

High-Income Tax Returns for 2012

by Justin Bryan

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.¹ This article presents detailed data for high-income returns for 2012 and summary data for the period 1977 to 2011. Detailed data for the years 1974 through 2011 were published previously. (See the References section for more details.)

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.² The

expanded income concept uses items reported on tax returns 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.^{3,4,5}

AGI and expanded income differed for 43.5 million (30 percent) of the 144.9 million individual income tax returns filed in 2012 (Figure A). Expanded income exceeded AGI in two-thirds

Figure A
Returns With, Without, and With Negative U.S. Income Tax: Differences Between Adjusted Gross Income and Expanded Income, by Size of AGI, Tax Year 2012

[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)
All returns	144,928,472	43,473,632	6,597	3,310	28,727,402	14,746,230
Under \$50,000 [1]	92,940,570	20,299,886	12,830	13,356	16,935,701	3,364,185
\$50,000 under \$100,000	31,089,262	12,445,802	743	625	6,732,339	5,713,463
\$100,000 under \$200,000	15,646,648	7,798,810	-216	-350	3,395,093	4,403,718
\$200,000 or more	5,251,992	2,929,134	6,411	379	1,664,269	1,264,865
Returns with U.S. income tax						
Total	93,109,721	32,468,424	3,841	1,669	19,307,143	13,161,282
Under \$50,000 [1]	42,641,865	9,954,987	9,678	10,612	7,747,006	2,207,981
\$50,000 under \$100,000	29,683,169	11,862,934	909	776	6,546,364	5,316,570
\$100,000 under \$200,000	15,552,998	7,735,317	-329	-358	3,358,602	4,376,715
\$200,000 or more	5,231,689	2,915,186	6,913	368	1,655,170	1,260,016
Returns with zero U.S. income tax						
Total	18,578,706	7,863,527	18,375	17,484	7,513,044	350,483
Under \$50,000 [1]	18,263,836	7,632,785	18,805	17,667	7,337,569	295,216
\$50,000 under \$100,000	238,849	176,708	7,794	3,293	135,914	40,794
\$100,000 under \$200,000	56,786	41,029	21,458	6,090	31,008	10,022
\$200,000 or more	19,236	13,005	-99,626	15,952	8,553	4,451
Returns with negative U.S. income tax						
Total	33,240,045	3,141,681	5,594	6,057	1,907,215	1,234,466
Under \$50,000 [1]	32,034,870	2,712,114	7,588	8,423	1,851,126	860,988
\$50,000 under \$100,000	1,167,244	406,160	-7,165	-3,168	50,061	356,099
\$100,000 under \$200,000	36,864	22,464	-642	-755	5,484	16,981
\$200,000 or more	1,068	943	-83,097	3,887	545	398

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

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

¹ The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

² The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (98 Stat. at 815) eliminated the requirement to use the last two income concepts.

³ 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.

⁴ See Notes to Appendix A, note A4.

⁵ 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.



of these returns. The average difference between expanded income and AGI was \$6,597, and the median difference was \$3,310. Although expanded income is a more comprehensive measure of income than AGI, for some taxpayers the subtractions from AGI to arrive at expanded income exceed the additions, resulting in expanded income that is less than AGI. These returns where expanded income exceeded AGI were concentrated among returns with \$50,000 or less of AGI, and the 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.” The first concept, “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 (including refundable 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. The second tax concept, “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.^{6,7} The sum of these two items is believed to be a reasonable proxy for foreign taxes actually paid.

Figure B shows a cross-tabulation of tax returns based on whether it has positive, zero, or negative U.S. income tax liability and whether it also had positive, zero, or negative worldwide income tax. By definition, 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. Almost 36 percent of the 144.9 million tax returns filed in 2012 had zero or negative U.S. income tax liability, and

Figure B
Returns With, Without, and With Worldwide and Negative U.S. Income Tax: Number of Returns, by Size of Adjusted Gross Income, Tax Year 2012

Returns by tax status, size of AGI	All returns	Returns with worldwide income tax				Returns with zero worldwide income tax	Returns with negative worldwide income tax	
		Total	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)	(6)	(7)	(8)	
All returns	144,928,472	93,287,106	42,744,512	29,727,498	15,570,511	5,244,584	18,423,969	33,217,397
Returns with U.S. income tax								
Total	93,109,721	93,109,721	42,641,865	29,683,169	15,552,998	5,231,689	0	0
Under \$50,000 [1]	42,641,865	42,641,865	42,641,865	0	0	0	0	0
\$50,000 under \$100,000	29,683,169	29,683,169	0	29,683,169	0	0	0	0
\$100,000 under \$200,000	15,552,998	15,552,998	0	0	15,552,998	0	0	0
\$200,000 or more	5,231,689	5,231,689	0	0	0	5,231,689	0	0
Returns with zero U.S. income tax								
Total	18,578,706	154,737	92,259	33,346	16,413	12,719	18,423,969	0
Under \$50,000 [1]	18,263,836	92,259	92,259	0	0	0	18,171,576	0
\$50,000 under \$100,000	238,849	33,346	0	33,346	0	0	205,503	0
\$100,000 under \$200,000	56,786	16,413	0	0	16,413	0	40,373	0
\$200,000 or more	19,236	12,719	0	0	0	12,719	6,517	0
Returns with negative U.S. income tax								
Total	33,240,045	22,648	10,388	10,983	1,100	177	0	33,217,397
Under \$50,000 [1]	32,034,870	10,388	10,388	0	0	0	0	32,024,482
\$50,000 under \$100,000	1,167,244	10,983	0	10,983	0	0	0	1,156,261
\$100,000 under \$200,000	36,864	1,100	0	0	1,100	0	0	35,764
\$200,000 or more	1,068	177	0	0	0	177	0	891

[1] Includes returns with adjusted gross deficit.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

⁶ 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 References 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.”

⁷ 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 does represent a slight break in the year-to-year comparability of data for worldwide income tax. However, 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.

97.1 percent of these returns had AGI of \$50,000 or less—unsurprising given the progressive nature of the U.S. income tax. Roughly 3 out of every 1,000 returns with zero or negative U.S. income tax liability had positive worldwide income tax liability, and 57.8 percent of these returns had AGI of \$50,000 or less.

For 2012, the number of expanded-income returns over \$200,000 increased 11.6 percent to just over 5.3 million returns. Of these, 13,450 returns had no worldwide income tax liability. This was a 10.3-percent decline in the number of returns with no worldwide income tax liability from 2011, and the third decrease in a row since reaching an alltime high of 19,551 returns in 2009. (For comparison, the total number returns filed increased 3.2 percent from 2009 to 2012.) Tax-exempt interest was the primary reason for nontaxability on more than half (54.2 percent) of these returns.

The \$200,000 threshold was fixed in statute in 1976 and not adjusted for inflation. In 2012 dollars, one would need to have \$807,009 of income to have the same purchasing powers as having \$200,000 of income in 1976. Using an inflation-adjusted threshold, there were 545,246 high expanded-income returns, a 23.8-percent increase from 2011. Despite this large increase, the number of expanded-income returns with no worldwide income

tax using an inflation-adjusted threshold showed a decrease of 38.1 percent, from 884 to 547 returns. This was the fewest number of expanded-income returns with no worldwide income tax since 2007 when there were 314 returns.

Number of High-Income Returns

For 2012, there were nearly 5.3 million individual income tax returns with an AGI of at least \$200,000, and slightly more than 5.3 million returns with an expanded income of \$200,000 or more (Figure C). The number of returns with AGI above the \$200,000 threshold increased 11.7 percent from 2011 and accounted for 3.6 percent of all returns in 2012. Similarly, the returns with expanded incomes above the \$200,000 threshold increased 11.6 percent from 2011 and accounted for 3.7 percent of all returns in 2012.

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 shows what the \$200,000 threshold in 1976 would be each year after adjusting for inflation and the number and share

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 1977–2012

Tax year	All returns	\$200,000 income threshold measured in current dollars				Current dollar 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			Number of returns by income concept		Percentage of all returns 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)	(9)	(10)
1977	86,634,640	53,403	67,580	0.062	0.078	213,005	45,931	58,991	0.053	0.068
1978	89,771,551	68,506	85,137	0.076	0.095	229,174	49,388	62,556	0.055	0.070
1979	92,694,302	93,731	122,231	0.101	0.132	255,184	55,542	76,479	0.060	0.083
1980	93,902,459	117,250	149,826	0.125	0.160	289,631	52,512	71,704	0.056	0.076
1981	95,396,123	138,136	175,092	0.145	0.184	319,508	50,880	71,146	0.053	0.075
1982	95,337,432	169,367	207,291	0.178	0.217	339,192	59,411	81,297	0.062	0.085
1983	96,321,310	198,608	249,319	0.206	0.259	350,088	67,310	93,977	0.070	0.098
1984	99,438,708	243,760	310,042	0.245	0.312	365,202	80,800	116,389	0.081	0.117
1985	101,660,287	296,507	370,340	0.292	0.364	378,207	95,740	134,715	0.094	0.133
1986	103,045,170	374,363	529,460	0.363	0.514	385,237	119,550	191,596	0.116	0.186
1987	106,996,270	539,967	557,848	0.505	0.521	399,297	161,408	169,942	0.151	0.159
1988	109,708,280	725,345	737,659	0.661	0.672	415,817	235,051	241,201	0.214	0.220
1989	112,135,673	786,063	814,152	0.701	0.726	435,852	217,685	228,530	0.194	0.204
1990	113,717,138	834,957	860,940	0.734	0.757	459,400	216,716	228,659	0.191	0.201
1991	114,730,123	846,707	892,178	0.738	0.778	478,735	183,442	195,743	0.160	0.171
1992	113,604,503	954,747	989,522	0.840	0.871	493,146	213,783	227,354	0.188	0.200
1993	114,601,819	993,326	1,043,213	0.867	0.910	507,909	201,236	212,853	0.176	0.186
1994	115,943,131	1,109,498	1,153,829	0.957	0.995	520,914	204,532	214,673	0.176	0.185
1995	118,218,327	1,272,508	1,319,382	1.076	1.116	535,677	237,770	248,077	0.201	0.210
1996	120,351,208	1,523,407	1,572,114	1.266	1.306	551,494	278,342	288,194	0.231	0.239
1997	122,421,991	1,807,900	1,854,031	1.477	1.514	564,148	335,040	345,869	0.274	0.283
1998	124,770,662	2,085,211	2,132,301	1.671	1.709	572,934	385,183	396,207	0.309	0.318
1999	127,075,145	2,429,942	2,479,556	1.912	1.951	585,589	436,118	446,583	0.343	0.351

Footnotes at end of figure.

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 1977–2012—Continued

Tax year	All returns	\$200,000 income threshold measured in current dollars				Current dollar 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			Number of returns by income concept		Percentage of all returns 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)	(9)	(10)
2000	129,373,500	2,771,577	2,807,804	2.142	2.170	605,272	482,396	492,589	0.373	0.381
2001	130,255,237	2,567,220	2,605,021	1.971	2.000	622,495	391,901	400,906	0.301	0.308
2002	130,076,443	2,414,128	2,464,515	1.856	1.895	632,337	345,892	356,402	0.266	0.274
2003	130,423,626	2,536,439	2,573,133	1.945	1.973	646,749	356,727	367,012	0.274	0.281
2004	132,226,042	3,021,435	3,067,602	2.285	2.320	663,972	436,583	445,934	0.330	0.337
2005	134,372,678	3,566,125	3,584,012	2.654	2.667	686,467	519,216	527,126	0.386	0.392
2006	138,394,754	4,064,883	4,094,953	2.937	2.959	708,612	569,893	581,199	0.412	0.420
2007	142,978,806	4,535,623	4,576,315	3.172	3.201	728,794	606,026	618,154	0.424	0.432
2008	142,450,569	4,375,660	4,416,986	3.072	3.101	756,777	487,656	498,470	0.342	0.350
2009	140,494,127	3,924,489	3,975,288	2.793	2.830	754,084	372,665	383,354	0.265	0.273
2010	142,892,051	4,296,307	4,347,756	3.007	3.043	766,453	421,604	433,924	0.295	0.304
2011	145,370,240	4,700,056	4,758,256	3.233	3.273	790,647	430,127	440,529	0.296	0.303
2012	144,928,472	5,251,992	5,308,871	3.624	3.663	807,009	535,038	545,246	0.369	0.376

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

NOTES: This figure is based on U.S. Individual Income Tax Returns. See Appendix A: Income Concepts of this article for a discussion of adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2015.

of returns above this threshold.⁸ For Tax Year 2012, this inflation-adjusted threshold was \$807,009.

Adjusting for inflation, the number of returns above the AGI threshold was 535,038 in Tax Year 2012—0.37 percent of all returns—a 24.4-percent increase from the previous year. Since 1977, the number of returns above this inflation-adjusted threshold has increased at a rate of approximately 7.3 percent per year. In comparison, the total number of returns has increased 1.5 percent per year since 1977. Similarly, the number of returns above the inflation-adjusted threshold using the expanded income concept was 545,246 in Tax Year 2012—0.38 percent of all returns—a 23.8-percent increase from the previous year. Since 1977, the number of returns above this threshold has increased 6.6 percent per year.

From 1977 to 2012, the number of returns reporting incomes of \$200,000 or more generally increased annually. 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, e.g., Tax Years 1980, 1981, 1989, 1990, 1991, and 1993. Many of these years also coincided with economic downturns.⁹

The difference in the number of high-income returns between the two income concepts significantly decreased beginning 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 5.3 million income tax returns with an AGI of \$200,000 or more, 20,304 showed no U.S. income tax liability (top panel of Figure D). Also, of the 5.3 million tax returns with expanded income of \$200,000 or more, 32,326 had no U.S. income tax liability. This represents a 3.8-percent increase for high-AGI returns and 1.8-percent decrease for high expanded-income returns with no U.S. income tax from the number of returns for 2011.

Of the returns with an AGI of \$200,000 or more, 7,408 returns showed no worldwide income tax liability. For returns with an expanded income of \$200,000 or more, 13,450 had no worldwide income tax liability. This represents a 2.0-percent decrease for high-AGI returns and 10.3-percent decrease for high-expanded returns with no worldwide income tax, compared to the number of returns for 2011.

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 5.2 million

⁸ 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.

⁹ See National Bureau of Economic Research list of business cycles at <http://www.nber.org/cycles.html>.

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 1977–2012

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

Footnotes at end of figure.

returns with incomes of \$200,000 or more as measured by both AGI and expanded income, of which, 17,462 returns had no U.S. income tax liability and 4,669 returns had no worldwide income tax.

Of the roughly 535,000 returns with an AGI over the inflation-adjusted high-income threshold, 2,297 returns had no U.S. income tax liability in 2012, down 1.3 percent from the previous year (lower panel of Figure D). Additionally, 535 returns showed no worldwide income tax liability, down 15.5 percent

from 2011. Measured using expanded income, of the 545,246 returns above the inflation-adjusted threshold, 2,450 returns had no U.S. income tax liability, an 11.0-percent decrease from the number of returns for 2011. Additionally, 547 returns showed no worldwide income tax liability, down 38.1 percent from 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

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 1977–2012—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

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

NOTES: This figure is based on U.S. Individual Income Tax Returns. 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 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 adjusted gross income and expanded income.

Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2015.

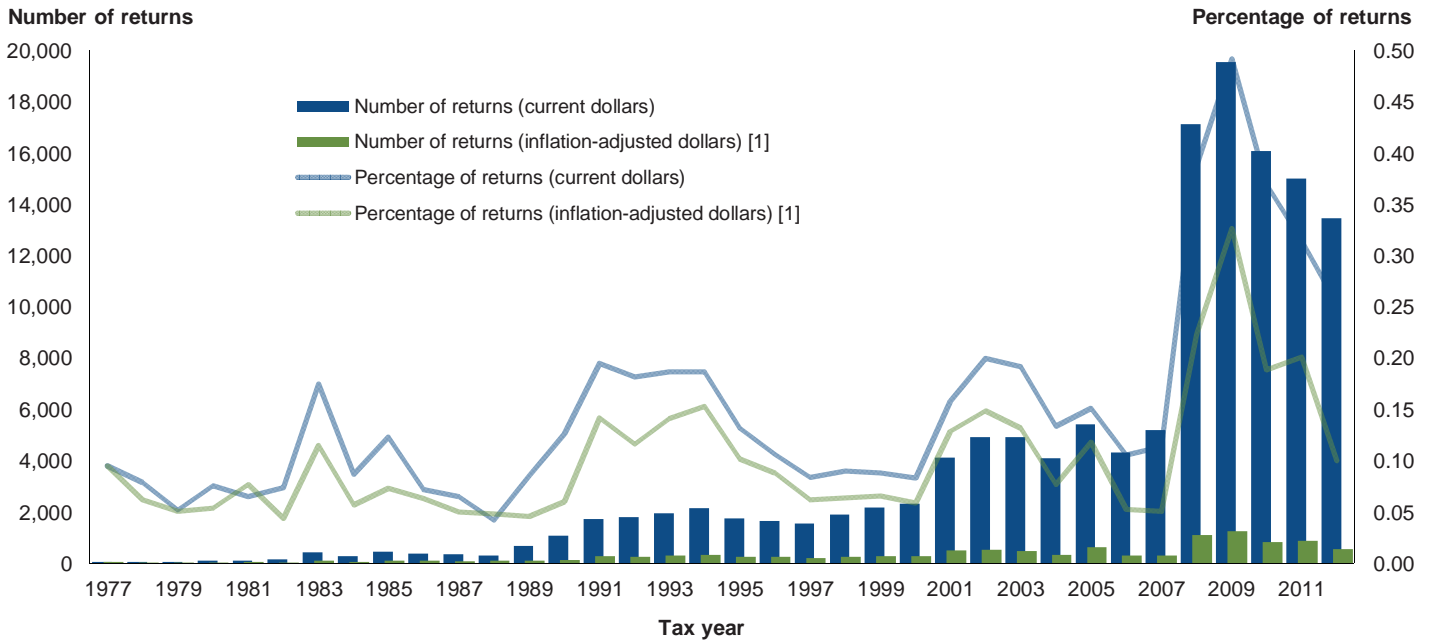
and both a nominal \$200,000 threshold and an inflation-adjusted threshold, 0.4 percent of high-income returns had no U.S. income tax, and 0.1 percent had no worldwide income tax in 2012. When using expanded income with a nominal \$200,000 threshold, 0.6 percent of high-income returns had no U.S. income tax, and 0.3 percent had no worldwide income tax in

2012, while an inflation-adjusted threshold showed that 0.4 percent had no U.S. income tax and 0.1 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

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 1977–2012



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

NOTES: This figure is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

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 fairly consistent from 2002 to 2007. From 2007 to 2011, the spread widened considerably. The gap (more than 0.15 percentage points) for 2012 was still high compared with most of the years in this study.¹⁰

Reasons for Nontaxability

Taxpayers may have their tax liability reduced—possibly to zero or beyond—in a number of ways. These include claiming tax credits, which directly reduces an individual's tax liability; claiming various deductions, which reduce (weakly) 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 \$78,750 on joint returns (\$50,600 on single and head-of-household returns and \$39,375 on returns of married taxpayers filing separately), a return could have been nontaxable even though it included some items that produced AMT adjustments or preferences.¹¹ Further, since the starting point for “alternative minimum taxable income” was

¹⁰ Note that before 1991, the number of nontaxable returns with an expanded income of \$200,000 or more was based on samples. Year-to-year differences in the number and percentages of nontaxable returns with an 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 an expanded incomes 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.

¹¹ The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status. But, since taxpayers will have some AMT liability in the phase-out range, the phase-out income is not relevant for nontaxable, high-income returns.

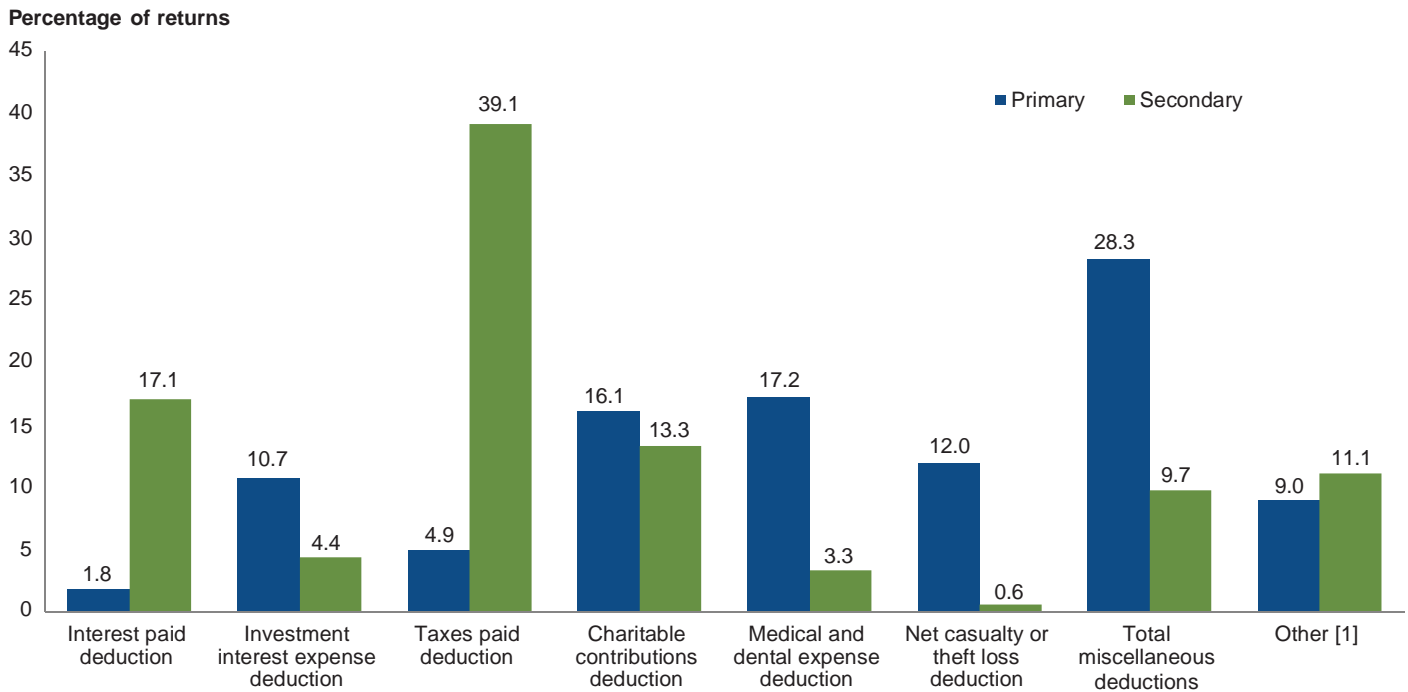
taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative due to itemized deductions and personal exemptions exceeding 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 7,408 returns without any worldwide income tax and AGI of \$200,000 or more was total miscellaneous deductions. This was the case in 28.3 percent (2,095 returns) of those returns (Figure F). The next three categories that most frequently had the largest effect in reducing taxes were: 1) medical and dental expense deduction (17.2 percent or 1,274 returns); 2) charitable contributions deduction (16.1 percent or 1,195 returns); and 3) net casualty or theft loss deduction (12.0 percent or 886 returns). The items that most frequently had the second largest effect in reducing regular tax liability for high-AGI returns with no worldwide income tax were the deduction for taxes paid (39.1 percent or 2,900 returns) and the interest paid deduction (17.1 percent or 1,263 returns).

Of the 13,450 returns without any worldwide income tax and expanded incomes of \$200,000 or more, the most important item in eliminating tax, on 54.2 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 effect in reducing taxes were: 1) medical and dental expense deduction (14.2 percent or 1,906 returns); 2) charitable contributions deduction (9.0 percent or 1,216 returns); and 3) net casualty or theft loss deduction (6.7 percent or 906 returns). The most important items that most frequently had the second largest effect in reducing regular tax liability on high expanded-income returns with no worldwide income tax were the deduction for taxes paid (26.2 percent or 3,519 returns) and charitable contributions (13.3 percent or 1,789 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.¹² 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 60.0 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 59.3

Figure F
Returns With Adjusted Gross Income of \$200,000 or More and With No Worldwide Income Tax: Primary and Secondary Reasons for No Income Tax Liability, Tax Year 2012



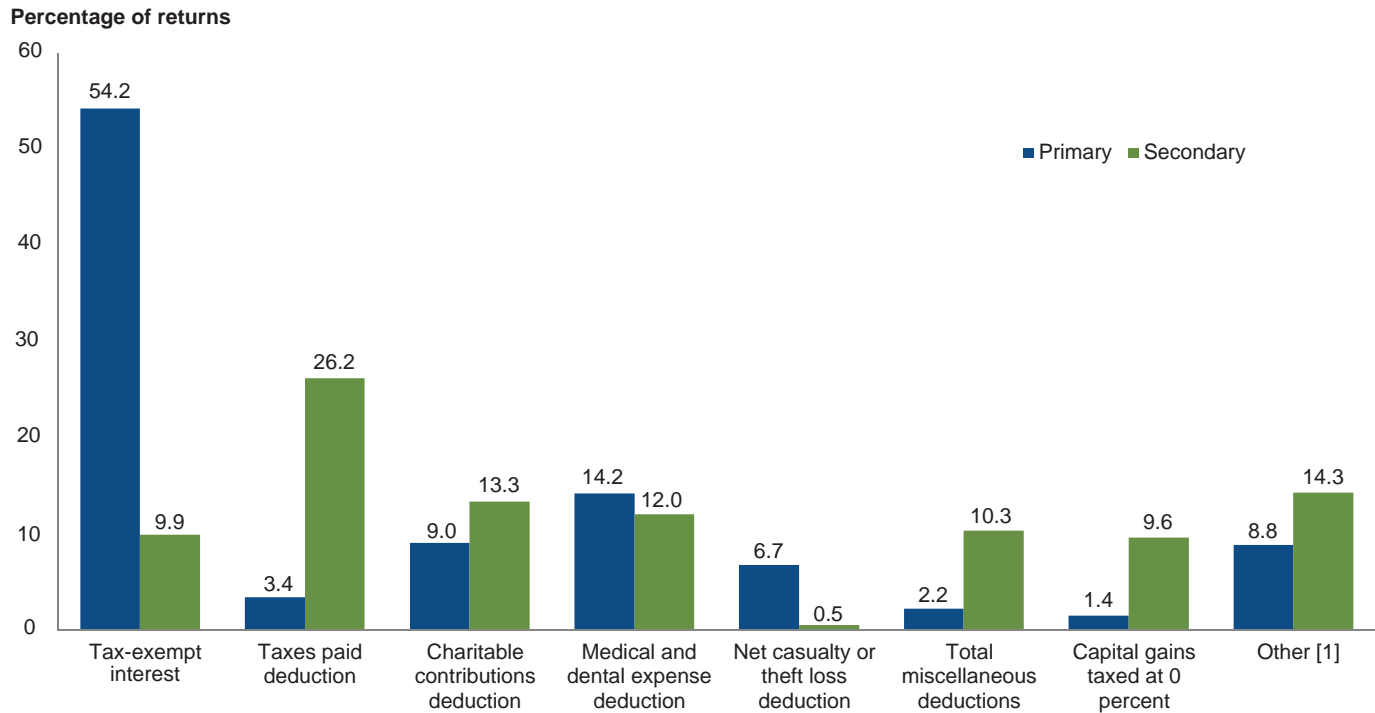
[1] Includes 4 returns where the primary reason for nontaxability was not identified by the data items selected for this article. Does not include returns where there was no secondary reason for nontaxability.

NOTES: Detail may not add to 100 percent because of rounding. This figure is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

¹² 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 between data prior to 1994 and after 1993.

Figure G
Returns With Expanded Income of \$200,000 or More With No Worldwide Income Tax: Primary and Secondary Reasons for No Income Tax Liability, Tax Year 2012



[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. This figure is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

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 largest reason for nontaxability for both AGI (60.0 percent of the time) and expanded-income returns with no income tax (48.2 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 1,305 returns (or 9.7 percent) of the 13,450 returns, but there were no medical and dental expense deductions on 6,382 returns or 47.4 percent. Conversely, the taxes paid deduction reduced income between 0 and 30 percent of expanded income on 11,616 returns (or 86.4 percent) of the 13,450 returns, but only reduced income greater than 60 percent on 225 returns. Tables 9 and 10 report the frequencies of returns in finer detail by the percentage

of income reduced and include a more comprehensive list of itemized deductions, deduction equivalents of tax credits and tax preferences excluded from income.

