.0	4,400	8.9	** 326	** 8.1	5,984	10.3
Medical and dental expense deduction	3,174	0.6	0	0.0	**	**	** 1,568	** 2.7
Net casualty or theft loss deduction	* 443	* 0.1	**	**	0	0.0	**	**
Total miscellaneous deductions	10,371	2.0	** 2,829	** 5.7	0	0.0	0	0.0
Foreign tax credit	1,431	0.3	**	**	**	**	852	1.5
General business credit	2,915	0.6	0	0.0	0	0.0	164	0.3
All other tax credits	3,141	0.6	**	**	0	0.0	**	**
Foreign-earned income exclusion [2]	139	[4]	**	**	0	0.0	**	**
AMT tax preference [2]	139	[4]	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	5,420	1.0	** 3,604	** 7.3	** 48	** 1.2	** 725	** 1.3
Capital gains taxed at 0 percent	12,699	2.4	6,552	13.2	* 880	* 21.7	5,221	9.0
No second largest item	910	0.2	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Capital gains taxed at 0 percent	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>217,228</b>	<b>3.3</b>	<b>48,832</b>	<b>0.7</b>	<b>84,664</b>	<b>1.3</b>	<b>118,254</b>	<b>1.8</b>
Interest paid deduction	15,145	7.0	6,669	13.7	11,135	13.2	10,834	9.2
Investment interest expense deduction [1]	1,571	0.7	908	1.9	214	0.3	1,806	1.5
Taxes paid deduction	53,062	24.4	28,145	57.6	33,491	39.6	48,477	41.0
Charitable contributions deduction	3,674	1.7	4,166	8.5	1,486	1.8	10,278	8.7
Medical and dental expense deduction	* 200	* 0.1	* 305	* 0.6	* 310	* 0.4	** 3,470	** 2.9
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	**	**
Total miscellaneous deductions	** 5,132	** 2.4	1,050	2.1	* 71	* 0.1	10,696	9.0
Foreign tax credit	0	0.0	2,402	4.9	6,691	7.9	10,345	8.7
General business credit	1,578	0.7	0	0.0	732	0.9	518	0.4
All other tax credits	4,686	2.2	743	1.5	0	0.0	2,601	2.2
Capital gains taxed at 0 percent	3,254	1.5	256	0.5	579	0.7	0	0.0
No second largest item	128,927	59.4	4,189	8.6	29,956	35.4	19,229	16.3
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>150,158</b>	<b>2.2</b>	<b>48,126</b>	<b>0.7</b>	<b>78,157</b>	<b>1.2</b>	<b>117,514</b>	<b>1.7</b>
Interest paid deduction	11,348	7.6	7,420	15.4	10,310	13.2	11,065	9.4
Tax-exempt interest [2]	12,074	8.0	1,895	3.9	2,482	3.2	9,754	8.3
Taxes paid deduction	41,657	27.7	26,990	56.1	30,560	39.1	42,048	35.8
Charitable contributions deduction	2,186	1.5	4,084	8.5	** 1,711	** 2.2	9,324	7.9
Medical and dental expense deduction	* 167	* 0.1	* 305	* 0.6	**	**	2,722	2.3
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	1,896	1.3	381	0.8	**	**	9,469	8.1
Foreign tax credit	0	0.0	798	1.7	** 3,866	** 4.9	3,569	3.0
General business credit	513	0.3	0	0.0	604	0.8	596	0.5
All other tax credits	2,928	2.0	673	1.4	0	0.0	2,457	2.1
Foreign-earned income exclusion [2]	26,543	17.7	**	**	**	**	250	0.2
AMT tax preference [2]	* 26	* [4]	** 12	** [4]	** 118	** 0.2	68	0.1
Nontaxable Social Security benefits [2]	2,685	1.8	2,073	4.3	1,948	2.5	19,763	16.8
Capital gains taxed at 0 percent	2,539	1.7	253	0.5	579	0.7	0	0.0
No second largest item	45,597	30.4	3,241	6.7	25,979	33.2	6,431	5.5

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [2]		Tax-exempt interest [2]		AMT tax preference [2]		Nontaxable Social Security benefits [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>RETURNS WITH U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>34,011</b>	<b>0.5</b>	<b>257,439</b>	<b>3.8</b>	<b>8,064</b>	<b>0.1</b>	<b>184,546</b>	<b>2.7</b>
Interest paid deduction	3,062	9.0	5,559	2.2	**	**	16,649	9.0
Tax-exempt interest [2]	655	1.9	0	0.0	** 684	** 8.5	21,076	11.4
Taxes paid deduction	5,679	16.7	109,040	42.4	5,592	69.3	48,722	26.4
Charitable contributions deduction	1,314	3.9	20,063	7.8	342	4.2	** 1,791	** 1.0
Medical and dental expense deduction	* 84	* 0.2	** 4,653	** 1.8	0	0.0	**	**
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0	0	0.0
Total miscellaneous deductions	140	0.4	17,595	6.8	**	**	0	0.0
Foreign tax credit	15,020	44.2	29,472	11.4	** 383	** 4.7	23,028	12.5
General business credit	* 18	* 0.1	1,091	0.4	* 308	* 3.8	529	0.3
All other tax credits	** 457	** 1.3	2,721	1.1	570	7.1	** 4,523	** 2.5
Foreign-earned income exclusion [2]	0	0.0	58	[4]	**	**	0	0.0
AMT tax preference [2]	**	**	336	0.1	0	0.0	**	**
Nontaxable Social Security benefits [2]	431	1.3	36,905	14.3	** 35	** 0.4	0	0.0
Capital gains taxed at 0 percent	1,557	4.6	18,274	7.1	51	0.6	391	0.2
No second largest item	5,594	16.4	11,671	4.5	99	1.2	67,836	36.8

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction [3]		Investment interest expense deduction [1, 3]		Taxes paid deduction [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>11,775</b>	<b>100.0</b>	<b>128</b>	<b>1.1</b>	<b>354</b>	<b>3.0</b>	<b>818</b>	<b>6.9</b>
Interest paid deduction	1,438	12.2	0	0.0	45	12.7	62	7.6
Investment interest expense deduction [1]	243	2.1	8	6.3	0	0.0	50	6.1
Taxes paid deduction	2,662	22.6	51	39.8	119	33.6	0	0.0
Charitable contributions deduction	1,022	8.7	31	24.2	74	20.9	156	19.1
Medical and dental expense deduction	217	1.8	** 11	** 8.6	** 17	** 4.8	** 33	** 4.0
Net casualty or theft loss deduction	25	0.2	**	**	**	**	**	**
Total miscellaneous deductions	956	8.1	7	5.5	47	13.3	430	52.6
Foreign tax credit	70	0.6	0	0.0	5	1.4	6	0.7
General business credit	111	0.9	**	**	3	0.8	22	2.7
All other tax credits	190	1.6	** 6	** 4.7	4	1.1	11	1.3
Capital gains taxed at 0 percent	815	6.9	14	10.9	** 40	** 11.3	47	5.7
No second largest item	4,026	34.2	0	0.0	**	**	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>23,397</b>	<b>100.0</b>	<b>161</b>	<b>0.7</b>	<b>0</b>	<b>0.0</b>	<b>761</b>	<b>3.3</b>
Interest paid deduction	1,370	5.9	0	0.0	0	0.0	95	12.5
Tax-exempt interest [2]	1,423	6.1	14	8.7	0	0.0	194	25.5
Taxes paid deduction	3,615	15.5	49	30.4	0	0.0	0	0.0
Charitable contributions deduction	2,836	12.1	35	21.7	0	0.0	168	22.1
Medical and dental expense deduction	1,261	5.4	17	10.6	0	0.0	** 46	** 6.0
Net casualty or theft loss deduction	48	0.2	4	2.5	0	0.0	**	**
Total miscellaneous deductions	1,409	6.0	15	9.3	0	0.0	** 153	** 20.1
Foreign tax credit	2,184	9.3	0	0.0	0	0.0	**	**
General business credit	111	0.5	**	**	0	0.0	20	2.6
All other tax credits	209	0.9	** 6	** 3.7	0	0.0	9	1.2
Foreign-earned income exclusion [2]	3,044	13.0	0	0.0	0	0.0	** 4	** 0.5
AMT tax preference [2]	11	[4]	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	630	2.7	7	4.3	0	0.0	12	1.6
Capital gains taxed at 0 percent	1,776	7.6	14	8.7	0	0.0	60	7.9
No second largest item	3,469	14.8	0	0.0	0	0.0	0	0.0

Footnotes at end of table.