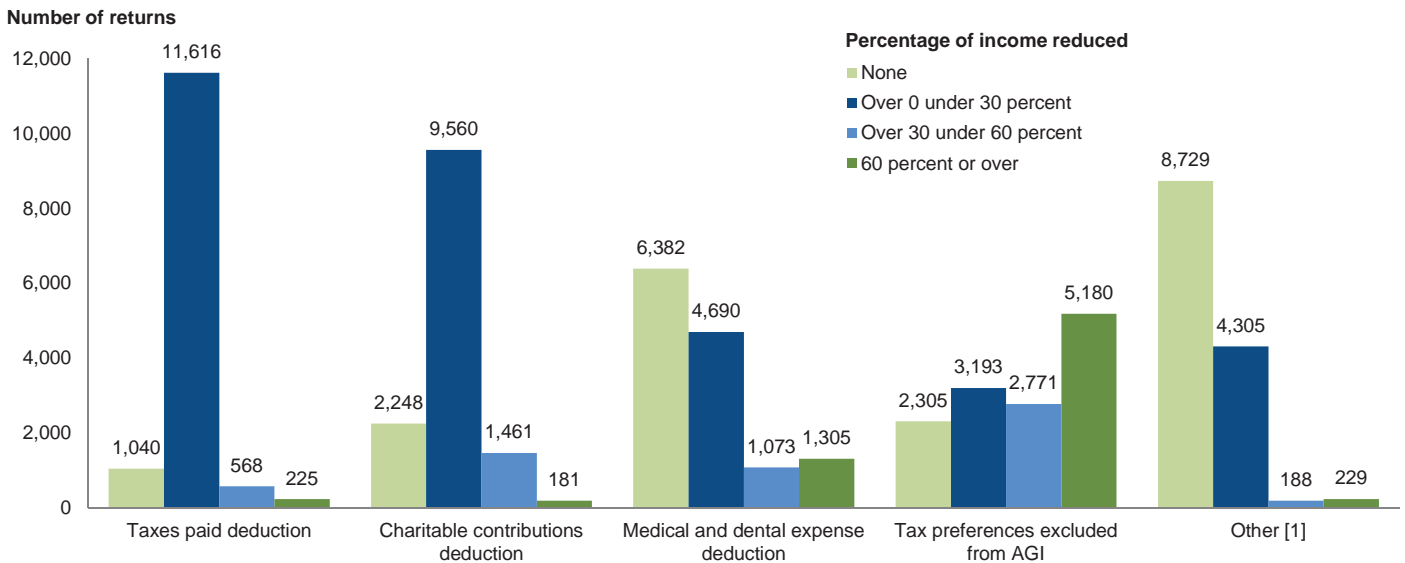
Distribution of Tax Levels

Figure I shows the distributions of high expanded-income returns with and without worldwide income tax by the ratio of “adjusted” 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.¹³ 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 (0.3 percent).
- Another group of high-income taxpayers—small, but larger than the nontaxable group—was able to offset a very substantial fraction of income before being subject to tax. This type of high-income taxpayer pays income tax equal

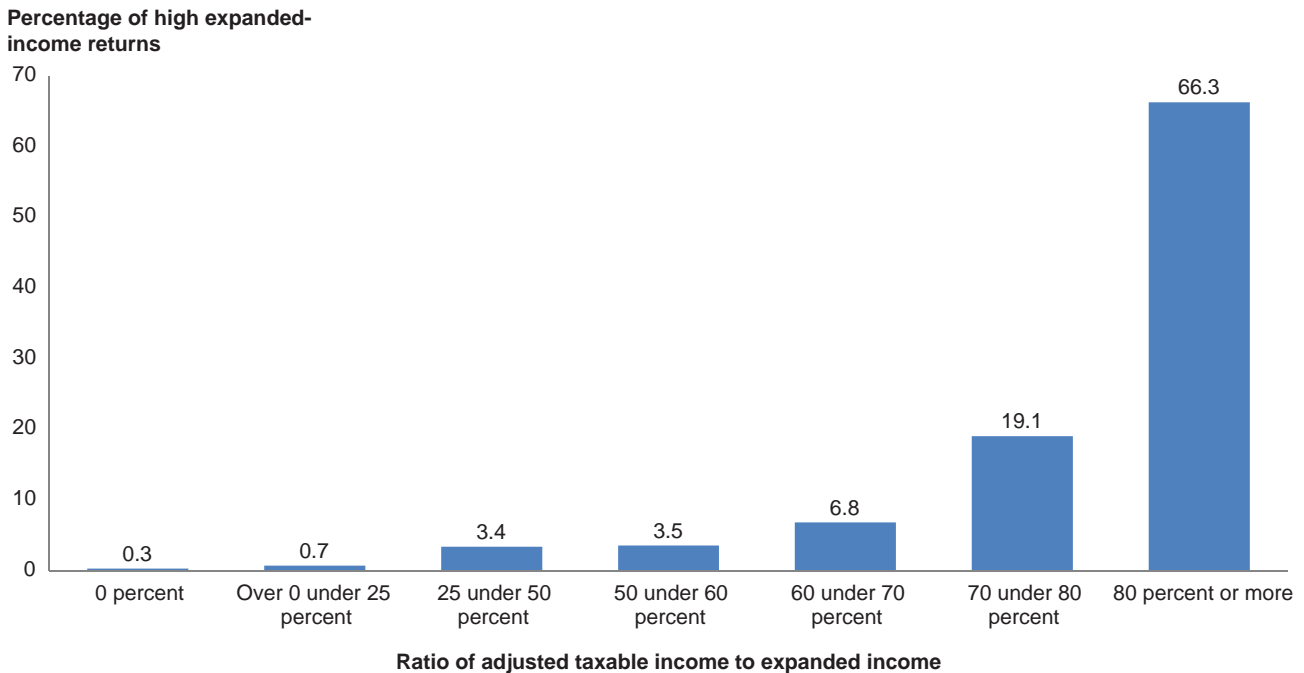
¹³ See Appendix B for a description of how the deduction equivalent of credits was computed.

Figure H
Returns With Expanded Income of \$200,000 or More With No Worldwide Income Tax: Number of Returns Utilizing Selected Tax Provision by Percentage of Income Reduced



[1] Other represents the average number of returns on which all other deductions, credits and tax preferences reduced income.
 NOTES: Detail may not add to total due to rounding. This figure is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Figure I
Distribution of Expanded Income Returns of \$200,000 or More With and Without Worldwide Income Tax by Ratio of Adjusted Taxable Income to Expanded Income, Tax Year 2012



NOTES: Detail may not add to 100 percent because of rounding. This figure is based on U.S. Individual Income Tax Returns. 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 and expanded income.
 Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2015.

to only a small share of his or her income. Such taxpayers may be called “nearly nontaxable.” About 0.7 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 and, consequently, reported very substantial amounts of tax (66.3 percent of high expanded-income taxpayers had adjusted taxable income equal to 80 percent or more of expanded income; and 95.7 percent had adjusted taxable income equal to 50 percent or more of expanded income).

Figure J shows the distributions 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 3.1 percent of returns with expanded incomes of \$200,000 or more had worldwide income tax of less than 10 percent of adjusted gross income, 19.2 percent had effective tax rates of 25 percent or more. Also, 30.4 percent had effective tax rates between 20 and 25 percent. In contrast, only 2.8 percent of taxpayers with an expanded income between \$100,000 and

\$200,000 had effective tax rates of 20 percent or more, including 0.1 percent with effective tax rates of 25 percent or more.

Characteristics of Tax Returns

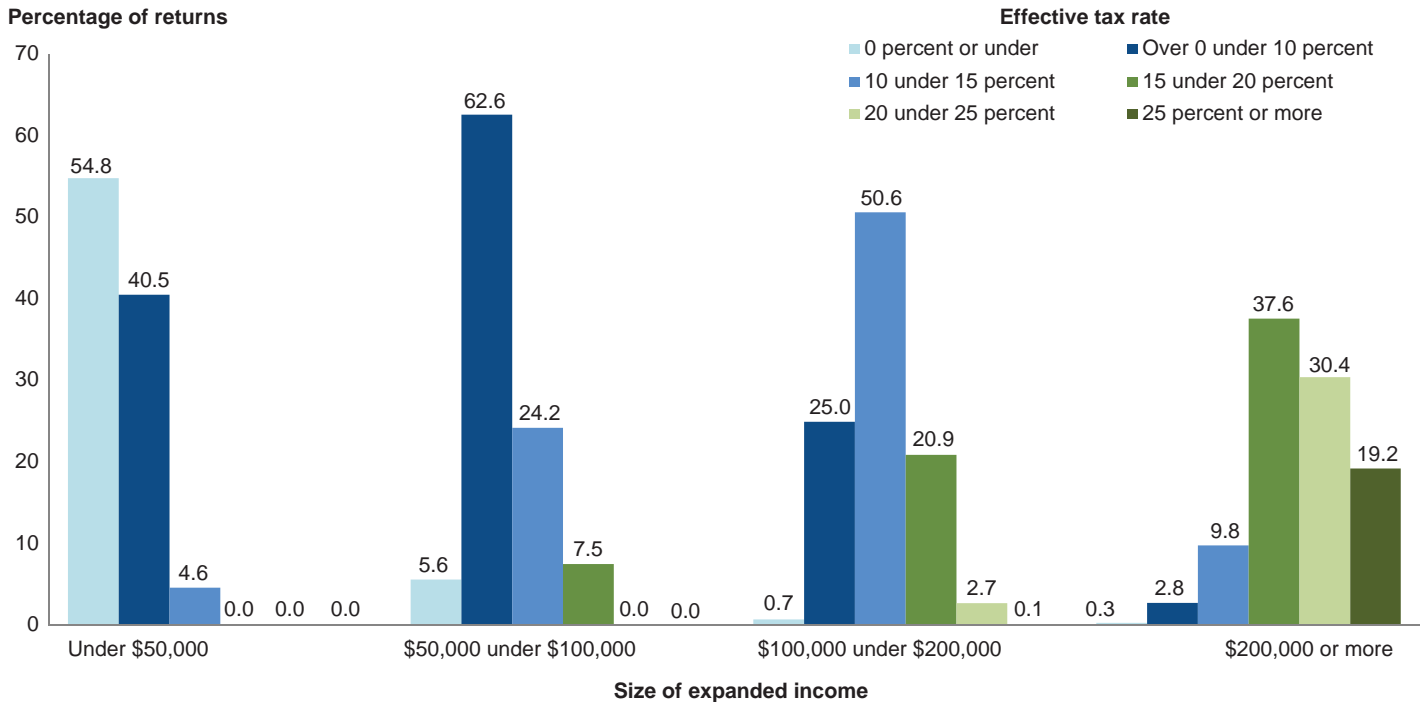
By comparing nontaxable returns with taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, under the expanded-income concept, returns without worldwide income tax were much more likely (82.6 percent) than taxable returns (28.2 percent) to have tax-exempt interest, and when they did, the average amount for nontaxable returns (\$230,057) was much higher than the average amount for all taxable returns (\$30,885) (Figure K). Similarly, nontaxable returns (32.1 percent) were much less likely than high-income taxable returns (87.3 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 shown on high-income returns.

More Detailed Data for 2012

Tables 1 through 12 present data based on income tax returns for 2012, 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. In summary, the tables show:

Figure J

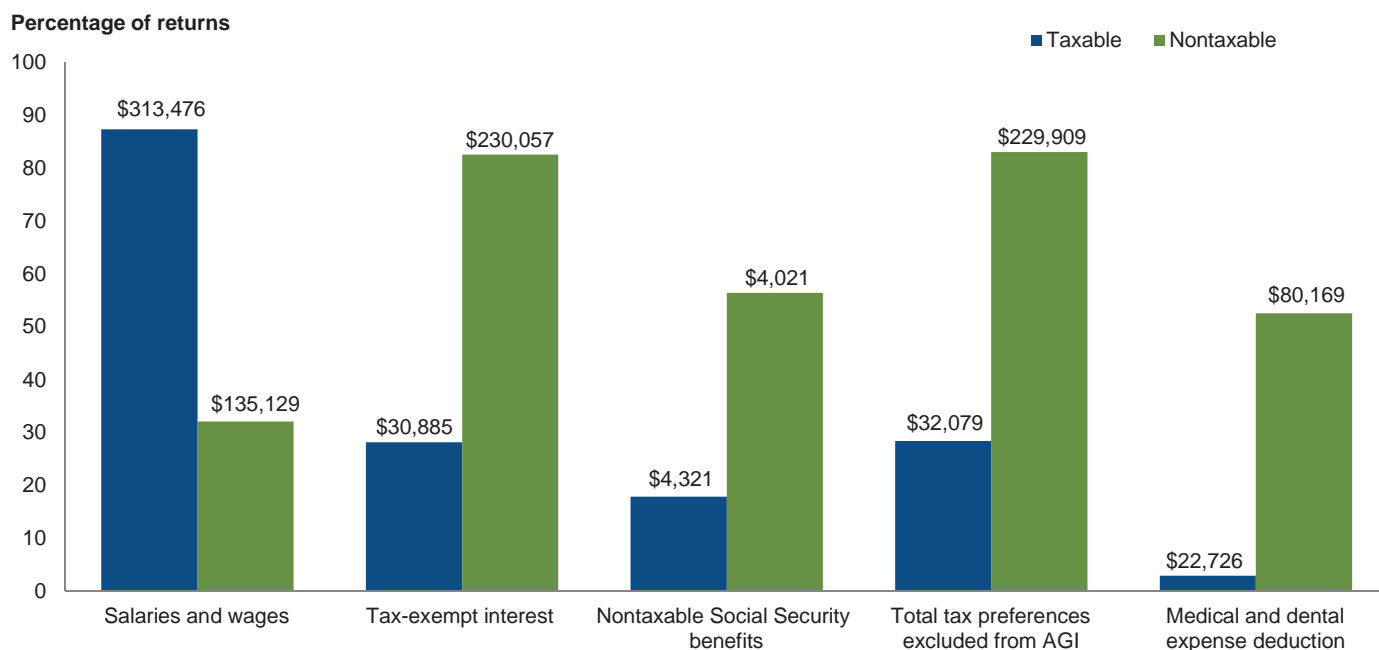
Distribution of Effective Worldwide Income Tax Rate by Size of Expanded Income, Tax Year 2012



NOTES: Detail may not add to 100 percent because of rounding. This figure is based on U.S. Individual Income Tax Returns. 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 and expanded income. Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2015.

Figure K

Percentage of Returns With Expanded Incomes of \$200,000 or More With No Worldwide Income Tax, by Selected Tax Items, and Average Amount Reported, Tax Year 2012



NOTES: This figure is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

- 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);
- 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).

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.

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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) that can be determined 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 or not realized), 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. In particular, 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 1977–2012

Adjusted gross income (AGI)	
PLUS:	<ul style="list-style-type: none"> o Excluded capital gains (tax years prior to 1987) o Tax-exempt interest (1987 and later tax years) o Nontaxable Social Security benefits (1987 and later tax years) o Tax preferences for alternative minimum tax purposes [A5] o Foreign-earned income exclusion (1990 and later tax years)
MINUS:	<ul style="list-style-type: none"> o Unreimbursed employee business expenses [A4] o Nondeductible rental losses (Tax Year 1987) o Moving expense deduction (Tax Years 1987 through 1993) [A4] o Investment interest expense deduction to the extent it does not exceed investment income o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)
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, High-Income Tax Returns, May 2015.

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 in excess of 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. As a result 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 taken into account 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 expense. 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 expense 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 particular 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 non-limited 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 brief 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. This 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 (precredit) 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.

As a result of 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, for example, 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.

Figure M
Derivation of "U.S. Income Tax" and "Worldwide Income Tax,"
Tax Year 2012

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)
EQUALS:	Income tax before credits
MINUS:	Tax credits
EQUALS:	U.S. income tax
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign-earned income (Form 1116)
EQUALS:	Worldwide income tax

NOTE: See Appendix B: Tax Concepts for further discussion of the information in this figure.
Source: IRS, Statistics of Income Division, High-Income Tax Returns, May 2015.

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.

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. In particular, 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 more 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 precredit 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. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2012

[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)
All returns					
Total	144,928,472	92,940,570	31,089,262	15,646,648	5,251,992
Under \$50,000 [1]	90,550,444	89,812,197	725,114	8,857	4,276
\$50,000 under \$100,000	33,448,930	3,052,198	29,918,923	472,212	5,597
\$100,000 under \$200,000	15,620,227	72,361	438,118	15,024,159	85,588
\$200,000 or more	5,308,871	3,813	7,107	141,421	5,156,531
Returns with U.S. income tax					
Total	93,109,721	42,641,865	29,683,169	15,552,998	5,231,689
Under \$50,000 [1]	40,838,221	40,235,562	593,471	6,703	2,485
\$50,000 under \$100,000	31,515,992	2,376,303	28,665,135	469,280	5,273
\$100,000 under \$200,000	15,478,963	29,086	420,343	14,944,673	84,860
\$200,000 or more	5,276,545	914	4,219	132,343	5,139,069
Returns without U.S. income tax					
Total	51,818,751	50,298,705	1,406,093	93,650	20,304
Under \$50,000 [1]	49,712,223	49,576,635	131,643	2,154	1,791
\$50,000 under \$100,000	1,932,939	675,896	1,253,787	2,932	324
\$100,000 under \$200,000	141,264	43,275	17,775	79,486	727
\$200,000 or more	32,326	2,899	2,888	9,078	17,462

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

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 2. Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2012

[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)
All returns					
Total	144,928,472	92,940,570	31,089,262	15,646,648	5,251,992
Under \$50,000 [1]	90,550,444	89,812,197	725,114	8,857	4,276
\$50,000 under \$100,000	33,448,930	3,052,198	29,918,923	472,212	5,597
\$100,000 under \$200,000	15,620,227	72,361	438,118	15,024,159	85,588
\$200,000 or more	5,308,871	3,813	7,107	141,421	5,156,531
Returns with worldwide income tax					
Total	93,287,106	42,744,512	29,727,498	15,570,511	5,244,584
Under \$50,000 [1]	40,923,929	40,319,973	594,759	6,703	2,494
\$50,000 under \$100,000	31,561,984	2,385,355	28,702,049	469,292	5,287
\$100,000 under \$200,000	15,505,772	37,961	425,798	14,957,072	84,940
\$200,000 or more	5,295,421	1,223	4,892	137,444	5,151,862
Returns without worldwide income tax					
Total	51,641,366	50,196,058	1,361,764	76,137	7,408
Under \$50,000 [1]	49,626,515	49,492,224	130,355	2,154	1,782
\$50,000 under \$100,000	1,886,946	666,844	1,216,873	2,920	310
\$100,000 under \$200,000	114,455	34,400	12,321	67,087	647
\$200,000 or more	13,450	2,590	2,215	3,976	4,669

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

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 3. Returns With and Without U.S. Income Tax 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 2012

[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)
Total	5,251,992	100.0	100.0	5,308,871	100.0	100.0
Returns without U.S. income tax	20,304	0.4	0.4	32,326	0.6	0.6
Returns with U.S. income tax: Total	5,231,689	99.6	N/A	5,276,545	99.4	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	12,361	0.2	0.2	15,826	0.3	0.3
5 under 10 percent	10,346	0.2	0.4	13,992	0.3	0.6
10 under 15 percent	9,719	0.2	0.6	12,306	0.2	0.8
15 under 20 percent	12,053	0.2	0.8	12,093	0.2	1.0
20 under 25 percent	10,426	0.2	1.0	17,052	0.3	1.3
25 under 30 percent	14,741	0.3	1.3	20,161	0.4	1.7
30 under 35 percent	18,319	0.3	1.7	25,707	0.5	2.2
35 under 40 percent	24,754	0.5	2.1	31,552	0.6	2.8
40 under 45 percent	40,149	0.8	2.9	53,986	1.0	3.8
45 under 50 percent	70,136	1.3	4.2	76,988	1.5	5.3
50 under 60 percent	177,554	3.4	7.6	200,690	3.8	9.0
60 under 70 percent	348,124	6.6	14.3	372,897	7.0	16.1
70 under 80 percent	1,039,525	19.8	34.0	1,019,965	19.2	35.3
80 percent or more	3,443,482	65.6	99.6	3,403,332	64.1	99.4

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 4. Returns With and Without Worldwide Income Tax 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 2012

[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)
Total	5,251,992	100.0	100.0	5,308,871	100.0	100.0
Returns without worldwide income tax	7,408	0.1	0.1	13,450	0.3	0.3
Returns with worldwide income tax: Total	5,244,584	99.9	N/A	5,295,421	99.7	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	3,037	0.1	0.1	3,796	0.1	0.1
5 under 10 percent	3,900	0.1	0.1	4,882	0.1	0.2
10 under 15 percent	3,523	0.1	0.2	7,488	0.1	0.3
15 under 20 percent	6,463	0.1	0.3	5,486	0.1	0.4
20 under 25 percent	7,611	0.1	0.5	13,021	0.2	0.7
25 under 30 percent	9,237	0.2	0.6	13,240	0.2	0.9
30 under 35 percent	12,410	0.2	0.9	20,251	0.4	1.3
35 under 40 percent	20,414	0.4	1.3	26,150	0.5	1.8
40 under 45 percent	34,732	0.7	1.9	45,369	0.9	2.6
45 under 50 percent	64,420	1.2	3.2	73,083	1.4	4.0
50 under 60 percent	169,525	3.2	6.4	188,165	3.5	7.6
60 under 70 percent	336,310	6.4	12.8	362,069	6.8	14.4
70 under 80 percent	1,024,461	19.5	32.3	1,011,612	19.1	33.4
80 percent or more	3,548,541	67.6	99.9	3,520,811	66.3	99.7

N/A—Not applicable.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012

[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)
Adjusted Gross Income Concept						
Salaries and wages	4,630,603	1,453,486,928	4,616,287	1,447,942,257	14,316	5,544,671
Business or profession:						
Net income	950,043	107,337,147	947,100	106,874,941	2,943	462,205
Net loss	332,749	7,745,131	331,413	7,552,993	1,336	192,138
Farm:						
Net income	50,676	6,772,074	50,502	6,754,452	174	17,622
Net loss	103,783	4,802,220	103,358	4,760,316	425	41,903
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,567,853	537,482,087	1,564,524	536,192,335	3,329	1,289,752
Net loss	463,240	43,006,669	459,665	41,665,893	3,575	1,340,776
Sales of capital assets:						
Net gain	1,996,723	564,404,027	1,990,084	561,842,357	6,639	2,561,670
Net loss	1,497,210	3,740,815	1,490,561	3,723,136	6,648	17,679
Sales of property other than capital assets:						
Net gain	257,884	13,439,055	256,628	13,349,306	1,256	89,749
Net loss	287,792	6,036,894	286,053	5,908,474	1,739	128,421
Taxable interest received	4,521,070	60,777,094	4,505,067	59,947,743	16,003	829,351
Tax-exempt interest	1,408,440	40,430,886	1,403,510	39,995,062	4,931	435,824
Dividends	3,650,440	169,775,859	3,637,227	168,142,783	13,212	1,633,076
Qualified dividends	3,484,552	142,188,028	3,472,761	140,936,395	11,791	1,251,633
Pensions and annuities in adjusted gross income	1,185,671	63,797,788	1,182,453	63,642,228	3,218	155,560
Rent:						
Net income	616,793	28,981,945	614,254	28,846,590	2,539	135,355
Net loss, total (deductible and nondeductible)	729,550	12,650,165	726,124	12,531,646	3,426	118,519
Nondeductible rental loss	585,627	8,779,928	582,752	8,710,218	2,875	69,710
Royalty:						
Net income	371,590	16,266,035	369,580	16,177,077	2,010	88,958
Net loss	16,086	120,568	15,983	118,282	103	2,286
Estate or trust:						
Net income	139,669	21,286,446	139,050	21,217,528	618	68,918
Net loss	16,476	1,548,708	16,285	1,516,959	191	31,750
State income tax refunds	1,768,535	8,980,871	1,765,943	8,935,675	2,591	45,196
Alimony received	9,575	1,288,375	9,540	1,282,032	35	6,343
Social Security benefits in adjusted gross income	876,022	21,245,963	872,079	21,155,236	3,943	90,727
Social Security benefits (nontaxable)	876,446	3,758,102	872,429	3,740,916	4,017	17,186
Unemployment compensation	160,831	1,207,791	160,638	1,205,813	193	1,977
Other income	699,973	20,730,928	696,444	20,478,672	3,529	252,256
Other loss	55,612	1,829,278	53,959	1,759,388	1,652	69,890
Foreign-earned income exclusion	48,597	4,191,434	43,523	3,686,872	5,074	504,561
Total income	5,251,992	3,090,698,001	5,231,689	3,079,106,747	20,304	11,591,254
Statutory adjustments, total	2,133,742	47,604,970	2,128,610	47,506,127	5,132	98,844
Payments to Individual Retirement Arrangements	132,783	1,146,009	132,413	1,143,065	370	2,944
Payments to self-employed retirement (Keogh) plans	426,365	14,455,984	426,040	14,443,819	325	12,164
Moving expenses adjustment	56,864	364,033	56,693	362,595	171	1,438
Adjusted gross income	5,251,992	3,043,093,030	5,231,689	3,031,600,620	20,304	11,492,410
Investment interest expense deduction	690,898	12,665,451	686,643	12,002,419	4,256	663,033
Total tax preferences excluded from adjusted gross income [2]	1,421,685	42,558,829	1,416,690	42,142,196	4,996	416,633
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,438	2,226,662	26,279	2,222,479	159	4,183

Footnotes at end of table.

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Adjusted Gross Income Concept—Continued						
Passive activity loss (alternative minimum tax adjustment)	658,259	514,555	655,780	556,807	2,479	-42,252
Expanded income	5,251,841	3,061,872,513	5,231,689	3,051,754,065	20,153	10,118,447
Exemption amount	5,248,778	57,943,162	5,228,526	57,749,646	20,253	193,516
Itemized deductions:						
Total per adjusted gross income concept	4,980,948	411,964,352	4,967,018	407,154,988	13,931	4,809,363
Charitable contributions deduction	4,617,091	96,829,656	4,606,496	96,174,008	10,595	655,647
Interest paid deduction:						
Total per adjusted gross income concept	4,069,707	76,845,119	4,059,536	75,971,075	10,170	874,043
Total home mortgage interest	3,864,405	63,746,802	3,855,842	63,536,707	8,562	210,095
Medical and dental expense deduction	136,019	3,490,596	133,727	3,151,869	2,291	338,727
Net casualty or theft loss deduction	13,480	1,648,378	12,531	1,182,010	949	466,368
Taxes paid deduction	4,976,744	203,437,148	4,964,025	202,888,906	12,719	548,242
Net limited miscellaneous deductions per adjusted gross income concept	760,610	17,438,087	756,127	17,149,097	4,483	288,990
Non-limited miscellaneous deductions	262,647	12,288,896	259,416	10,651,096	3,231	1,637,800
Excess of exemptions and deductions over adjusted gross income	7,539	2,085,473	3,036	891,198	4,503	1,194,274
Taxable income	5,244,431	2,572,104,282	5,228,650	2,564,481,236	15,782	7,623,045
Tax at regular rates	5,240,739	644,435,849	5,226,942	642,389,499	13,798	2,046,350
Alternative minimum tax (Form 6251)	3,447,020	30,803,938	3,446,223	30,792,218	797	11,720
Income tax before credits	5,245,632	675,333,707	5,231,689	673,275,422	13,944	2,058,284
Tax credits, total	2,491,191	20,605,017	2,477,247	18,546,733	13,944	2,058,284
Child care credit	460,168	248,701	459,945	248,619	223	82
Minimum tax credit	97,377	475,910	97,023	465,517	353	10,393
Foreign tax credit	1,826,959	17,010,249	1,813,793	15,005,886	13,166	2,004,363
General business credit	191,008	2,060,833	190,273	2,041,720	734	19,113
Refundable credits used to offset income tax before credits	168,008	391,615	167,687	374,529	321	17,085
U.S. total income tax	5,231,689	654,728,717	5,231,689	654,728,717	0	0
Taxable income which would yield:						
Income tax before credits	5,245,632	2,326,772,918	5,231,689	2,319,932,548	13,944	6,840,369
Income tax after credits	5,231,689	2,264,211,099	5,231,689	2,264,211,099	0	0
U.S. total income tax	5,231,689	2,264,211,299	5,231,689	2,264,211,299	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	5,251,992	3,043,093,030	5,231,689	3,031,600,620	20,304	11,492,410
plus: Total tax preferences excluded from adjusted gross income [2]	1,421,685	42,558,829	1,416,690	42,142,196	4,996	416,633
Social Security benefits (nontaxable)	876,446	3,758,102	872,429	3,740,916	4,017	17,186
Foreign-earned income exclusion	48,597	4,191,434	43,523	3,686,872	5,074	504,561
minus: Investment interest expense deduction	690,898	12,665,451	686,643	12,002,419	4,256	663,033
Non-limited miscellaneous deductions	262,647	12,288,896	259,416	10,651,096	3,231	1,637,800
Unreimbursed employee business expenses	954,347	6,774,535	953,059	6,763,025	1,288	11,510
Equals: Expanded income	5,251,841	3,061,872,513	5,231,689	3,051,754,065	20,153	10,118,447
Expanded Income Concept						
Salaries and wages	4,628,162	1,450,047,026	4,607,317	1,443,118,285	20,845	6,928,741
Business or profession:						
Net income	957,084	107,683,743	953,354	107,169,423	3,730	514,320
Net loss	331,063	7,806,584	329,265	7,590,807	1,798	215,777
Farm:						
Net income	50,794	6,799,173	50,598	6,781,612	196	17,561
Net loss	103,270	4,759,072	102,747	4,703,972	523	55,100

Footnotes at end of table.

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Expanded Income Concept—Continued						
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,582,764	538,080,437	1,578,324	536,824,140	4,439	1,256,297
Net loss	475,085	43,245,904	469,417	41,811,257	5,667	1,434,647
Sales of capital assets:						
Net gain	2,033,747	565,548,044	2,023,642	563,130,873	10,106	2,417,171
Net loss	1,540,394	3,872,118	1,527,958	3,838,234	12,436	33,884
Sales of property other than capital assets:						
Net gain	261,588	13,419,852	259,696	13,342,376	1,892	77,477
Net loss	295,254	6,059,824	292,697	5,924,936	2,557	134,888
Taxable interest received	4,593,858	61,539,716	4,567,601	60,734,441	26,256	805,275
Tax-exempt interest	1,503,102	48,635,908	1,489,902	45,974,264	13,200	2,661,644
Dividends	3,731,094	173,108,753	3,708,128	171,065,495	22,966	2,043,259
Qualified dividends	3,561,825	144,745,236	3,541,278	143,191,348	20,547	1,553,887
Pensions and annuities in adjusted gross income	1,237,415	66,662,202	1,231,805	66,451,651	5,610	210,551
Rent:						
Net income	629,397	29,334,180	625,982	29,189,913	3,415	144,266
Net loss, total (deductible and nondeductible)	733,110	12,689,345	727,996	12,548,949	5,115	140,396
Nondeductible rental loss	586,116	8,788,012	582,409	8,709,024	3,707	78,989
Royalty:						
Net income	383,952	16,362,270	380,620	16,263,235	3,333	99,035
Net loss	18,186	121,815	18,011	120,083	175	1,732
Estate or trust:						
Net income	145,170	21,429,059	144,063	21,352,187	1,107	76,873
Net loss	16,544	1,563,404	16,255	1,530,453	289	32,952
State income tax refunds	1,765,061	8,990,294	1,761,268	8,940,652	3,793	49,642
Alimony received	9,584	1,288,521	9,542	1,282,208	42	6,313
Social Security benefits in adjusted gross income	955,391	23,335,252	946,900	23,143,926	8,491	191,325
Social Security benefits (nontaxable)	955,851	4,127,626	947,252	4,091,968	8,599	35,658
Unemployment compensation	156,932	1,196,334	156,719	1,194,051	213	2,283
Other income	711,744	20,945,598	706,713	20,696,420	5,031	249,177
Other loss	67,828	2,073,234	64,742	1,978,918	3,086	94,316
Foreign-earned income exclusion	78,965	7,285,420	67,762	6,053,624	11,204	1,231,796
Total income	5,308,871	3,092,477,670	5,276,545	3,080,944,209	32,326	11,533,461
Statutory adjustments, total	2,144,540	47,896,498	2,137,620	47,777,214	6,920	119,284
Payments to Individual Retirement Arrangements	134,821	1,160,129	134,211	1,155,387	610	4,742
Payments to self-employed retirement (Keogh) plans	431,165	14,603,516	430,753	14,588,921	412	14,596
Moving expenses adjustment	57,899	371,017	57,644	368,980	255	2,037
Adjusted gross income	5,308,871	3,044,581,172	5,276,545	3,033,166,995	32,326	11,414,176
Investment interest expense deduction	698,575	11,925,593	693,196	11,667,592	5,379	258,001
Total tax preferences excluded from adjusted gross income [2]	1,516,382	50,855,115	1,503,098	48,193,585	13,284	2,661,531
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	27,703	2,312,873	27,431	2,293,954	273	18,920
Passive activity loss (alternative minimum tax adjustment)	674,302	537,440	670,479	578,705	3,822	-41,265
Expanded income	5,308,871	3,082,745,968	5,276,545	3,067,773,784	32,326	14,972,184
Exemption amount	5,305,344	58,132,095	5,273,088	57,831,474	32,256	300,621
Itemized deductions:						
Total per adjusted gross income concept	5,005,163	406,301,781	4,984,179	402,768,731	20,984	3,533,051
Total per expanded income concept	5,004,371	384,823,885	4,983,450	381,649,369	20,921	3,174,516
Charitable contributions deduction	4,640,944	97,431,059	4,624,058	96,670,639	16,885	760,420

Footnotes at end of table.