**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction [3]		Net casualty or theft loss deduction		Total miscellaneous deductions [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>928</b>	<b>7.9</b>	<b>860</b>	<b>7.3</b>	<b>609</b>	<b>5.2</b>	<b>1,439</b>	<b>12.2</b>
Interest paid deduction	95	10.2	55	6.4	59	9.7	189	13.1
Investment interest expense deduction [1]	57	6.1	17	2.0	3	0.5	35	2.4
Taxes paid deduction	227	24.5	308	35.8	446	73.2	813	56.5
Charitable contributions deduction	0	0.0	129	15.0	51	8.4	196	13.6
Medical and dental expense deduction	60	6.5	0	0.0	7	1.1	40	2.8
Net casualty or theft loss deduction	3	0.3	3	0.3	0	0.0	10	0.7
Total miscellaneous deductions	129	13.9	** 142	** 16.5	** 26	** 4.3	0	0.0
Foreign tax credit	19	2.0	**	**	**	**	7	0.5
General business credit	21	2.3	**	**	**	**	11	0.8
All other tax credits	23	2.5	** 7	** 0.8	** 3	** 0.5	26	1.8
Capital gains taxed at 0 percent	294	31.7	** 199	** 23.1	14	2.3	42	2.9
No second largest item	0	0.0	**	**	0	0.0	70	4.9
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>1,209</b>	<b>5.2</b>	<b>1,841</b>	<b>7.9</b>	<b>618</b>	<b>2.6</b>	<b>466</b>	<b>2.0</b>
Interest paid deduction	84	6.9	55	3.0	59	9.5	28	6.0
Tax-exempt interest [2]	184	15.2	625	33.9	17	2.8	123	26.4
Taxes paid deduction	256	21.2	360	19.6	437	70.7	145	31.1
Charitable contributions deduction	0	0.0	154	8.4	53	8.6	92	19.7
Medical and dental expense deduction	** 80	** 6.6	0	0.0	7	1.1	26	5.6
Net casualty or theft loss deduction	**	**	8	0.4	0	0.0	0	0.0
Total miscellaneous deductions	155	12.8	** 231	** 12.5	11	1.8	0	0.0
Foreign tax credit	19	1.6	**	**	**	**	**	**
General business credit	23	1.9	3	0.2	**	**	**	**
All other tax credits	24	2.0	** 6	** 0.3	**	**	**	**
Foreign-earned income exclusion [2]	** 4	** 0.3	**	**	**	**	**	**
AMT tax preference [2]	**	**	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	46	3.8	114	6.2	**	**	**	**
Capital gains taxed at 0 percent	334	27.6	** 285	** 15.5	** 34	** 5.5	** 52	** 11.2
No second largest item	0	0.0	**	**	0	0.0	0	0.0

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Capital gains taxed at 0 percent	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>5,745</b>	<b>48.8</b>	<b>212</b>	<b>1.8</b>	<b>221</b>	<b>1.9</b>	<b>461</b>	<b>3.9</b>
Interest paid deduction	803	14.0	37	17.4	51	23.1	42	9.1
Investment interest expense deduction [1]	25	0.4	4	1.9	6	2.7	38	8.2
Taxes paid deduction	472	8.2	74	35.0	68	30.8	84	18.2
Charitable contributions deduction	234	4.1	32	15.1	32	14.5	87	18.9
Medical and dental expense deduction	15	0.3	3	1.4	5	2.3	30	6.5
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	5	1.1
Total miscellaneous deductions	110	1.9	8	3.8	** 12	** 5.4	49	10.6
Foreign tax credit	0	0.0	0	0.0	**	**	29	6.3
General business credit	5	0.1	0	0.0	6	2.7	38	8.2
All other tax credits	52	0.9	17	8.0	0	0.0	46	10.0
Capital gains taxed at 0 percent	99	1.7	** 37	** 17.4	** 41	** 18.5	0	0.0
No second largest item	3,931	68.4	**	**	**	**	13	2.8
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>7,177</b>	<b>30.7</b>	<b>217</b>	<b>0.9</b>	<b>220</b>	<b>0.9</b>	<b>739</b>	<b>3.2</b>
Interest paid deduction	565	7.9	36	16.6	50	22.7	63	8.5
Tax-exempt interest [2]	49	0.7	8	3.7	7	3.2	175	23.7
Taxes paid deduction	381	5.3	77	35.6	67	30.4	105	14.2
Charitable contributions deduction	179	2.5	** 35	** 16.1	36	16.4	108	14.6
Medical and dental expense deduction	7	0.1	**	**	5	2.3	58	7.8
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	11	1.5
Total miscellaneous deductions	25	0.3	5	2.3	5	2.3	63	8.5
Foreign tax credit	0	0.0	0	0.0	**	**	36	4.9
General business credit	5	0.1	0	0.0	**	**	38	5.1
All other tax credits	46	0.6	18	8.3	0	0.0	51	6.9
Foreign-earned income exclusion [2]	3,027	42.2	0	0.0	**	**	** 3	** 0.4
AMT tax preference [2]	0	0.0	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	67	0.9	0	0.0	**	**	21	2.8
Capital gains taxed at 0 percent	87	1.2	** 38	** 17.5	** 50	** 22.7	0	0.0
No second largest item	2,739	38.2	**	**	**	**	7	0.9

Footnotes at end of table.

**Table 7. Individual Income Tax Returns With and Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [2]		Tax-exempt interest [2]		AMT tax preference [2]		Nontaxable Social Security benefits [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>RETURNS WITHOUT U.S. INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>3,015</b>	<b>12.9</b>	<b>6,925</b>	<b>29.6</b>	<b>7</b>	<b>[4]</b>	<b>39</b>	<b>0.2</b>
Interest paid deduction	121	4.0	203	2.9	** 4	** 57.1	** 16	** 41.0
Tax-exempt interest [2]	22	0.7	0	0.0	**	**	**	**
Taxes paid deduction	98	3.2	1,636	23.6	**	**	**	**
Charitable contributions deduction	41	1.4	1,928	27.8	0	0.0	** 11	** 28.2
Medical and dental expense deduction	** 35	** 1.2	980	14.2	0	0.0	**	**
Net casualty or theft loss deduction	**	**	21	0.3	0	0.0	0	0.0
Total miscellaneous deductions	8	0.3	740	10.7	0	0.0	4	10.3
Foreign tax credit	2,110	70.0	7	0.1	**	**	0	0.0
General business credit	**	**	9	0.1	0	0.0	0	0.0
All other tax credits	** 12	** 0.4	** 40	** 0.6	0	0.0	0	0.0
Foreign-earned income exclusion [2]	0	0.0	**	**	0	0.0	0	0.0
AMT tax preference [2]	0	0.0	5	0.1	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	8	0.3	338	4.9	0	0.0	0	0.0
Capital gains taxed at 0 percent	37	1.2	828	12.0	** 3	** 42.9	** 8	** 20.5
No second largest item	524	17.4	190	2.7	0	0.0	**	**

\* 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] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

[3] For taxable returns only, this does not include any possible effect on AMT.