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Expanded Income Concept—Continued						
Interest paid deduction:						
Total per adjusted gross income concept	4,048,981	75,539,382	4,035,650	75,038,217	13,331	501,165
Total per expanded income concept	3,840,995	63,613,789	3,830,257	63,370,625	10,738	243,164
Total home mortgage interest	3,831,907	63,183,642	3,821,225	62,941,570	10,682	242,072
Medical and dental expense deduction	163,185	4,114,686	155,530	3,532,985	7,655	581,701
Net casualty or theft loss deduction	12,950	1,630,350	11,933	1,151,651	1,017	478,699
Taxes paid deduction	5,000,178	203,976,030	4,980,714	203,264,399	19,465	711,631
Net limited miscellaneous deductions per adjusted gross income concept	750,661	17,258,272	740,733	16,849,737	9,928	408,535
Non-limited miscellaneous deductions	236,251	6,365,446	234,316	6,274,168	1,935	91,278
Excess of exemptions and deductions over adjusted gross income	11,023	1,907,048	3,584	1,021,263	7,438	885,785
Taxable income	5,297,843	2,578,515,917	5,272,961	2,570,160,712	24,882	8,355,205
Tax at regular rates	5,290,447	645,692,113	5,270,458	643,466,578	19,988	2,225,535
Alternative minimum tax (Form 6251)	3,432,652	30,734,896	3,431,729	30,722,965	923	11,932
Income tax before credits	5,296,740	676,520,881	5,276,545	674,283,273	20,195	2,237,608
Tax credits, total	2,552,766	21,046,840	2,532,571	18,809,232	20,195	2,237,608
Child care credit	454,307	245,942	453,929	245,800	378	142
Minimum tax credit	100,622	482,805	100,130	472,582	493	10,223
Foreign tax credit	1,896,180	17,442,983	1,876,947	15,260,354	19,233	2,182,629
General business credit	192,397	2,060,029	191,609	2,041,367	788	18,662
Refundable credits used to offset income tax before credits	172,612	394,990	172,218	377,311	394	17,679
U.S. total income tax	5,276,545	655,474,069	5,276,545	655,474,069	0	0
Taxable income which would yield:						
Income tax before credits	5,296,740	2,332,407,886	5,276,545	2,324,737,157	20,195	7,670,730
Income tax after credits	5,276,545	2,267,975,425	5,276,545	2,267,975,425	0	0
U.S. total income tax	5,276,545	2,267,975,624	5,276,545	2,267,975,624	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	5,308,871	3,044,581,172	5,276,545	3,033,166,995	32,326	11,414,176
plus: Total tax preferences excluded from adjusted gross income [2]	1,516,382	50,855,115	1,503,098	48,193,585	13,284	2,661,531
Social Security benefits (nontaxable)	955,851	4,127,626	947,252	4,091,968	8,599	35,658
Foreign-earned income exclusion	78,965	7,285,420	67,762	6,053,624	11,204	1,231,796
minus: Investment interest expense deduction	698,575	11,925,593	693,196	11,667,592	5,379	258,001
Non-limited miscellaneous deductions	236,251	6,365,446	234,316	6,274,168	1,935	91,278
Unreimbursed employee business expenses	900,927	5,797,994	899,146	5,785,726	1,781	12,268
Equals: Expanded income	5,308,871	3,082,745,968	5,276,545	3,067,773,784	32,326	14,972,184

[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.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012

[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)
Adjusted Gross Income Concept						
Salaries and wages	4,630,603	1,453,486,928	4,627,270	1,452,960,249	3,333	526,679
Business or profession:						
Net income	950,043	107,337,147	948,689	107,247,796	1,354	89,351
Net loss	332,749	7,745,131	331,978	7,586,599	771	158,532
Farm:						
Net income	50,676	6,772,074	50,550	6,756,715	126	15,359
Net loss	103,783	4,802,220	103,535	4,768,954	248	33,266
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,567,853	537,482,087	1,565,888	537,105,171	1,964	376,916
Net loss	463,240	43,006,669	460,840	42,001,015	2,400	1,005,654
Sales of capital assets:						
Net gain	1,996,723	564,404,027	1,993,203	563,113,757	3,520	1,290,270
Net loss	1,497,210	3,740,815	1,494,700	3,733,705	2,510	7,110
Sales of property other than capital assets:						
Net gain	257,884	13,439,055	256,952	13,367,498	932	71,557
Net loss	287,792	6,036,894	286,653	5,940,661	1,139	96,233
Taxable interest received	4,521,070	60,777,094	4,514,704	60,190,157	6,366	586,937
Tax-exempt interest	1,408,440	40,430,886	1,405,003	40,049,307	3,438	381,579
Dividends	3,650,440	169,775,859	3,645,027	169,152,187	5,413	623,672
Qualified dividends	3,484,552	142,188,028	3,479,330	141,738,049	5,222	449,978
Pensions and annuities in adjusted gross income	1,185,671	63,797,788	1,183,566	63,708,054	2,105	89,734
Rent:						
Net income	616,793	28,981,945	615,555	28,916,845	1,238	65,099
Net loss, total (deductible and nondeductible)	729,550	12,650,165	728,366	12,593,395	1,184	56,769
Nondeductible rental loss	585,627	8,779,928	584,662	8,750,706	966	29,222
Royalty:						
Net income	371,590	16,266,035	370,178	16,226,555	1,412	39,480
Net loss	16,086	120,568	16,025	119,433	61	1,135
Estate or trust:						
Net income	139,669	21,286,446	139,215	21,251,283	454	35,163
Net loss	16,476	1,548,708	16,317	1,521,713	159	26,995
State income tax refunds	1,768,535	8,980,871	1,766,987	8,951,728	1,548	29,142
Alimony received	9,575	1,288,375	9,561	1,286,814	14	1,561
Social Security benefits in adjusted gross income	876,022	21,245,963	872,722	21,168,621	3,300	77,342
Social Security benefits (nontaxable)	876,446	3,758,102	873,146	3,744,453	3,300	13,648
Unemployment compensation	160,831	1,207,791	160,703	1,206,602	128	1,188
Other income	699,973	20,730,928	698,192	20,664,485	1,781	66,443
Other loss	55,612	1,829,278	55,506	1,813,588	106	15,690
Foreign-earned income exclusion	48,597	4,191,434	48,587	4,190,693	10	741
Total income	5,251,992	3,090,698,001	5,244,584	3,087,284,220	7,408	3,413,780
Statutory adjustments, total	2,133,742	47,604,970	2,130,787	47,556,487	2,955	48,484
Payments to Individual Retirement Arrangements	132,783	1,146,009	132,664	1,145,011	119	998
Payments to self-employed retirement (Keogh) plans	426,365	14,455,984	426,199	14,450,497	166	5,487
Moving expenses adjustment	56,864	364,033	56,847	363,917	17	116
Adjusted gross income	5,251,992	3,043,093,030	5,244,584	3,039,727,734	7,408	3,365,296
Investment interest expense deduction	690,898	12,665,451	688,045	12,053,801	2,853	611,650
Total tax preferences excluded from adjusted gross income [2]	1,421,685	42,558,829	1,418,201	42,181,078	3,485	377,751
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,438	2,226,662	26,320	2,222,984	118	3,678

Footnotes at end of table.

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Adjusted Gross Income Concept—Continued						
Passive activity loss (alternative minimum tax adjustment)	658,259	514,555	656,679	566,091	1,580	-51,536
Expanded income	5,251,841	3,061,872,513	5,244,584	3,060,352,682	7,257	1,519,830
Exemption amount	5,248,778	57,943,162	5,241,386	57,876,394	7,393	66,767
Itemized deductions:						
Total per adjusted gross income concept	4,980,948	411,964,352	4,973,576	407,747,215	7,372	4,217,137
Charitable contributions deduction	4,617,091	96,829,656	4,611,022	96,388,489	6,069	441,166
Interest paid deduction:						
Total per adjusted gross income concept	4,069,707	76,845,119	4,064,644	76,114,506	5,062	730,613
Total home mortgage interest	3,864,405	63,746,802	3,860,320	63,628,401	4,085	118,400
Medical and dental expense deduction	136,019	3,490,596	133,984	3,161,785	2,034	328,812
Net casualty or theft loss deduction	13,480	1,648,378	12,547	1,185,116	933	463,262
Taxes paid deduction	4,976,744	203,437,148	4,969,487	203,043,809	7,257	393,339
Net limited miscellaneous deductions per adjusted gross income concept	760,610	17,438,087	757,333	17,199,088	3,277	238,999
Non-limited miscellaneous deductions	262,647	12,288,896	259,882	10,667,839	2,765	1,621,057
Excess of exemptions and deductions over adjusted gross income	7,539	2,085,473	3,039	891,482	4,500	1,193,990
Taxable income	5,244,431	2,572,104,282	5,241,542	2,571,830,217	2,889	274,064
Tax at regular rates	5,240,739	644,435,849	5,239,834	644,402,159	905	33,690
Alternative minimum tax (Form 6251)	3,447,020	30,803,938	3,446,505	30,795,189	516	8,748
Income tax before credits	5,245,632	675,333,707	5,244,582	675,291,262	1,050	42,445
Tax credits, total	2,491,191	20,605,017	2,490,141	20,562,572	1,050	42,445
Child care credit	460,168	248,701	460,143	248,686	25	15
Minimum tax credit	97,377	475,910	97,148	470,712	228	5,198
Foreign tax credit	0	0	0	0	0	0
General business credit	191,008	2,060,833	190,469	2,044,734	539	16,099
Refundable credits used to offset income tax before credits	168,008	391,615	167,703	374,912	305	16,703
Worldwide total income tax	5,244,584	672,626,681	5,244,584	672,626,681	0	0
Foreign taxes paid [3]	1,827,444	17,899,767	1,827,171	17,899,002	272	765
Foreign taxes paid on excluded foreign-earned income (Form 1116)	31,969	889,519	31,969	889,519	0	0
Taxable income which would yield:						
Income tax before credits	5,245,632	2,326,772,918	5,244,582	2,326,601,303	1,050	171,615
Income tax after credits [3]	5,244,857	2,318,488,613	5,244,584	2,318,485,308	272	3,305
Worldwide total income tax [3]	5,244,857	2,318,488,695	5,244,584	2,318,485,390	272	3,305
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	5,251,992	3,043,093,030	5,244,584	3,039,727,734	7,408	3,365,296
plus: Total tax preferences excluded from adjusted gross income [2]	1,421,685	42,558,829	1,418,201	42,181,078	3,485	377,751
Social Security benefits (nontaxable)	876,446	3,758,102	873,146	3,744,453	3,300	13,648
Foreign-earned income exclusion	48,597	4,191,434	48,587	4,190,693	10	741
minus: Investment interest expense deduction	690,898	12,665,451	688,045	12,053,801	2,853	611,650
Non-limited miscellaneous deductions	262,647	12,288,896	259,882	10,667,839	2,765	1,621,057
Unreimbursed employee business expenses	954,347	6,774,535	953,705	6,769,636	642	4,899
Equals: Expanded income	5,251,841	3,061,872,513	5,244,584	3,060,352,682	7,257	1,519,830
Expanded Income Concept						
Salaries and wages	4,628,162	1,450,047,026	4,623,843	1,449,463,406	4,319	583,620
Business or profession:						
Net income	957,084	107,683,743	955,513	107,598,132	1,571	85,611
Net loss	331,063	7,806,584	329,987	7,626,637	1,076	179,946
Farm:						
Net income	50,794	6,799,173	50,653	6,783,912	141	15,262
Net loss	103,270	4,759,072	102,958	4,713,730	312	45,342

Footnotes at end of table.