[4] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction [3]		Investment interest expense deduction [1, 3]		Taxes paid deduction [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
Returns with adjusted gross income of \$200,000 or more								
<b>Total</b>	<b>6,498,314</b>	<b>100.0</b>	<b>804,177</b>	<b>12.4</b>	<b>26,541</b>	<b>0.4</b>	<b>4,609,760</b>	<b>70.9</b>
Interest paid deduction	2,792,353	43.0	0	0.0	2,033	7.7	2,670,748	57.9
Investment interest expense deduction [1]	58,263	0.9	2,404	0.3	0	0.0	44,529	1.0
Taxes paid deduction	1,464,385	22.5	741,142	92.2	16,921	63.8	0	0.0
Charitable contributions deduction	1,474,310	22.7	41,490	5.2	** 3,320	** 12.5	1,385,382	30.1
Medical and dental expense deduction	39,219	0.6	1,714	0.2	**	**	26,337	0.6
Net casualty or theft loss deduction	1,846	[4]	**	**	0	0.0	* 613	* [4]
Total miscellaneous deductions	319,133	4.9	** 12,685	** 1.6	2,231	8.4	264,880	5.7
General business credit	30,038	0.5	**	**	550	2.1	23,658	0.5
All other tax credits	70,681	1.1	2,452	0.3	249	0.9	60,003	1.3
Capital gains taxed at 0 percent	60,979	0.9	1,157	0.1	1,180	4.4	26,583	0.6
No second largest item	187,106	2.9	1,132	0.1	58	0.2	107,026	2.3
Returns with expanded income of \$200,000 or more								
<b>Total</b>	<b>6,690,568</b>	<b>100.0</b>	<b>792,041</b>	<b>11.8</b>	<b>0</b>	<b>0.0</b>	<b>4,472,414</b>	<b>66.8</b>
Interest paid deduction	2,790,358	41.7	0	0.0	0	0.0	2,659,338	59.5
Tax-exempt interest [2]	261,152	3.9	737	0.1	0	0.0	180,097	4.0
Taxes paid deduction	1,488,195	22.2	737,261	93.1	0	0.0	0	0.0
Charitable contributions deduction	1,302,696	19.5	41,936	5.3	0	0.0	1,209,459	27.0
Medical and dental expense deduction	34,123	0.5	1,397	0.2	0	0.0	19,447	0.4
Net casualty or theft loss deduction	1,497	[4]	* 292	* [4]	0	0.0	* 654	* [4]
Total miscellaneous deductions	138,619	2.1	2,328	0.3	0	0.0	93,285	2.1
General business credit	30,418	0.5	* 581	* 0.1	0	0.0	22,480	0.5
All other tax credits	76,254	1.1	2,868	0.4	0	0.0	56,162	1.3
Foreign-earned income exclusion [2]	2,571	[4]	* 65	* [4]	0	0.0	1,415	[4]
AMT tax preference [2]	2,309	[4]	0	0.0	0	0.0	1,511	[4]
Nontaxable Social Security benefits [2]	190,960	2.9	2,898	0.4	0	0.0	114,024	2.5
Capital gains taxed at 0 percent	73,422	1.1	986	0.1	0	0.0	23,141	0.5
No second largest item	297,994	4.5	692	0.1	0	0.0	91,399	2.0

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction [3]		Net casualty or theft loss deduction		Total miscellaneous deductions [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>536,244</b>	<b>8.3</b>	<b>51,455</b>	<b>0.8</b>	<b>4,409</b>	<b>0.1</b>	<b>204,008</b>	<b>3.1</b>
Interest paid deduction	62,170	11.6	** 3,700	** 7.2	** 450	** 10.2	24,440	12.0
Investment interest expense deduction [1]	4,486	0.8	**	**	**	**	3,377	1.7
Taxes paid deduction	418,793	78.1	30,441	59.2	2,399	54.4	140,620	68.9
Charitable contributions deduction	0	0.0	5,664	11.0	** 326	** 7.4	22,094	10.8
Medical and dental expense deduction	4,726	0.9	0	0.0	**	**	** 2,891	** 1.4
Net casualty or theft loss deduction	* 446	* 0.1	**	**	0	0.0	**	**
Total miscellaneous deductions	22,449	4.2	** 4,720	** 9.2	* 344	* 7.8	0	0.0
General business credit	3,055	0.6	**	**	0	0.0	684	0.3
All other tax credits	3,447	0.6	**	**	**	**	771	0.4
Capital gains taxed at 0 percent	15,095	2.8	** 6,929	** 13.5	** 890	** 20.2	** 9,130	** 4.5
No second largest item	1,576	0.3	**	**	0	0.0	**	**
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>530,907</b>	<b>7.9</b>	<b>49,884</b>	<b>0.7</b>	<b>4,053</b>	<b>0.1</b>	<b>59,786</b>	<b>0.9</b>
Interest paid deduction	63,588	12.0	3,873	7.8	* 447	* 11.0	2,422	4.1
Tax-exempt interest [2]	19,582	3.7	4,131	8.3	* 146	* 3.6	10,098	16.9
Taxes paid deduction	407,444	76.7	24,614	49.3	2,204	54.4	32,521	54.4
Charitable contributions deduction	0	0.0	4,411	8.8	** 326	** 8.0	6,357	10.6
Medical and dental expense deduction	3,178	0.6	0	0.0	**	**	** 1,568	** 2.6
Net casualty or theft loss deduction	* 443	* 0.1	**	**	0	0.0	**	**
Total miscellaneous deductions	10,763	2.0	** 2,841	** 5.7	0	0.0	0	0.0
General business credit	2,980	0.6	**	**	0	0.0	165	0.3
All other tax credits	3,154	0.6	* 300	* 0.6	**	**	**	**
Foreign-earned income exclusion [2]	248	[4]	* 16	* [4]	0	0.0	**	**
AMT tax preference [2]	140	[4]	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	5,425	1.0	3,118	6.3	** 42	** 1.0	** 1,178	** 2.0
Capital gains taxed at 0 percent	13,003	2.4	** 6,580	** 13.2	888	21.9	** 5,477	** 9.2
No second largest item	957	0.2	**	**	0	0.0	**	**

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Capital gains taxed at 0 percent		Foreign-earned income exclusion [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>								
Returns with adjusted gross income of \$200,000 or more								
<b>Total</b>	<b>50,473</b>	<b>0.8</b>	<b>89,440</b>	<b>1.4</b>	<b>121,809</b>	<b>1.9</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	6,735	13.3	11,211	12.5	10,963	9.0	0	0.0
Investment interest expense deduction [1]	961	1.9	241	0.3	2,167	1.8	0	0.0
Taxes paid deduction	28,727	56.9	34,406	38.5	50,935	41.8	0	0.0
Charitable contributions deduction	4,229	8.4	1,492	1.7	10,366	8.5	0	0.0
Medical and dental expense deduction	* 306	* 0.6	* 311	* 0.3	** 3,479	** 2.9	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	**	**	0	0.0
Total miscellaneous deductions	1,068	2.1	81	0.1	11,444	9.4	0	0.0
General business credit	0	0.0	905	1.0	606	0.5	0	0.0
All other tax credits	771	1.5	0	0.0	2,686	2.2	0	0.0
Capital gains taxed at 0 percent	269	0.5	596	0.7	0	0.0	0	0.0
No second largest item	7,407	14.7	40,196	44.9	29,163	23.9	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>48,709</b>	<b>0.7</b>	<b>81,175</b>	<b>1.2</b>	<b>120,434</b>	<b>1.8</b>	<b>65,935</b>	<b>1.0</b>
Interest paid deduction	7,472	15.3	10,334	12.7	11,134	9.2	8,773	13.3
Tax-exempt interest [2]	2,056	4.2	3,140	3.9	10,269	8.5	4,521	6.9
Taxes paid deduction	27,280	56.0	30,935	38.1	43,499	36.1	14,085	21.4
Charitable contributions deduction	4,139	8.5	1,409	1.7	9,401	7.8	2,876	4.4
Medical and dental expense deduction	* 306	* 0.6	* 310	* 0.4	2,737	2.3	266	0.4
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	393	0.8	**	**	10,199	8.5	** 870	** 1.3
General business credit	0	0.0	** 774	** 1.0	629	0.5	**	**
All other tax credits	684	1.4	0	0.0	2,515	2.1	1,791	2.7
Foreign-earned income exclusion [2]	**	**	**	**	491	0.4	0	0.0
AMT tax preference [2]	**	**	** 134	** 0.2	76	0.1	* 20	* [4]
Nontaxable Social Security benefits [2]	** 2,104	** 4.3	1,950	2.4	19,837	16.5	1,100	1.7
Capital gains taxed at 0 percent	269	0.6	596	0.7	0	0.0	3,298	5.0
No second largest item	4,005	8.2	31,593	38.9	9,648	8.0	28,335	43.0

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [2]		AMT tax preference [2]		Nontaxable Social Security benefits [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
<b>RETURNS WITH WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>269,838</b>	<b>4.0</b>	<b>8,094</b>	<b>0.1</b>	<b>187,298</b>	<b>2.8</b>
Interest paid deduction	5,956	2.2	* 10	* 0.1	17,011	9.1
Tax-exempt interest [2]	0	0.0	686	8.5	25,688	13.7
Taxes paid deduction	112,710	41.8	5,606	69.3	50,036	26.7
Charitable contributions deduction	20,536	7.6	342	4.2	** 1,804	** 1.0
Medical and dental expense deduction	** 4,665	** 1.7	0	0.0	**	**
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0
Total miscellaneous deductions	18,109	6.7	**	**	* 11	* [4]
General business credit	1,826	0.7	** 318	** 3.9	541	0.3
All other tax credits	3,456	1.3	570	7.0	4,692	2.5
Foreign-earned income exclusion [2]	133	[4]	* 26	* 0.3	**	**
AMT tax preference [2]	375	0.1	0	0.0	** 55	** [4]
Nontaxable Social Security benefits [2]	39,496	14.6	* 24	* 0.3	0	0.0
Capital gains taxed at 0 percent	18,772	7.0	52	0.6	398	0.2
No second largest item	43,804	16.2	460	5.7	87,064	46.5

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction [3]		Investment interest expense deduction [1, 3]		Taxes paid deduction [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>5,471</b>	<b>100.0</b>	<b>123</b>	<b>2.2</b>	<b>332</b>	<b>6.1</b>	<b>776</b>	<b>14.2</b>
Interest paid deduction	609	11.1	0	0.0	43	13.0	58	7.5
Investment interest expense deduction [1]	198	3.6	8	6.5	0	0.0	46	5.9
Taxes paid deduction	2,086	38.1	47	38.2	116	34.9	0	0.0
Charitable contributions deduction	726	13.3	31	25.2	74	22.3	153	19.7
Medical and dental expense deduction	188	3.4	** 11	** 8.9	** 16	** 4.8	** 32	** 4.1
Net casualty or theft loss deduction	25	0.5	**	**	**	**	**	**
Total miscellaneous deductions	798	14.6	** 9	** 7.3	42	12.7	424	54.7
General business credit	70	1.3	**	**	3	0.9	15	1.9
All other tax credits	82	1.5	3	2.4	4	1.2	7	0.9
Capital gains taxed at 0 percent	594	10.9	14	11.4	** 34	** 10.2	40	5.2
No second largest item	94	1.7	0	0.0	**	**	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>12,907</b>	<b>100.0</b>	<b>155</b>	<b>1.2</b>	<b>0</b>	<b>0.0</b>	<b>714</b>	<b>5.5</b>
Interest paid deduction	730	5.7	0	0.0	0	0.0	90	12.6
Tax-exempt interest [2]	1,263	9.8	14	9.0	0	0.0	189	26.5
Taxes paid deduction	3,089	23.9	45	29.0	0	0.0	0	0.0
Charitable contributions deduction	2,513	19.5	35	22.6	0	0.0	163	22.8
Medical and dental expense deduction	1,217	9.4	17	11.0	0	0.0	** 44	** 6.2
Net casualty or theft loss deduction	45	0.3	3	1.9	0	0.0	**	**
Total miscellaneous deductions	1,330	10.3	15	9.7	0	0.0	145	20.3
General business credit	67	0.5	**	**	0	0.0	12	1.7
All other tax credits	85	0.7	** 5	** 3.2	0	0.0	6	0.8
Foreign-earned income exclusion [2]	10	0.1	0	0.0	0	0.0	**	**
AMT tax preference [2]	11	0.1	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	557	4.3	7	4.5	0	0.0	** 15	** 2.1
Capital gains taxed at 0 percent	1,368	10.6	14	9.0	0	0.0	50	7.0
No second largest item	621	4.8	0	0.0	0	0.0	0	0.0

Footnotes at end of table.



**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction [3]		Net casualty or theft loss deduction		Total miscellaneous deductions [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>809</b>	<b>14.8</b>	<b>825</b>	<b>15.1</b>	<b>606</b>	<b>11.1</b>	<b>1,403</b>	<b>25.6</b>
Interest paid deduction	92	11.4	53	6.4	** 62	** 10.2	189	13.5
Investment interest expense deduction [1]	55	6.8	16	1.9	**	**	32	2.3
Taxes paid deduction	209	25.8	306	37.1	446	73.6	804	57.3
Charitable contributions deduction	0	0.0	124	15.0	51	8.4	192	13.7
Medical and dental expense deduction	60	7.4	0	0.0	7	1.2	39	2.8
Net casualty or theft loss deduction	3	0.4	3	0.4	0	0.0	10	0.7
Total miscellaneous deductions	124	15.3	** 141	** 17.1	** 26	** 4.3	0	0.0
General business credit	13	1.6	**	**	**	**	9	0.6
All other tax credits	15	1.9	3	0.4	0	0.0	23	1.6
Capital gains taxed at 0 percent	238	29.4	** 179	** 21.7	14	2.3	35	2.5
No second largest item	0	0.0	**	**	0	0.0	70	5.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>1,061</b>	<b>8.2</b>	<b>1,794</b>	<b>13.9</b>	<b>614</b>	<b>4.8</b>	<b>443</b>	<b>3.4</b>
Interest paid deduction	81	7.6	53	3.0	59	9.6	28	6.3
Tax-exempt interest [2]	169	15.9	620	34.6	16	2.6	121	27.3
Taxes paid deduction	235	22.1	358	20.0	437	71.2	140	31.6
Charitable contributions deduction	0	0.0	145	8.1	53	8.6	89	20.1
Medical and dental expense deduction	** 79	** 7.4	0	0.0	7	1.1	26	5.9
Net casualty or theft loss deduction	**	**	8	0.4	0	0.0	0	0.0
Total miscellaneous deductions	150	14.1	230	12.8	** 12	** 2.0	0	0.0
General business credit	14	1.3	**	**	**	**	**	**
All other tax credits	13	1.2	** 4	** 0.2	0	0.0	** 4	** 0.9
Foreign-earned income exclusion [2]	0	0.0	**	**	**	**	0	0.0
AMT tax preference [2]	**	**	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	** 48	** 4.5	** 115	** 6.4	** 14	** 2.3	**	**
Capital gains taxed at 0 percent	272	25.6	** 261	** 14.5	16	2.6	** 35	** 7.9
No second largest item	0	0.0	**	**	0	0.0	0	0.0