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Expanded Income Concept—Continued						
Partnership and S Corporation net income after Section 179 property deduction: [1]						
Net income	1,582,764	538,080,437	1,579,916	537,748,589	2,848	331,848
Net loss	475,085	43,245,904	470,874	42,156,524	4,210	1,089,380
Sales of capital assets:						
Net gain	2,033,747	565,548,044	2,027,804	564,421,220	5,944	1,126,824
Net loss	1,540,394	3,872,118	1,533,695	3,852,783	6,698	19,335
Sales of property other than capital assets:						
Net gain	261,588	13,419,852	260,068	13,360,529	1,520	59,324
Net loss	295,254	6,059,824	293,424	5,961,116	1,830	98,708
Taxable interest received	4,593,858	61,539,716	4,581,046	60,988,643	12,812	551,073
Tax-exempt interest	1,503,102	48,635,908	1,491,994	46,080,435	11,108	2,555,473
Dividends	3,731,094	173,108,753	3,718,990	172,118,075	12,104	990,678
Qualified dividends	3,561,825	144,745,236	3,550,350	144,021,892	11,475	723,344
Pensions and annuities in adjusted gross income	1,237,415	66,662,202	1,233,299	66,529,952	4,116	132,250
Rent:						
Net income	629,397	29,334,180	627,729	29,266,418	1,668	67,761
Net loss, total (deductible and nondeductible)	733,110	12,689,345	731,301	12,626,309	1,810	63,036
Nondeductible rental loss	586,116	8,788,012	584,961	8,758,791	1,155	29,222
Royalty:						
Net income	383,952	16,362,270	381,376	16,313,660	2,577	48,610
Net loss	18,186	121,815	18,063	121,268	123	547
Estate or trust:						
Net income	145,170	21,429,059	144,273	21,387,212	896	41,847
Net loss	16,544	1,563,404	16,299	1,535,588	245	27,816
State income tax refunds	1,765,061	8,990,294	1,762,630	8,957,615	2,431	32,679
Alimony received	9,584	1,288,521	9,565	1,287,103	19	1,418
Social Security benefits in adjusted gross income	955,391	23,335,252	947,804	23,162,829	7,587	172,423
Social Security benefits (nontaxable)	955,851	4,127,626	948,261	4,097,110	7,590	30,516
Unemployment compensation	156,932	1,196,334	156,816	1,195,235	116	1,099
Other income	711,744	20,945,598	708,912	20,896,672	2,831	48,925
Other loss	67,828	2,073,234	67,513	2,061,023	315	12,211
Foreign-earned income exclusion	78,965	7,285,420	78,512	7,205,018	453	80,402
Total income	5,308,871	3,092,477,670	5,295,421	3,089,921,891	13,450	2,555,779
Statutory adjustments, total	2,144,540	47,896,498	2,140,575	47,839,432	3,965	57,066
Payments to Individual Retirement Arrangements	134,821	1,160,129	134,622	1,158,517	199	1,612
Payments to self-employed retirement (Keogh) plans	431,165	14,603,516	430,950	14,596,591	215	6,926
Moving expenses adjustment	57,899	371,017	57,884	370,920	15	97
Adjusted gross income	5,308,871	3,044,581,172	5,295,421	3,042,082,459	13,450	2,498,713
Investment interest expense deduction	698,575	11,925,593	694,818	11,709,803	3,758	215,790
Total tax preferences excluded from adjusted gross income [2]	1,516,382	50,855,115	1,505,209	48,286,347	11,173	2,568,769
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	27,703	2,312,873	27,483	2,294,516	221	18,357
Passive activity loss (alternative minimum tax adjustment)	674,302	537,440	671,627	588,087	2,675	-50,647
Expanded income	5,308,871	3,082,745,968	5,295,421	3,077,877,795	13,450	4,868,173
Exemption amount	5,305,344	58,132,095	5,291,929	58,018,460	13,415	113,635
Itemized deductions:						
Total per adjusted gross income concept	5,005,163	406,301,781	4,992,656	403,407,386	12,507	2,894,396
Total per expanded income concept	5,004,371	384,823,885	4,991,864	382,229,580	12,507	2,594,306
Charitable contributions deduction	4,640,944	97,431,059	4,629,733	96,897,257	11,211	533,802

Footnotes at end of table.

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, Tax Year 2012—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)
Expanded Income Concept—Continued						
Interest paid deduction:						
Total per adjusted gross income concept	4,048,981	75,539,382	4,042,205	75,195,304	6,776	344,078
Total per expanded income concept	3,840,995	63,613,789	3,836,099	63,485,501	4,896	128,288
Total home mortgage interest	3,831,907	63,183,642	3,827,046	63,055,965	4,861	127,677
Medical and dental expense deduction	163,185	4,114,686	156,115	3,547,891	7,070	566,795
Net casualty or theft loss deduction	12,950	1,630,350	11,952	1,154,934	998	475,416
Taxes paid deduction	5,000,178	203,976,030	4,987,752	203,434,491	12,426	541,539
Net limited miscellaneous deductions per adjusted gross income concept	750,661	17,258,272	742,528	16,906,409	8,132	351,863
Non-limited miscellaneous deductions	236,251	6,365,446	234,805	6,284,516	1,446	80,930
Excess of exemptions and deductions over adjusted gross income	11,023	1,907,048	3,634	1,021,983	7,388	885,065
Taxable income	5,297,843	2,578,515,917	5,291,787	2,578,151,410	6,056	364,507
Tax at regular rates	5,290,447	645,692,113	5,289,287	645,658,428	1,159	33,685
Alternative minimum tax (Form 6251)	3,432,652	30,734,896	3,432,063	30,726,064	589	8,833
Income tax before credits	5,296,740	676,520,881	5,295,374	676,478,363	1,366	42,518
Tax credits, total	2,552,766	21,046,840	2,551,400	21,004,322	1,366	42,518
Child care credit	454,307	245,942	454,275	245,923	32	19
Minimum tax credit	100,622	482,805	100,345	477,810	278	4,996
Foreign tax credit	0	0	0	0	0	0
General business credit	192,397	2,060,029	191,874	2,044,817	523	15,213
Refundable tax credits used to offset income tax before credits	172,612	394,990	172,235	377,694	378	17,296
Worldwide total income tax	5,295,421	674,148,910	5,295,421	674,148,910	0	0
Foreign taxes paid [3]	1,896,709	18,676,705	1,896,306	18,675,912	403	793
Foreign taxes paid on excluded foreign-earned income (Form 1116)	44,181	1,233,722	44,181	1,233,722	0	0
Taxable income which would yield:						
Income tax before credits	5,296,740	2,332,407,886	5,295,374	2,332,232,632	1,366	175,254
Income tax after credits [3]	5,295,825	2,325,185,817	5,295,421	2,325,182,228	403	3,589
Worldwide total income tax [3]	5,295,825	2,325,185,899	5,295,421	2,325,182,310	403	3,589
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	5,308,871	3,044,581,172	5,295,421	3,042,082,459	13,450	2,498,713
plus: Total tax preferences excluded from adjusted gross income [2]	1,516,382	50,855,115	1,505,209	48,286,347	11,173	2,568,769
Social Security benefits (nontaxable)	955,851	4,127,626	948,261	4,097,110	7,590	30,516
Foreign-earned income exclusion	78,965	7,285,420	78,512	7,205,018	453	80,402
minus: Investment interest expense deduction	698,575	11,925,593	694,818	11,709,803	3,758	215,790
Non-limited miscellaneous deductions	236,251	6,365,446	234,805	6,284,516	1,446	80,930
Unreimbursed employee business expenses	900,927	5,797,994	900,055	5,793,918	872	4,075
Equals: Expanded income	5,308,871	3,082,745,968	5,295,421	3,077,877,795	13,450	4,868,173

[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.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012

[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		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
RETURNS WITH U.S. INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	5,079,039	100.0	887,301	17.5	27,906	0.5	3,222,909	63.5
Interest paid deduction	2,015,159	39.7	0	0.0	4,033	14.5	1,864,617	57.9
Investment interest expense deduction [1]	51,198	1.0	4,218	0.5	0	0.0	36,264	1.1
Taxes paid deduction	1,365,366	26.9	810,404	91.3	14,679	52.6	0	0.0
Charitable contributions deduction	1,057,624	20.8	52,870	6.0	3,149	11.3	963,504	29.9
Medical and dental expense deduction	23,630	0.5	1,381	0.2	20	0.1	17,450	0.5
Net casualty or theft loss deduction	1,985	[3]	8	[3]	0	0.0	1,626	0.1
Total miscellaneous deductions	205,371	4.0	13,363	1.5	2,154	7.7	156,208	4.8
Foreign tax credit	89,774	1.8	985	0.1	698	2.5	69,376	2.2
General business credit	24,411	0.5	1,726	0.2	689	2.5	16,805	0.5
Refundable tax credits used to offset income tax before credits	9,749	0.2	63	[3]	22	0.1	8,255	0.3
All other tax credits	36,232	0.7	1,055	0.1	91	0.3	27,727	0.9
Capital gains taxed at 0 percent	47,821	0.9	1,228	0.1	2,232	8.0	18,392	0.6
No second largest item	150,719	3.0	0	0.0	139	0.5	42,685	1.3
Returns with expanded income of \$200,000 or more								
Total	5,169,155	100.0	880,212	17.0	0	0.0	3,103,152	60.0
Interest paid deduction	1,976,385	38.2	0	0.0	0	0.0	1,838,931	59.3
Tax-exempt interest [2]	222,903	4.3	1,765	0.2	0	0.0	159,756	5.1
Taxes paid deduction	1,404,394	27.2	814,646	92.6	0	0.0	0	0.0
Charitable contributions deduction	938,313	18.2	54,331	6.2	0	0.0	824,782	26.6
Medical and dental expense deduction	24,598	0.5	1,815	0.2	0	0.0	15,264	0.5
Net casualty or theft loss deduction	1,632	[3]	8	[3]	0	0.0	1,440	[3]
Total miscellaneous deductions	82,616	1.6	1,232	0.1	0	0.0	47,104	1.5
Foreign tax credit	97,259	1.9	846	0.1	0	0.0	46,173	1.5
General business credit	23,699	0.5	1,782	0.2	0	0.0	15,481	0.5
Refundable tax credits used to offset income tax before credits	9,399	0.2	63	[3]	0	0.0	7,229	0.2
All other tax credits	34,359	0.7	1,098	0.1	0	0.0	25,240	0.8
Foreign-earned income exclusion [2]	29,657	0.6	** 12	** [3]	0	0.0	472	[3]
AMT tax preference [2]	2,949	0.1	**	**	0	0.0	2,167	0.1
Nontaxable Social Security benefits [2]	124,325	2.4	1,280	0.1	0	0.0	65,980	2.1
Capital gains taxed at 0 percent	55,918	1.1	1,334	0.2	0	0.0	14,222	0.5
No second largest item	140,748	2.7	0	0.0	0	0.0	38,912	1.3

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Net casualty or theft loss deduction		Total miscellaneous deductions	
	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)
RETURNS WITH U.S. INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	423,512	8.3	34,679	0.7	8,643	0.2	137,377	2.7
Interest paid deduction	74,243	17.5	3,714	10.7	2,300	26.6	24,273	17.7
Investment interest expense deduction [1]	4,165	1.0	635	1.8	346	4.0	1,941	1.4
Taxes paid deduction	307,268	72.6	17,074	49.2	5,287	61.2	85,600	62.3
Charitable contributions deduction	0	0.0	3,740	10.8	514	6.0	13,637	9.9
Medical and dental expense deduction	1,600	0.4	0	0.0	0	0.0	1,963	1.4
Net casualty or theft loss deduction	43	[3]	0	0.0	0	0.0	299	0.2
Total miscellaneous deductions	16,875	4.0	4,187	12.1	17	0.2	0	0.0
Foreign tax credit	2,599	0.6	272	0.8	0	0.0	2,854	2.1
General business credit	3,012	0.7	39	0.1	0	0.0	448	0.3
Refundable tax credits used to offset income tax before credits	573	0.1	3	[3]	0	0.0	144	0.1
All other tax credits	1,449	0.3	0	0.0	**	**	55	[3]
Capital gains taxed at 0 percent	11,641	2.7	5,016	14.5	** 178	** 2.1	5,858	4.3
No second largest item	42	[3]	0	0.0	0	0.0	304	0.2
Returns with expanded income of \$200,000 or more								
Total	405,270	7.8	35,733	0.7	8,213	0.2	37,398	0.7
Interest paid deduction	73,879	18.2	3,309	9.3	1,742	21.2	2,807	7.5
Tax-exempt interest [2]	18,813	4.6	5,072	14.2	228	2.8	6,571	17.6
Taxes paid deduction	286,323	70.6	14,743	41.3	5,285	64.3	18,387	49.2
Charitable contributions deduction	0	0.0	3,497	9.8	808	9.8	4,146	11.1
Medical and dental expense deduction	1,331	0.3	0	0.0	0	0.0	994	2.7
Net casualty or theft loss deduction	43	[3]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	5,887	1.5	2,918	8.2	10	0.1	0	0.0
Foreign tax credit	1,401	0.3	0	0.0	0	0.0	860	2.3
General business credit	2,814	0.7	39	0.1	0	0.0	54	0.1
Refundable tax credits used to offset income tax before credits	508	0.1	3	[3]	**	**	**	**
All other tax credits	1,410	0.3	0	0.0	**	**	**	**
Foreign-earned income exclusion [2]	36	[3]	0	0.0	0	0.0	184	0.5
AMT tax preference [2]	216	0.1	0	0.0	0	0.0	35	0.1
Nontaxable Social Security benefits [2]	2,858	0.7	1,191	3.3	0	0.0	9	[3]
Capital gains taxed at 0 percent	9,752	2.4	4,960	13.9	** 139	** 1.7	** 3,350	** 9.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Refundable tax credits used to offset income tax before credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)
RETURNS WITH U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	159,372	3.1	28,110	0.6	7,014	0.1
Interest paid deduction	19,657	12.3	3,637	12.9	1,356	19.3
Investment interest expense deduction [1]	1,675	1.1	364	1.3	87	1.2
Taxes paid deduction	47,475	29.8	16,066	57.2	3,557	50.7
Charitable contributions deduction	6,051	3.8	2,622	9.3	387	5.5
Medical and dental expense deduction	4	[3]	9	[3]	8	0.1
Net casualty or theft loss deduction	8	[3]	0	0.0	0	0.0
Total miscellaneous deductions	3,751	2.4	180	0.6	83	1.2
Foreign tax credit	0	0.0	1,437	5.1	355	5.1
General business credit	328	0.2	0	0.0	18	0.3
Refundable tax credits used to offset income tax before credits	191	0.1	306	1.1	0	0.0
All other tax credits	4,364	2.7	439	1.6	**	**
Capital gains taxed at 0 percent	2,352	1.5	501	1.8	** 237	** 3.4
No second largest item	73,515	46.1	2,550	9.1	926	13.2
Returns with expanded income of \$200,000 or more						
Total	125,233	2.4	27,177	0.5	6,310	0.1
Interest paid deduction	11,978	9.6	3,819	14.1	1,177	18.7
Tax-exempt interest [2]	5,136	4.1	1,194	4.4	27	0.4
Taxes paid deduction	35,757	28.6	14,859	54.7	3,187	50.5
Charitable contributions deduction	4,453	3.6	2,554	9.4	370	5.9
Medical and dental expense deduction	** 19	** [3]	9	[3]	8	0.1
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0
Total miscellaneous deductions	827	0.7	151	0.6	22	0.4
Foreign tax credit	0	0.0	1,071	3.9	349	5.5
General business credit	90	0.1	0	0.0	19	0.3
Refundable tax credits used to offset income tax before credits	139	0.1	306	1.1	0	0.0
All other tax credits	1,416	1.1	296	1.1	9	0.1
Foreign-earned income exclusion [2]	28,814	23.0	** 4	** [3]	0	0.0
AMT tax preference [2]	13	[3]	**	**	125	2.0
Nontaxable Social Security benefits [2]	5,220	4.2	989	3.6	186	2.9
Capital gains taxed at 0 percent	1,758	1.4	414	1.5	91	1.4
No second largest item	29,612	23.6	1,509	5.6	738	11.7

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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					
	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
	(23)	(24)	(25)	(26)	(27)	(28)
RETURNS WITH U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	41,571	0.8	100,646	2.0	0	0.0
Interest paid deduction	6,442	15.5	10,888	10.8	0	0.0
Investment interest expense deduction [1]	74	0.2	1,429	1.4	0	0.0
Taxes paid deduction	17,249	41.5	40,706	40.4	0	0.0
Charitable contributions deduction	1,414	3.4	9,737	9.7	0	0.0
Medical and dental expense deduction	0	0.0	1,194	1.2	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	77	0.2	8,476	8.4	0	0.0
Foreign tax credit	1,914	4.6	9,284	9.2	0	0.0
General business credit	547	1.3	797	0.8	0	0.0
Refundable tax credits used to offset income tax before credits	79	0.2	112	0.1	0	0.0
All other tax credits	0	0.0	1,042	1.0	0	0.0
Capital gains taxed at 0 percent	196	0.5	0	0.0	0	0.0
No second largest item	13,578	32.7	16,981	16.9	0	0.0
Returns with expanded income of \$200,000 or more						
Total	40,028	0.8	97,560	1.9	34,902	0.7
Interest paid deduction	6,517	16.3	10,548	10.8	6,059	17.4
Tax-exempt interest [2]	1,832	4.6	9,698	9.9	821	2.4
Taxes paid deduction	15,331	38.3	34,747	35.6	5,593	16.0
Charitable contributions deduction	1,640	4.1	8,522	8.7	359	1.0
Medical and dental expense deduction	0	0.0	** 1,649	** 1.7	0	0.0
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0
Total miscellaneous deductions	20	0.1	6,269	6.4	166	0.5
Foreign tax credit	1,633	4.1	3,827	3.9	15,724	45.1
General business credit	550	1.4	706	0.7	314	0.9
Refundable tax credits used to offset income tax before credits	39	0.1	240	0.2	0	0.0
All other tax credits	0	0.0	864	0.9	614	1.8
Foreign-earned income exclusion [2]	0	0.0	8	[3]	0	0.0
AMT tax preference [2]	59	0.1	298	0.3	0	0.0
Nontaxable Social Security benefits [2]	1,364	3.4	14,732	15.1	4	[3]
Capital gains taxed at 0 percent	176	0.4	0	0.0	1,253	3.6
No second largest item	10,865	27.1	5,451	5.6	3,995	11.4

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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
	(29)	(30)	(31)	(32)	(33)	(34)
RETURNS WITH U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
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
Foreign tax credit	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	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
Returns with expanded income of \$200,000 or more						
Total	261,206	5.1	4,924	0.1	101,837	2.0
Interest paid deduction	6,492	2.5	823	16.7	8,301	8.2
Tax-exempt interest [2]	0	0.0	182	3.7	11,808	11.6
Taxes paid deduction	125,103	47.9	2,927	59.4	27,504	27.0
Charitable contributions deduction	32,036	12.3	603	12.2	213	0.2
Medical and dental expense deduction	3,517	1.3	0	0.0	0	0.0
Net casualty or theft loss deduction	132	0.1	0	0.0	0	0.0
Total miscellaneous deductions	17,705	6.8	3	0.1	301	0.3
Foreign tax credit	15,742	6.0	7	0.1	9,627	9.5
General business credit	898	0.3	11	0.2	940	0.9
Refundable tax credits used to offset income tax before credits	532	0.2	9	0.2	327	0.3
All other tax credits	1,286	0.5	48	1.0	2,056	2.0
Foreign-earned income exclusion [2]	137	0.1	0	0.0	0	0.0
AMT tax preference [2]	17	[3]	0	0.0	8	[3]
Nontaxable Social Security benefits [2]	30,506	11.7	5	0.1	0	0.0
Capital gains taxed at 0 percent	18,058	6.9	154	3.1	281	0.3
No second largest item	9,045	3.5	152	3.1	40,470	39.7

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
RETURNS WITHOUT U.S. INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	20,300	100.0	155	0.8	861	4.2	420	2.1
Interest paid deduction	3,856	19.0	0	0.0	145	16.8	46	11.0
Investment interest expense deduction [1]	492	2.4	23	14.8	0	0.0	44	10.5
Taxes paid deduction	4,443	21.9	41	26.5	245	28.4	0	0.0
Charitable contributions deduction	2,069	10.2	22	14.2	189	22.0	156	37.3
Medical and dental expense deduction	302	1.5	9	5.8	25	2.9	19	4.5
Net casualty or theft loss deduction	44	0.2	**	**	3	0.3	4	1.0
Total miscellaneous deductions	1,127	5.6	** 12	** 7.7	110	12.8	75	17.9
Foreign tax credit	192	0.9	8	5.2	23	2.7	22	5.2
General business credit	140	0.7	9	5.8	18	2.1	17	4.1
Refundable tax credits used to offset income tax before credits	12	0.1	0	0.0	0	0.0	0	0.0
All other tax credits	214	1.1	4	2.6	7	0.8	9	2.1
Capital gains taxed at 0 percent	1,345	6.6	27	17.4	** 96	** 11.1	27	6.4
No second largest item	6,063	29.9	0	0.0	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	32,323	100.0	201	0.6	0	0.0	494	1.5
Interest paid deduction	2,629	8.1	0	0.0	0	0.0	60	12.1
Tax-exempt interest [2]	1,599	4.9	22	10.9	0	0.0	112	22.7
Taxes paid deduction	4,694	14.5	57	28.4	0	0.0	0	0.0
Charitable contributions deduction	2,584	8.0	30	14.9	0	0.0	144	29.2
Medical and dental expense deduction	1,677	5.2	14	7.0	0	0.0	28	5.7
Net casualty or theft loss deduction	70	0.2	3	1.5	0	0.0	3	0.6
Total miscellaneous deductions	1,533	4.7	14	7.0	0	0.0	56	11.3
Foreign tax credit	2,315	7.2	9	4.5	0	0.0	20	4.0
General business credit	132	0.4	9	4.5	0	0.0	16	3.2
Refundable tax credits used to offset income tax before credits	57	0.2	0	0.0	0	0.0	0	0.0
All other tax credits	198	0.6	** 5	** 2.5	0	0.0	9	1.8
Foreign-earned income exclusion [2]	8,322	25.7	**	**	0	0.0	9	1.8
AMT tax preference [2]	17	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	686	2.1	5	2.5	0	0.0	4	0.8
Capital gains taxed at 0 percent	2,015	6.2	33	16.4	0	0.0	33	6.7
No second largest item	3,794	11.7	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Net casualty or theft loss deduction		Total miscellaneous deductions	
	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)
RETURNS WITHOUT U.S. INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	1,438	7.1	1,311	6.5	898	4.4	2,155	10.6
Interest paid deduction	153	10.6	71	5.4	175	19.5	442	20.5
Investment interest expense deduction [1]	133	9.2	16	1.2	11	1.2	74	3.4
Taxes paid deduction	355	24.7	425	32.4	585	65.1	1,130	52.4
Charitable contributions deduction	0	0.0	273	20.8	47	5.2	253	11.7
Medical and dental expense deduction	130	9.0	0	0.0	10	1.1	45	2.1
Net casualty or theft loss deduction	3	0.2	9	0.7	0	0.0	18	0.8
Total miscellaneous deductions	211	14.7	294	22.4	42	4.7	0	0.0
Foreign tax credit	86	6.0	** 11	** 0.8	** 4	** 0.4	22	1.0
General business credit	32	2.2	**	**	**	**	25	1.2
Refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	8	0.4
All other tax credits	27	1.9	**	**	**	**	14	0.6
Capital gains taxed at 0 percent	** 308	** 21.4	208	15.9	** 24	** 2.7	57	2.6
No second largest item	**	**	4	0.3	**	**	67	3.1
Returns with expanded income of \$200,000 or more								
Total	1,460	4.5	1,953	6.0	920	2.8	319	1.0
Interest paid deduction	138	9.5	**	**	174	18.9	27	8.5
Tax-exempt interest [2]	224	15.3	** 819	** 41.9	84	9.1	100	31.4
Taxes paid deduction	331	22.7	317	16.2	554	60.2	66	20.7
Charitable contributions deduction	0	0.0	224	11.5	41	4.5	78	24.4
Medical and dental expense deduction	124	8.5	0	0.0	12	1.3	10	3.1
Net casualty or theft loss deduction	7	0.5	9	0.5	0	0.0	0	0.0
Total miscellaneous deductions	160	11.0	255	13.1	** 16	** 1.7	0	0.0
Foreign tax credit	78	5.4	5	0.3	**	**	7	2.2
General business credit	32	2.2	**	**	**	**	4	1.3
Refundable tax credits used to offset income tax before credits	3	0.2	0	0.0	0	0.0	0	0.0
All other tax credits	22	1.5	**	**	**	**	** 6	** 1.9
Foreign-earned income exclusion [2]	8	0.5	** 7	** 0.4	** 6	** 0.7	**	**
AMT tax preference [2]	3	0.2	0	0.0	0	0.0	**	**
Nontaxable Social Security benefits [2]	40	2.7	106	5.4	12	1.3	** 3	** 0.9
Capital gains taxed at 0 percent	286	19.6	** 211	** 10.8	** 21	** 2.3	** 18	** 5.6
No second largest item	3	0.2	**	**	**	**	**	**

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Refundable tax credits used to offset income tax before credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)
RETURNS WITHOUT U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	12,184	60.0	334	1.6	111	0.5
Interest paid deduction	2,546	20.9	192	57.5	0	0.0
Investment interest expense deduction [1]	156	1.3	8	2.4	0	0.0
Taxes paid deduction	1,443	11.8	41	12.3	83	75.2
Charitable contributions deduction	1,031	8.5	27	8.1	6	5.5
Medical and dental expense deduction	43	0.4	**	**	0	0.0
Net casualty or theft loss deduction	**	**	**	**	0	0.0
Total miscellaneous deductions	** 360	** 3.0	** 11	** 3.3	**	**
Foreign tax credit	0	0.0	**	**	** 9	** 8.3
General business credit	10	0.1	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	0	0.0	4	1.2	0	0.0
All other tax credits	125	1.0	5	1.5	0	0.0
Capital gains taxed at 0 percent	510	4.2	43	12.9	12	11.0
No second largest item	5,960	48.9	3	0.9	0	0.0
Returns with expanded income of \$200,000 or more						
Total	15,591	48.2	333	1.0	110	0.3
Interest paid deduction	1,440	9.2	188	56.4	0	0.0
Tax-exempt interest [2]	174	1.1	7	2.1	3	2.7
Taxes paid deduction	1,044	6.7	43	12.9	80	73.2
Charitable contributions deduction	678	4.3	** 30	** 9.0	** 17	** 15.8
Medical and dental expense deduction	31	0.2	**	**	0	0.0
Net casualty or theft loss deduction	**	**	**	**	0	0.0
Total miscellaneous deductions	** 116	** 0.7	** 8	** 2.4	** 9	** 8.4
Foreign tax credit	0	0.0	**	**	**	**
General business credit	7	[3]	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	0	0.0	5	1.5	0	0.0
All other tax credits	62	0.4	6	1.8	0	0.0
Foreign-earned income exclusion [2]	8,285	53.1	0	0.0	0	0.0
AMT tax preference [2]	**	**	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	** 125	** 0.8	**	**	0	0.0
Capital gains taxed at 0 percent	404	2.6	** 46	** 13.8	**	**
No second largest item	3,224	20.7	**	** 0.6	0	0.0

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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					
	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
	(23)	(24)	(25)	(26)	(27)	(28)
RETURNS WITHOUT U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	224	1.1	208	1.0	0	0.0
Interest paid deduction	53	23.7	33	15.9	0	0.0
Investment interest expense deduction [1]	7	3.1	20	9.6	0	0.0
Taxes paid deduction	74	33.0	20	9.6	0	0.0
Charitable contributions deduction	29	12.9	35	16.8	0	0.0
Medical and dental expense deduction	**	**	17	8.2	0	0.0
Net casualty or theft loss deduction	**	**	**	**	0	0.0
Total miscellaneous deductions	** 11	** 4.9	** 12	** 5.8	0	0.0
Foreign tax credit	** 6	** 2.7	11	5.3	0	0.0
General business credit	**	**	24	11.5	0	0.0
Refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	18	8.7	0	0.0
Capital gains taxed at 0 percent	37	16.5	0	0.0	0	0.0
No second largest item	7	3.1	18	8.7	0	0.0
Returns with expanded income of \$200,000 or more						
Total	224	0.7	303	0.9	2,723	8.4
Interest paid deduction	55	24.6	37	12.2	120	4.4
Tax-exempt interest [2]	26	11.6	** 85	** 28.1	18	0.7
Taxes paid deduction	67	29.9	**	**	102	3.7
Charitable contributions deduction	** 27	** 12.1	50	16.5	18	0.7
Medical and dental expense deduction	**	**	24	7.9	24	0.9
Net casualty or theft loss deduction	**	**	10	3.3	**	**
Total miscellaneous deductions	** 9	** 4.0	17	5.6	** 9	** 0.3
Foreign tax credit	**	**	14	4.6	2,155	79.1
General business credit	**	**	25	8.3	0	0.0
Refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	** 18	** 5.9	13	0.5
Foreign-earned income exclusion [2]	0	0.0	**	**	0	0.0
AMT tax preference [2]	**	**	**	**	0	0.0
Nontaxable Social Security benefits [2]	**	**	** 10	** 3.3	**	**
Capital gains taxed at 0 percent	** 35	** 15.6	0	0.0	** 49	** 1.8
No second largest item	5	2.2	13	4.3	215	7.9

Footnotes at end of table.

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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
	(29)	(30)	(31)	(32)	(33)	(34)
RETURNS WITHOUT U.S. INCOME TAX						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
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
Foreign tax credit	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	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
Returns with expanded income of \$200,000 or more						
Total	7,633	23.6	46	0.1	13	[3]
Interest paid deduction	334	4.4	0	0.0	**	**
Tax-exempt interest [2]	0	0.0	** 5	** 10.8	** 7	** 53.8
Taxes paid deduction	2,010	26.3	0	0.0	**	**
Charitable contributions deduction	1,256	16.5	0	0.0	** 6	** 46.2
Medical and dental expense deduction	1,406	18.4	0	0.0	**	**
Net casualty or theft loss deduction	32	0.4	0	0.0	0	0.0
Total miscellaneous deductions	886	11.6	0	0.0	0	0.0
Foreign tax credit	14	0.2	0	0.0	0	0.0
General business credit	30	0.4	**	**	0	0.0
Refundable tax credits used to offset income tax before credits	7	0.1	41	89.2	0	0.0
All other tax credits	58	0.8	0	0.0	0	0.0
Foreign-earned income exclusion [2]	6	0.1	0	0.0	0	0.0
AMT tax preference [2]	9	0.1	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	381	5.0	0	0.0	0	0.0
Capital gains taxed at 0 percent	875	11.5	**	**	**	**
No second largest item	328	4.3	0	0.0	0	0.0