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Capital gains taxed at 0 percent		Foreign-earned income exclusion [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total</b>	<b>154</b>	<b>2.8</b>	<b>183</b>	<b>3.3</b>	<b>260</b>	<b>4.8</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	** 31	** 20.1	47	25.7	38	14.6	0	0.0
Investment interest expense deduction [1]	**	**	3	1.6	34	13.1	0	0.0
Taxes paid deduction	55	35.9	60	32.8	43	16.5	0	0.0
Charitable contributions deduction	** 25	** 16.2	** 33	** 18.0	49	18.8	0	0.0
Medical and dental expense deduction	**	**	**	**	21	8.1	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	5	1.9	0	0.0
Total miscellaneous deductions	4	2.6	10	5.5	22	8.5	0	0.0
General business credit	0	0.0	5	2.7	21	8.1	0	0.0
All other tax credits	13	8.4	0	0.0	14	5.4	0	0.0
Capital gains taxed at 0 percent	** 26	** 16.8	** 25	** 13.7	0	0.0	0	0.0
No second largest item	**	**	**	**	13	5.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total</b>	<b>152</b>	<b>1.2</b>	<b>176</b>	<b>1.4</b>	<b>445</b>	<b>3.4</b>	<b>661</b>	<b>5.1</b>
Interest paid deduction	29	19.0	46	26.1	59	13.3	75	11.3
Tax-exempt interest [2]	0	0.0	4	2.3	113	25.4	13	2.0
Taxes paid deduction	56	37.0	56	31.8	61	13.7	91	13.8
Charitable contributions deduction	**	**	32	18.2	59	13.3	13	2.0
Medical and dental expense deduction	**	**	4	2.3	43	9.7	25	3.8
Net casualty or theft loss deduction	0	0.0	0	0.0	11	2.5	0	0.0
Total miscellaneous deductions	**	**	** 8	** 4.5	34	7.6	** 7	** 1.1
General business credit	0	0.0	**	**	21	4.7	**	**
All other tax credits	**	**	0	0.0	14	3.1	**	**
Foreign-earned income exclusion [2]	0	0.0	**	**	0	0.0	0	0.0
AMT tax preference [2]	0	0.0	0	0.0	**	**	0	0.0
Nontaxable Social Security benefits [2]	0	0.0	** 3	** 1.7	** 23	** 5.2	**	**
Capital gains taxed at 0 percent	** 67	** 44.0	** 23	** 13.1	0	0.0	** 20	** 3.0
No second largest item	**	**	**	**	7	1.6	417	63.1

Footnotes at end of table.

**Table 8. Individual Income Tax Returns With and Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number and Percentage of Returns Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [2]		AMT tax preference [2]		Nontaxable Social Security benefits [2]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
<b>RETURNS WITHOUT WORLDWIDE INCOME TAX</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total</b>	<b>6,649</b>	<b>51.5</b>	<b>3</b>	<b>[4]</b>	<b>39</b>	<b>0.3</b>
Interest paid deduction	200	3.0	0	0.0	10	25.6
Tax-exempt interest [2]	0	0.0	0	0.0	4	10.3
Taxes paid deduction	1,607	24.2	**	**	**	**
Charitable contributions deduction	1,892	28.5	0	0.0	**	**
Medical and dental expense deduction	972	14.6	0	0.0	**	**
Net casualty or theft loss deduction	20	0.3	0	0.0	0	0.0
Total miscellaneous deductions	731	11.0	0	0.0	**	**
General business credit	6	0.1	0	0.0	0	0.0
All other tax credits	23	0.3	0	0.0	0	0.0
Foreign-earned income exclusion [2]	3	[4]	0	0.0	0	0.0
AMT tax preference [2]	5	0.1	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	336	5.1	0	0.0	0	0.0
Capital gains taxed at 0 percent	666	10.0	** 3	** 100.0	** 25	** 64.1
No second largest item	188	2.8	0	0.0	**	**

\* 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] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

[3] For taxable returns only, this does not include any possible effect on AMT.

[4] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 9. Individual Income Tax Returns Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, by Percentage of Income Reduced, Tax Year 2016**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentage of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions	11,784	4,071	1,042	657	272	191
Interest paid deduction:						
Total	11,784	6,656	3,394	896	285	109
Investment interest expense deduction per income concept	11,784	9,951	1,157	168	108	61
Taxes paid deduction	11,784	4,444	4,430	1,331	535	245
Charitable contributions deduction	11,784	5,946	3,376	803	296	345
Medical and dental expense deduction	11,784	9,761	820	177	93	90
Net casualty or theft loss deduction	11,784	11,153	** 6	**	6	10
Net limited miscellaneous deduction per income concept	11,784	8,637	1,348	654	662	171
Nonlimited miscellaneous deduction	11,784	9,588	957	38	19	18
Deduction equivalent of:						
Total credits	11,784	4,830	236	169	146	144
Foreign tax credit	11,784	5,491	444	25	22	24
General business credit	11,784	11,313	80	54	51	57
Tax preferences excluded from adjusted gross income	11,784	9,100	1,608	372	209	110
Nontaxable Social Security benefits	11,784	9,293	2,482	9	0	0
Capital gains taxed at 0 percent	11,784	9,285	581	564	678	676
<b>Expanded income concept</b>						
Total itemized deductions	23,400	8,056	2,065	2,268	2,588	1,281
Interest paid deduction:						
Total	23,400	17,277	4,525	1,332	173	23
Investment interest expense deduction per income concept	23,400	19,272	3,797	184	59	24
Taxes paid deduction	23,400	8,483	9,639	3,137	1,052	436
Charitable contributions deduction	23,400	10,579	7,875	2,487	862	688
Medical and dental expense deduction	23,400	15,475	4,669	749	369	322
Net casualty or theft loss deduction	23,400	22,737	19	11	10	12
Net limited miscellaneous deduction per income concept	23,400	14,343	5,388	2,034	887	313
Nonlimited miscellaneous deduction	23,400	22,056	1,268	37	12	4
Deduction equivalent of:						
Total credits	23,400	12,229	817	474	342	404
Foreign tax credit	23,400	13,054	986	236	188	283
General business credit	23,400	22,860	128	64	52	63
Tax preferences excluded from adjusted gross income	23,400	11,796	2,081	1,076	963	917
Nontaxable Social Security benefits	23,400	16,112	7,262	** 26	**	0
Capital gains taxed at 0 percent	23,400	16,327	2,829	1,939	1,449	856

Footnotes at end of table.

**Table 9. Individual Income Tax Returns Without U.S. Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, by Percentage of Income Reduced, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentage of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions	163	276	659	1,619	2,834
Interest paid deduction:					
Total	71	57	45	154	117
Investment interest expense deduction per income concept	50	48	33	127	81
Taxes paid deduction	133	83	58	389	136
Charitable contributions deduction	259	** 754	0	**	5
Medical and dental expense deduction	97	126	164	314	141
Net casualty or theft loss deduction	11	16	17	101	464
Net limited miscellaneous deduction per income concept	101	40	38	71	62
Nonlimited miscellaneous deduction	25	18	35	433	652
Deduction equivalent of:					
Total credits	201	220	245	4,281	1,312
Foreign tax credit	72	118	132	4,149	1,307
General business credit	74	63	51	37	4
Tax preferences excluded from adjusted gross income	77	58	38	77	135
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
<b>Expanded income concept</b>					
Total itemized deductions	1,251	1,194	1,140	1,923	1,634
Interest paid deduction:					
Total	12	12	4	24	18
Investment interest expense deduction per income concept	9	13	8	10	24
Taxes paid deduction	186	115	70	107	175
Charitable contributions deduction	674	194	11	14	15
Medical and dental expense deduction	305	325	358	577	250
Net casualty or theft loss deduction	9	17	18	102	465
Net limited miscellaneous deduction per income concept	167	75	38	81	74
Nonlimited miscellaneous deduction	4	3	** 3	**	13
Deduction equivalent of:					
Total credits	607	1,181	1,419	5,894	33
Foreign tax credit	483	1,071	1,319	5,754	27
General business credit	74	68	48	37	5
Tax preferences excluded from adjusted gross income	882	886	877	3,522	399
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0

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

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 10. Individual Income Tax Returns Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, by Percentage of Income Reduced, Tax Year 2016**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentage of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions	5,480	35	47	93	87	87
Interest paid deduction:						
Total	5,480	2,155	1,954	621	233	95
Investment interest expense deduction per income concept	5,480	4,032	839	139	96	54
Taxes paid deduction	5,480	135	2,891	1,037	426	219
Charitable contributions deduction	5,480	1,137	2,206	675	231	299
Medical and dental expense deduction	5,480	3,635	714	150	86	79
Net casualty or theft loss deduction	5,480	4,853	** 6	**	5	10
Net limited miscellaneous deduction per income concept	5,480	2,898	954	557	611	163
Nonlimited miscellaneous deduction	5,480	3,458	820	23	13	17
Deduction equivalent of:						
Total credits	5,480	4,817	100	78	64	59
General business credit	5,480	5,182	36	33	26	34
Tax preferences excluded from adjusted gross income	5,480	3,301	1,223	323	182	94
Nontaxable Social Security benefits	5,480	3,328	** 2,152	**	0	0
Capital gains taxed at 0 percent	5,480	3,530	447	461	608	434
<b>Expanded income concept</b>						
Total itemized deductions	12,910	943	597	1,355	2,246	1,062
Interest paid deduction:						
Total	12,910	9,145	2,538	999	140	20
Investment interest expense deduction per income concept	12,910	9,303	3,313	164	52	22
Taxes paid deduction	12,910	996	7,252	2,694	933	411
Charitable contributions deduction	12,910	2,351	6,091	2,267	753	621
Medical and dental expense deduction	12,910	5,457	4,319	694	350	304
Net casualty or theft loss deduction	12,910	12,256	18	10	7	11
Net limited miscellaneous deduction per income concept	12,910	4,767	4,725	1,852	842	304
Nonlimited miscellaneous deduction	12,910	11,752	1,093	29	10	3
Deduction equivalent of:						
Total credits	12,910	12,043	284	113	66	55
General business credit	12,910	12,603	44	32	26	36
Tax preferences excluded from adjusted gross income	12,910	2,411	1,455	959	880	842
Nontaxable Social Security benefits	12,910	6,308	** 6,602	**	0	0
Capital gains taxed at 0 percent	12,910	7,359	2,130	1,643	1,222	556

Footnotes at end of table.

**Table 10. Individual Income Tax Returns Without Worldwide Income Tax Liability and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, by Percentage of Income Reduced, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentage of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions	60	133	579	1,542	2,817
Interest paid deduction:					
Total	62	51	43	149	117
Investment interest expense deduction per income concept	41	45	30	123	81
Taxes paid deduction	122	80	55	385	130
Charitable contributions deduction	229	** 698	0	**	5
Medical and dental expense deduction	89	114	162	310	141
Net casualty or theft loss deduction	11	14	17	100	464
Net limited miscellaneous deduction per income concept	96	36	37	68	60
Nonlimited miscellaneous deduction	21	17	31	429	651
Deduction equivalent of:					
Total credits	89	78	89	** 106	**
General business credit	54	46	36	** 33	**
Tax preferences excluded from adjusted gross income	69	55	35	69	129
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
<b>Expanded income concept</b>					
Total itemized deductions	1,085	1,052	1,076	1,874	1,620
Interest paid deduction:					
Total	10	12	4	24	18
Investment interest expense deduction per income concept	8	11	6	9	21
Taxes paid deduction	173	113	65	102	171
Charitable contributions deduction	616	171	11	14	15
Medical and dental expense deduction	291	314	354	576	250
Net casualty or theft loss deduction	8	16	18	101	465
Net limited miscellaneous deduction per income concept	162	72	36	78	72
Nonlimited miscellaneous deduction	4	3	** 3	**	13
Deduction equivalent of:					
Total credits	79	78	78	109	4
General business credit	52	47	34	32	3
Tax preferences excluded from adjusted gross income	820	829	838	3,482	394
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0

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

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 11. Individual Income Tax Returns With and Without U.S. Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total			Size of adjusted gross income					
				Under \$50,000 [1]			\$50,000 under \$100,000		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All returns</b>	<b>150,272,154</b>	<b>100.0</b>	<b>6.8</b>	<b>91,314,323</b>	<b>100.0</b>	<b>0.7</b>	<b>33,199,220</b>	<b>100.0</b>	<b>1.6</b>
<b>Returns without U.S. income tax</b>	<b>50,219,667</b>	<b>33.4</b>	<b>1.5</b>	<b>48,433,273</b>	<b>53.0</b>	<b>0.7</b>	<b>1,627,480</b>	<b>4.9</b>	<b>4.2</b>
<b>Effective tax rate:</b>									
0 percent	18,432,461	12.3	5.3	18,009,208	19.7	2.9	310,382	0.9	13.4
Under 0 over -10 percent	14,263,888	9.5	0.8	12,907,532	14.1	0.2	1,310,314	3.9	1.8
-10 over -20 percent	4,936,788	3.3	0.1	4,930,004	5.4	0.1	6,784	[2]	[2]
-20 percent and under	12,586,530	8.4	[2]	12,586,530	13.8	[2]	0	0.0	0.0
<b>Returns with U.S. income tax</b>	<b>100,052,487</b>	<b>66.6</b>	<b>7.3</b>	<b>42,881,050</b>	<b>47.0</b>	<b>0.8</b>	<b>31,571,740</b>	<b>95.1</b>	<b>1.5</b>
<b>Effective tax rate:</b>									
Over 0 under 5 percent	25,371,250	16.9	3.9	19,504,509	21.4	1.4	5,121,224	15.4	3.6
5 under 10 percent	37,737,343	25.1	2.4	19,645,338	21.5	0.4	13,913,107	41.9	1.3
10 under 15 percent	23,731,615	15.8	4.0	3,680,383	4.0	0.3	9,868,049	29.7	1.1
15 under 20 percent	9,491,666	6.3	9.5	27,369	[2]	21.9	2,659,490	8.0	0.5
20 under 25 percent	2,364,035	1.6	25.2	8,113	[2]	1.5	5,777	[2]	10.3
25 under 30 percent	1,007,468	0.7	9.2	4,097	[2]	2.0	1,373	[2]	0.3
30 under 35 percent	284,486	0.2	5.0	3,007	[2]	2.1	1,176	[2]	18.4
35 under 40 percent	54,448	[2]	2.4	** 1,644	** [2]	** 4.2	** 1,321	** [2]	** 0.2
40 under 60 percent	2,658	[2]	5.1	**	**	**	**	**	**
60 under 80 percent	747	[2]	12.1	86	[2]	0.0	43	[2]	3.4
80 percent or more	6,772	[2]	12.7	6,504	[2]	0.0	178	[2]	0.2

Footnotes at end of table.



**Table 11. Individual Income Tax Returns With and Without U.S. Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of adjusted gross income—continued						Total		
	\$100,000 under \$200,000			\$200,000 or more			Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates			
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>All returns</b>	<b>18,858,241</b>	<b>100.0</b>	<b>3.1</b>	<b>6,900,370</b>	<b>100.0</b>	<b>16.3</b>	<b>150,272,154</b>	<b>100.0</b>	<b>6.6</b>
<b>Returns without U.S. income tax</b>	<b>147,130</b>	<b>0.8</b>	<b>15.9</b>	<b>11,784</b>	<b>0.2</b>	<b>11.1</b>	<b>50,219,667</b>	<b>33.4</b>	<b>1.3</b>
<b>Effective tax rate:</b>									
0 percent	101,127	0.5	16.6	11,745	0.2	11.1	18,432,461	12.3	2.9
Under 0 over -10 percent	46,003	0.2	14.3	39	[2]	8.4	14,454,434	9.6	0.8
-10 over -20 percent	0	0.0	0.0	0	0.0	0.0	5,098,172	3.4	0.1
-20 percent and under	0	0.0	0.0	0	0.0	0.0	12,234,600	8.1	[2]
<b>Returns with U.S. income tax</b>	<b>18,711,112</b>	<b>99.2</b>	<b>3.0</b>	<b>6,888,586</b>	<b>99.8</b>	<b>16.3</b>	<b>100,052,487</b>	<b>66.6</b>	<b>7.2</b>
<b>Effective tax rate:</b>									
Over 0 under 5 percent	667,332	3.5	13.4	78,184	1.1	16.4	26,127,758	17.4	3.8
5 under 10 percent	4,064,415	21.6	4.5	114,482	1.7	30.4	36,880,240	24.5	2.5
10 under 15 percent	9,511,279	50.4	2.5	671,903	9.7	24.7	23,752,828	15.8	4.1
15 under 20 percent	4,042,578	21.4	1.7	2,762,229	40.0	17.4	9,549,756	6.4	9.6
20 under 25 percent	419,383	2.2	0.7	1,930,762	28.0	26.9	2,389,763	1.6	24.6
25 under 30 percent	4,849	[2]	0.6	997,149	14.5	9.2	1,007,287	0.7	9.0
30 under 35 percent	503	[2]	0.7	279,799	4.1	4.9	283,812	0.2	4.8
35 under 40 percent	33	[2]	1.0	51,763	0.8	2.4	51,607	[2]	2.3
40 under 60 percent	357	[2]	1.8	1,989	[2]	5.1	2,466	[2]	3.4
60 under 80 percent	356	[2]	0.7	262	[2]	15.3	229	[2]	3.0
80 percent or more	27	[2]	4.2	64	[2]	19.7	6,741	[2]	3.4

Footnotes at end of table.

**Table 11. Individual Income Tax Returns With and Without U.S. Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income					
	Under \$50,000 [1]			\$50,000 under \$100,000		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns</b>	<b>88,788,914</b>	<b>100.0</b>	<b>0.5</b>	<b>35,639,540</b>	<b>100.0</b>	<b>1.5</b>
<b>Returns without U.S. income tax</b>	<b>47,655,853</b>	<b>53.7</b>	<b>0.5</b>	<b>2,339,769</b>	<b>6.6</b>	<b>3.3</b>
<b>Effective tax rate:</b>						
0 percent	17,218,621	19.4	1.4	1,037,816	2.9	5.1
Under 0 over -10 percent	13,116,290	14.8	0.2	1,290,123	3.6	1.9
-10 over -20 percent	5,086,342	5.7	0.1	11,830	[2]	[2]
-20 percent and under	12,234,600	13.8	[2]	0	0.0	0.0
<b>Returns with U.S. income tax</b>	<b>41,133,060</b>	<b>46.3</b>	<b>0.5</b>	<b>33,299,770</b>	<b>93.4</b>	<b>1.4</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	18,450,092	20.8	0.9	6,926,673	19.4	3.1
5 under 10 percent	18,659,370	21.0	0.3	14,019,281	39.3	1.2
10 under 15 percent	3,976,233	4.5	0.3	9,593,632	26.9	0.9
15 under 20 percent	23,274	[2]	29.7	2,750,475	7.7	0.4
20 under 25 percent	8,035	[2]	1.6	5,169	[2]	11.0
25 under 30 percent	4,000	[2]	[2]	1,995	[2]	[2]
30 under 35 percent	** 5,531	** [2]	** 2.0	** 2,036	** [2]	** 5.2
35 under 40 percent	**	**	**	**	**	**
40 under 60 percent	** 14	** [2]	** 0.6	** 355	** [2]	** 0.0
60 under 80 percent	**	**	**	**	**	**
80 percent or more	6,511	[2]	0.8	156	[2]	0.0

Footnotes at end of table.

**Table 11. Individual Income Tax Returns With and Without U.S. Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income—continued					
	\$100,000 under \$200,000			\$200,000 or more		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(25)	(26)	(27)	(28)	(29)	(30)
<b>All returns</b>	<b>18,902,015</b>	<b>100.0</b>	<b>3.1</b>	<b>6,941,686</b>	<b>100.0</b>	<b>16.3</b>
<b>Returns without U.S. income tax</b>	<b>200,645</b>	<b>1.1</b>	<b>12.4</b>	<b>23,400</b>	<b>0.3</b>	<b>8.6</b>
<b>Effective tax rate:</b>						
0 percent	154,143	0.8	11.7	21,880	0.3	8.9
Under 0 over -10 percent	46,501	0.2	14.7	1,519	[2]	2.5
-10 over -20 percent	0	0.0	0.0	0	0.0	0.0
-20 percent and under	0	0.0	0.0	0	0.0	0.0
<b>Returns with U.S. income tax</b>	<b>18,701,370</b>	<b>98.9</b>	<b>3.0</b>	<b>6,918,286</b>	<b>99.7</b>	<b>16.3</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	650,107	3.4	15.5	100,886	1.5	18.0
5 under 10 percent	4,055,982	21.5	4.8	145,607	2.1	29.3
10 under 15 percent	9,500,632	50.3	2.4	682,330	9.8	25.5
15 under 20 percent	4,029,641	21.3	1.4	2,746,367	39.6	17.7
20 under 25 percent	456,864	2.4	0.5	1,919,695	27.7	26.4
25 under 30 percent	6,020	[2]	0.2	995,272	14.3	9.0
30 under 35 percent	1,345	[2]	0.2	276,442	4.0	4.8
35 under 40 percent	308	[2]	0.1	49,757	0.7	2.3
40 under 60 percent	386	[2]	2.0	1,732	[2]	3.5
60 under 80 percent	43	[2]	0.0	165	[2]	3.2
80 percent or more	42	[2]	1.6	33	[2]	8.5

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

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of U.S. income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.

**Table 12. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total			Size of adjusted gross income		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Under \$50,000 [1]		
				Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>150,272,154</b>	<b>100.0</b>	<b>6.8</b>	<b>91,314,323</b>	<b>100.0</b>	<b>0.7</b>
<b>Returns without worldwide income tax</b>	<b>49,991,261</b>	<b>33.3</b>	<b>1.3</b>	<b>48,293,686</b>	<b>52.9</b>	<b>0.6</b>
<b>Effective tax rate:</b>						
0 percent	18,221,440	12.1	4.5	17,876,433	19.6	2.7
Under 0 over -10 percent	14,246,942	9.5	0.8	12,901,158	14.1	0.2
-10 over -20 percent	4,936,484	3.3	0.1	4,929,700	5.4	0.1
-20 percent and under	12,586,395	8.4	[2]	12,586,395	13.8	[2]
<b>Returns with worldwide income tax</b>	<b>100,280,893</b>	<b>66.7</b>	<b>7.3</b>	<b>43,020,637</b>	<b>47.1</b>	<b>0.8</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	25,383,999	16.9	3.6	19,568,983	21.4	1.4
5 under 10 percent	37,743,219	25.1	2.3	19,671,482	21.5	0.4
10 under 15 percent	23,742,574	15.8	3.8	3,690,745	4.0	0.3
15 under 20 percent	9,529,361	6.3	9.3	29,757	[2]	19.0
20 under 25 percent	2,400,067	1.6	25.8	11,193	[2]	15.0
25 under 30 percent	1,033,443	0.7	9.9	4,644	[2]	2.8
30 under 35 percent	309,268	0.2	5.2	4,000	[2]	2.7
35 under 40 percent	72,570	[2]	2.6	2,192	[2]	3.8
40 under 60 percent	25,389	[2]	4.1	3,286	[2]	7.1
60 under 80 percent	8,185	[2]	7.8	3,189	[2]	6.7
80 percent or more	32,819	[2]	5.2	31,166	[2]	3.1

Footnotes at end of table.

**Table 12. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of adjusted gross income—continued					
	\$50,000 under \$100,000			\$100,000 under \$200,000		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns</b>	<b>33,199,220</b>	<b>100.0</b>	<b>1.6</b>	<b>18,858,241</b>	<b>100.0</b>	<b>3.1</b>
<b>Returns without worldwide income tax</b>	<b>1,577,954</b>	<b>4.8</b>	<b>3.9</b>	<b>114,141</b>	<b>0.6</b>	<b>15.7</b>
<b>Effective tax rate:</b>						
0 percent	267,075	0.8	13.4	72,487	0.4	15.8
Under 0 over -10 percent	1,304,094	3.9	1.8	41,654	0.2	15.6
-10 over -20 percent	6,784	[2]	[2]	0	0.0	0.0
-20 percent and under	0	0.0	0.0	0	0.0	0.0
<b>Returns with worldwide income tax</b>	<b>31,621,266</b>	<b>95.2</b>	<b>1.5</b>	<b>18,744,100</b>	<b>99.4</b>	<b>3.0</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	5,115,968	15.4	3.5	655,890	3.5	13.9
5 under 10 percent	13,916,721	41.9	1.4	4,056,061	21.5	4.5
10 under 15 percent	9,886,729	29.8	1.1	9,515,735	50.5	2.5
15 under 20 percent	2,678,381	8.1	0.6	4,063,755	21.5	1.7
20 under 25 percent	7,006	[2]	9.2	433,415	2.3	0.8
25 under 30 percent	2,454	[2]	2.5	6,562	[2]	1.9
30 under 35 percent	2,054	[2]	12.5	2,397	[2]	4.6
35 under 40 percent	2,433	[2]	3.1	2,121	[2]	6.0
40 under 60 percent	4,811	[2]	4.2	6,735	[2]	3.6
60 under 80 percent	3,409	[2]	3.5	1,192	[2]	2.2
80 percent or more	1,299	[2]	3.7	237	[2]	6.4

Footnotes at end of table.

**Table 12. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of adjusted gross income—continued			Total		
	\$200,000 or more			Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates			
	(13)	(14)	(15)	(16)	(17)	(18)
<b>All returns</b>	<b>6,900,370</b>	<b>100.0</b>	<b>16.3</b>	<b>150,272,154</b>	<b>100.0</b>	<b>6.6</b>
<b>Returns without worldwide income tax</b>	<b>5,480</b>	<b>0.1</b>	<b>5.3</b>	<b>49,991,261</b>	<b>33.3</b>	<b>1.1</b>
<b>Effective tax rate:</b>						
0 percent	5,444	0.1	5.3	18,221,440	12.1	2.4
Under 0 over -10 percent	36	[2]	9.0	14,437,065	9.6	0.8
-10 over -20 percent	0	0.0	0.0	5,098,172	3.4	0.1
-20 percent and under	0	0.0	0.0	12,234,584	8.1	[2]
<b>Returns with worldwide income tax</b>	<b>6,894,890</b>	<b>99.9</b>	<b>16.3</b>	<b>100,280,893</b>	<b>66.7</b>	<b>7.2</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	43,159	0.6	15.1	26,148,192	17.4	3.5
5 under 10 percent	98,955	1.4	32.3	36,886,748	24.5	2.4
10 under 15 percent	649,365	9.4	24.4	23,770,615	15.8	4.0
15 under 20 percent	2,757,468	40.0	17.1	9,606,050	6.4	9.3
20 under 25 percent	1,948,452	28.2	27.6	2,437,105	1.6	25.1
25 under 30 percent	1,019,783	14.8	9.9	1,046,168	0.7	9.5
30 under 35 percent	300,816	4.4	5.2	311,906	0.2	5.0
35 under 40 percent	65,823	1.0	2.6	62,376	[2]	2.4
40 under 60 percent	10,557	0.2	4.2	4,023	[2]	3.7
60 under 80 percent	395	[2]	16.7	326	[2]	9.9
80 percent or more	117	[2]	13.6	7,384	[2]	2.8

Footnotes at end of table.

**Table 12. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income					
	Under \$50,000 [1]			\$50,000 under \$100,000		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns</b>	<b>88,788,914</b>	<b>100.0</b>	<b>0.5</b>	<b>35,639,540</b>	<b>100.0</b>	<b>1.5</b>
<b>Returns without worldwide income tax</b>	<b>47,549,636</b>	<b>53.6</b>	<b>0.5</b>	<b>2,278,894</b>	<b>6.4</b>	<b>3.1</b>
<b>Effective tax rate:</b>						
0 percent	17,118,659	19.3	1.3	983,192	2.8	4.8
Under 0 over -10 percent	13,110,051	14.8	0.2	1,283,872	3.6	1.8
-10 over -20 percent	5,086,342	5.7	0.1	11,830	[2]	[2]
-20 percent and under	12,234,584	13.8	[2]	0	0.0	0.0
<b>Returns with worldwide income tax</b>	<b>41,239,278</b>	<b>46.4</b>	<b>0.6</b>	<b>33,360,646</b>	<b>93.6</b>	<b>1.4</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	18,516,329	20.9	1.0	6,936,088	19.5	3.1
5 under 10 percent	18,681,933	21.0	0.3	14,029,497	39.4	1.2
10 under 15 percent	3,986,756	4.5	0.3	9,610,650	27.0	0.9
15 under 20 percent	26,983	[2]	27.5	2,770,433	7.8	0.5
20 under 25 percent	9,907	[2]	4.9	7,292	[2]	7.8
25 under 30 percent	4,101	[2]	0.1	3,447	[2]	0.1
30 under 35 percent	4,103	[2]	1.2	2,428	[2]	4.3
35 under 40 percent	1,636	[2]	3.8	265	[2]	0.8
40 under 60 percent	** 389	** [2]	** [2]	** 389	** [2]	** 0.0
60 under 80 percent	**	**	**	**	**	**
80 percent or more	7,141	[2]	0.8	156	[2]	0.0

Footnotes at end of table.

**Table 12. Individual Income Tax Returns With and Without Worldwide Income Tax Liability: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2016—Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Size of expanded income—continued					
	\$100,000 under \$200,000			\$200,000 or more		
	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates	Number of returns	Percentage of total	Percentage of income subject to preferential tax rates
	(25)	(26)	(27)	(28)	(29)	(30)
<b>All returns</b>	<b>18,902,015</b>	<b>100.0</b>	<b>3.1</b>	<b>6,941,686</b>	<b>100.0</b>	<b>16.3</b>
<b>Returns without worldwide income tax</b>	<b>149,822</b>	<b>0.8</b>	<b>12.6</b>	<b>12,910</b>	<b>0.2</b>	<b>5.6</b>
<b>Effective tax rate:</b>						
0 percent	108,189	0.6	11.3	11,401	0.2	5.9
Under 0 over -10 percent	41,633	0.2	16.3	1,509	[2]	2.4
-10 over -20 percent	0	0.0	0.0	0	0.0	0.0
-20 percent and under	0	0.0	0.0	0	0.0	0.0
<b>Returns with worldwide income tax</b>	<b>18,752,193</b>	<b>99.2</b>	<b>3.0</b>	<b>6,928,776</b>	<b>99.8</b>	<b>16.3</b>
<b>Effective tax rate:</b>						
Over 0 under 5 percent	640,559	3.4	16.3	55,217	0.8	20.5
5 under 10 percent	4,048,624	21.4	4.7	126,694	1.8	31.6
10 under 15 percent	9,509,394	50.3	2.4	663,814	9.6	25.4
15 under 20 percent	4,062,928	21.5	1.4	2,745,707	39.6	17.4
20 under 25 percent	474,402	2.5	0.6	1,945,504	28.0	27.1
25 under 30 percent	11,489	0.1	1.0	1,027,130	14.8	9.6
30 under 35 percent	3,306	[2]	0.7	302,068	4.4	5.1
35 under 40 percent	780	[2]	0.3	59,695	0.9	2.4
40 under 60 percent	625	[2]	2.2	2,642	[2]	3.8
60 under 80 percent	45	[2]	[2]	259	[2]	10.4
80 percent or more	42	[2]	1.6	46	[2]	5.2

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

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income. See also Appendix B: Tax Concepts for a discussion of worldwide income tax. Starting in 2009, the portion of refundable credits that offset income taxes before credits was factored in to determine tax liability. As a result, data may not be comparable to data in Tax Years 2007 and 2008 published tables. Prior to 2007, the portion of refundable credits used to offset income taxes had no effect.

SOURCE: IRS, Statistics of Income Division, Individual High-Income Tax Returns, June 2019.