** 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] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012

[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		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
RETURNS WITH WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	5,012,169	100.0	909,235	18.1	29,805	0.6	3,271,881	65.3
Interest paid deduction	2,030,140	40.5	0	0.0	4,248	14.3	1,895,027	57.9
Investment interest expense deduction [1]	54,019	1.1	4,564	0.5	0	0.0	39,695	1.2
Taxes paid deduction	1,350,833	27.0	829,124	91.2	16,020	53.7	0	0.0
Charitable contributions deduction	1,105,948	22.1	54,345	6.0	3,603	12.1	1,014,584	31.0
Medical and dental expense deduction	24,063	0.5	1,532	0.2	31	0.1	17,480	0.5
Net casualty or theft loss deduction	1,977	[3]	8	[3]	0	0.0	1,626	[3]
Total miscellaneous deductions	211,703	4.2	14,515	1.6	2,542	8.5	162,964	5.0
General business credit	24,904	0.5	1,727	0.2	708	2.4	17,507	0.5
Refundable tax credits used to offset income tax before credits	10,265	0.2	63	[3]	22	0.1	8,932	0.3
All other tax credits	33,732	0.7	1,226	0.1	95	0.3	29,325	0.9
Capital gains taxed at 0 percent	48,733	1.0	1,424	0.2	2,311	7.8	20,093	0.6
No second largest item	115,854	2.3	706	0.1	226	0.8	64,647	2.0
Returns with expanded income of \$200,000 or more								
Total	5,155,195	100.0	893,656	17.3	0	0.0	3,139,994	60.9
Interest paid deduction	2,003,004	38.9	0	0.0	0	0.0	1,863,827	59.4
Tax-exempt interest [2]	231,908	4.5	1,935	0.2	0	0.0	166,107	5.3
Taxes paid deduction	1,401,816	27.2	827,796	92.6	0	0.0	0	0.0
Charitable contributions deduction	964,890	18.7	54,644	6.1	0	0.0	852,547	27.2
Medical and dental expense deduction	25,176	0.5	** 1,828	** 0.2	0	0.0	15,278	0.5
Net casualty or theft loss deduction	1,624	[3]	**	**	0	0.0	1,440	[3]
Total miscellaneous deductions	85,860	1.7	1,323	0.1	0	0.0	48,831	1.6
General business credit	24,726	0.5	1,783	0.2	0	0.0	16,073	0.5
Refundable tax credits used to offset income tax before credits	9,575	0.2	63	[3]	0	0.0	7,456	0.2
All other tax credits	36,552	0.7	1,114	0.1	0	0.0	26,021	0.8
Foreign-earned income exclusion [2]	2,967	0.1	** 42	** [3]	0	0.0	2,055	0.1
AMT tax preference [2]	3,047	0.1	**	**	0	0.0	2,180	0.1
Nontaxable Social Security benefits [2]	124,654	2.4	1,290	0.1	0	0.0	67,869	2.2
Capital gains taxed at 0 percent	57,696	1.1	1,528	0.2	0	0.0	15,589	0.5
No second largest item	181,698	3.5	309	[3]	0	0.0	54,722	1.7

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Net casualty or theft loss deduction		Total miscellaneous deductions	
	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)
RETURNS WITH WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	430,836	8.6	34,763	0.7	8,666	0.2	141,546	2.8
Interest paid deduction	75,728	17.6	3,724	10.7	2,302	26.6	25,317	17.9
Investment interest expense deduction [1]	4,487	1.0	637	1.8	346	4.0	2,299	1.6
Taxes paid deduction	312,779	72.6	17,095	49.2	5,307	61.2	89,492	63.2
Charitable contributions deduction	0	0.0	3,890	11.2	514	5.9	14,529	10.3
Medical and dental expense deduction	1,829	0.4	0	0.0	0	0.0	1,973	1.4
Net casualty or theft loss deduction	43	[3]	0	0.0	0	0.0	299	0.2
Total miscellaneous deductions	17,832	4.1	4,331	12.5	17	0.2	0	0.0
General business credit	3,074	0.7	40	0.1	0	0.0	458	0.3
Refundable tax credits used to offset income tax before credits	575	0.1	3	[3]	0	0.0	149	0.1
All other tax credits	1,473	0.3	0	0.0	**	**	**	**
Capital gains taxed at 0 percent	12,215	2.8	5,038	14.5	** 180	** 2.1	** 6,531	** 4.6
No second largest item	801	0.2	6	[3]	0	0.0	498	0.4
Returns with expanded income of \$200,000 or more								
Total	410,644	8.0	35,822	0.7	8,237	0.2	38,363	0.7
Interest paid deduction	74,687	18.2	3,316	9.3	1,744	21.2	2,861	7.5
Tax-exempt interest [2]	19,161	4.7	5,083	14.2	228	2.8	6,810	17.8
Taxes paid deduction	290,181	70.7	14,762	41.2	5,304	64.4	19,309	50.3
Charitable contributions deduction	0	0.0	3,515	9.8	808	9.8	4,379	11.4
Medical and dental expense deduction	1,520	0.4	0	0.0	0	0.0	994	2.6
Net casualty or theft loss deduction	43	[3]	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	6,501	1.6	2,923	8.2	10	0.1	0	0.0
General business credit	2,867	0.7	42	0.1	0	0.0	57	0.1
Refundable tax credits used to offset income tax before credits	511	0.1	3	[3]	**	**	12	[3]
All other tax credits	1,428	0.3	0	0.0	** 4	** [3]	22	0.1
Foreign-earned income exclusion [2]	238	0.1	4	[3]	**	**	228	0.6
AMT tax preference [2]	216	0.1	0	0.0	0	0.0	37	0.1
Nontaxable Social Security benefits [2]	2,999	0.7	1,192	3.3	0	0.0	14	[3]
Capital gains taxed at 0 percent	10,031	2.4	** 4,981	** 13.9	138	1.7	** 3,638	** 9.5
No second largest item	261	0.1	**	**	0	0.0	**	**

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Refundable tax credits used to offset income tax before credits		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)
RETURNS WITH WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	28,506	0.6	7,208	0.1	46,143	0.9	103,580	2.1
Interest paid deduction	3,815	13.4	1,356	18.8	6,776	14.7	11,846	11.4
Investment interest expense deduction [1]	373	1.3	87	1.2	79	0.2	1,452	1.4
Taxes paid deduction	16,465	57.8	3,564	49.5	17,456	37.8	43,530	42.0
Charitable contributions deduction	2,666	9.4	** 401	** 5.6	** 1,434	** 3.1	9,991	9.6
Medical and dental expense deduction	9	[3]	**	**	**	**	1,200	1.2
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	204	0.7	83	1.1	97	0.2	9,119	8.8
General business credit	0	0.0	18	0.3	555	1.2	816	0.8
Refundable tax credits used to offset income tax before credits	309	1.1	0	0.0	79	0.2	132	0.1
All other tax credits	480	1.7	9	0.1	0	0.0	1,060	1.0
Capital gains taxed at 0 percent	561	2.0	229	3.2	215	0.5	0	0.0
No second largest item	3,625	12.7	1,461	20.3	19,451	42.2	24,433	23.6
Returns with expanded income of \$200,000 or more								
Total	27,340	0.5	6,452	0.1	41,590	0.8	99,829	1.9
Interest paid deduction	3,853	14.1	1,177	18.2	6,714	16.1	10,757	10.8
Tax-exempt interest [2]	1,510	5.5	30	0.5	2,180	5.2	10,328	10.3
Taxes paid deduction	15,131	55.3	3,189	49.4	15,465	37.2	35,970	36.0
Charitable contributions deduction	2,603	9.5	** 385	** 6.0	1,655	4.0	8,756	8.8
Medical and dental expense deduction	9	[3]	**	**	0	0.0	** 1,655	** 1.7
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	**	**
Total miscellaneous deductions	168	0.6	22	0.3	23	0.1	6,894	6.9
General business credit	0	0.0	19	0.3	552	1.3	726	0.7
Refundable tax credits used to offset income tax before credits	317	1.2	0	0.0	39	0.1	259	0.3
All other tax credits	297	1.1	9	0.1	0	0.0	881	0.9
Foreign-earned income exclusion [2]	** 5	** [3]	0	0.0	8	[3]	184	0.2
AMT tax preference [2]	**	**	125	1.9	60	0.1	303	0.3
Nontaxable Social Security benefits [2]	989	3.6	186	2.9	1,371	3.3	15,379	15.4
Capital gains taxed at 0 percent	475	1.7	91	1.4	192	0.5	0	0.0
No second largest item	1,981	7.2	1,217	18.9	13,331	32.1	7,737	7.7

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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)
RETURNS WITH WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
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
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	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
Returns with expanded income of \$200,000 or more								
Total	74,291	1.4	266,858	5.2	4,939	0.1	107,180	2.1
Interest paid deduction	16,962	22.8	7,265	2.7	823	16.7	9,017	8.4
Tax-exempt interest [2]	5,007	6.7	0	0.0	182	3.7	13,346	12.5
Taxes paid deduction	14,260	19.2	128,550	48.2	2,941	59.5	28,959	27.0
Charitable contributions deduction	1,916	2.6	32,736	12.3	605	12.2	** 353	** 0.3
Medical and dental expense deduction	356	0.5	3,535	1.3	0	0.0	**	**
Net casualty or theft loss deduction	0	0.0	132	[3]	0	0.0	0	0.0
Total miscellaneous deductions	908	1.2	17,948	6.7	4	0.1	303	0.3
General business credit	668	0.9	986	0.4	11	0.2	940	0.9
Refundable tax credits used to offset income tax before credits	6	[3]	571	0.2	**	**	327	0.3
All other tax credits	2,320	3.1	1,705	0.6	** 61	** 1.2	2,704	2.5
Foreign-earned income exclusion [2]	0	0.0	207	0.1	**	**	0	0.0
AMT tax preference [2]	90	0.1	17	[3]	0	0.0	8	[3]
Nontaxable Social Security benefits [2]	451	0.6	32,908	12.3	5	0.1	0	0.0
Capital gains taxed at 0 percent	1,839	2.5	18,640	7.0	154	3.1	422	0.4
No second largest item	29,507	39.7	21,655	8.1	153	3.1	50,801	47.4

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Investment interest expense deduction [1]		Taxes paid deduction	
	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)
RETURNS WITHOUT WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	7,404	100.0	134	1.8	794	10.7	365	4.9
Interest paid deduction	1,263	17.1	0	0.0	144	18.1	44	12.0
Investment interest expense deduction [1]	324	4.4	22	16.4	0	0.0	43	11.8
Taxes paid deduction	2,900	39.2	39	29.1	237	29.8	0	0.0
Charitable contributions deduction	986	13.3	19	14.2	179	22.6	150	41.2
Medical and dental expense deduction	245	3.3	9	6.7	24	3.0	18	4.9
Net casualty or theft loss deduction	42	0.6	**	**	3	0.4	4	1.1
Total miscellaneous deductions	722	9.8	** 12	** 9.0	** 120	** 15.1	67	18.3
General business credit	99	1.3	9	6.7	**	**	16	4.4
Refundable tax credits used to offset income tax before credits	12	0.2	0	0.0	0	0.0	0	0.0
All other tax credits	54	0.7	3	2.2	5	0.6	4	1.1
Capital gains taxed at 0 percent	654	8.8	21	15.7	** 82	** 10.3	19	5.2
No second largest item	103	1.4	0	0.0	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	13,447	100.0	175	1.3	0	0.0	453	3.4
Interest paid deduction	1,102	8.2	0	0.0	0	0.0	58	12.8
Tax-exempt interest [2]	1,327	9.9	20	11.4	0	0.0	112	24.7
Taxes paid deduction	3,519	26.2	55	31.4	0	0.0	0	0.0
Charitable contributions deduction	1,789	13.3	27	15.4	0	0.0	139	30.7
Medical and dental expense deduction	1,613	12.0	14	8.0	0	0.0	28	6.2
Net casualty or theft loss deduction	68	0.5	3	1.7	0	0.0	3	0.7
Total miscellaneous deductions	1,384	10.3	14	8.0	0	0.0	56	12.4
General business credit	81	0.6	9	5.1	0	0.0	15	3.3
Refundable tax credits used to offset income tax before credits	57	0.4	0	0.0	0	0.0	0	0.0
All other tax credits	79	0.6	**	**	0	0.0	4	0.9
Foreign-earned income exclusion [2]	20	0.1	** 3	** 1.7	0	0.0	7	1.5
AMT tax preference [2]	12	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	563	4.2	5	2.9	0	0.0	4	0.9
Capital gains taxed at 0 percent	1,287	9.6	25	14.3	0	0.0	27	6.0
No second largest item	544	4.0	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Net casualty or theft loss deduction		Total miscellaneous deductions	
	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)
RETURNS WITHOUT WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	1,195	16.1	1,274	17.2	885	12.0	2,095	28.3
Interest paid deduction	143	12.0	70	5.5	175	19.8	439	21.0
Investment interest expense deduction [1]	127	10.6	16	1.3	11	1.2	72	3.4
Taxes paid deduction	331	27.7	424	33.3	575	64.9	1,121	53.5
Charitable contributions deduction	0	0.0	269	21.1	47	5.3	251	12.0
Medical and dental expense deduction	122	10.2	0	0.0	10	1.1	45	2.1
Net casualty or theft loss deduction	3	0.3	9	0.7	0	0.0	18	0.9
Total miscellaneous deductions	194	16.2	** 293	** 23.0	** 43	** 4.9	0	0.0
General business credit	26	2.2	**	**	**	**	21	1.0
Refundable tax credits used to offset income tax before credits	0	0.0	0	0.0	0	0.0	8	0.4
All other tax credits	18	1.5	**	**	**	**	13	0.6
Capital gains taxed at 0 percent	** 231	** 19.3	** 189	** 14.8	** 24	** 2.7	40	1.9
No second largest item	**	**	4	0.3	**	**	67	3.2
Returns with expanded income of \$200,000 or more								
Total	1,216	9.0	1,906	14.2	906	6.7	296	2.2
Interest paid deduction	127	10.4	52	2.7	174	19.2	27	9.1
Tax-exempt interest [2]	196	16.1	750	39.3	84	9.3	97	32.8
Taxes paid deduction	305	25.1	316	16.6	544	60.0	64	21.6
Charitable contributions deduction	0	0.0	221	11.6	41	4.5	76	25.7
Medical and dental expense deduction	115	9.5	0	0.0	12	1.3	10	3.4
Net casualty or theft loss deduction	7	0.6	9	0.5	0	0.0	0	0.0
Total miscellaneous deductions	149	12.3	254	13.3	14	1.5	0	0.0
General business credit	25	2.1	**	**	**	**	**	**
Refundable tax credits used to offset income tax before credits	3	0.3	0	0.0	0	0.0	0	0.0
All other tax credits	16	1.3	**	**	**	**	**	**
Foreign-earned income exclusion [2]	0	0.0	** 6	** 0.3	** 5	** 0.6	** 7	** 2.4
AMT tax preference [2]	3	0.2	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	40	3.3	106	5.6	12	1.3	**	**
Capital gains taxed at 0 percent	227	18.7	** 192	** 10.1	** 20	** 2.2	** 15	** 5.1
No second largest item	3	0.2	**	**	**	**	**	**

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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		Refundable tax credits used to offset income tax before credits		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)
RETURNS WITHOUT WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	276	3.7	108	1.5	141	1.9	136	1.8
Interest paid deduction	183	66.3	0	0.0	38	27.0	27	19.9
Investment interest expense deduction [1]	6	2.2	8	7.6	3	2.1	16	11.8
Taxes paid deduction	29	10.5	80	74.5	50	35.5	13	9.6
Charitable contributions deduction	**	**	**	**	20	14.2	25	18.4
Medical and dental expense deduction	**	**	0	0.0	**	**	14	10.3
Net casualty or theft loss deduction	**	**	0	0.0	**	**	**	**
Total miscellaneous deductions	** 22	** 8.0	** 7	** 6.5	** 4	** 2.8	** 8	** 5.9
General business credit	0	0.0	0	0.0	0	0.0	12	8.8
Refundable tax credits used to offset income tax before credits	4	1.4	0	0.0	0	0.0	0	0.0
All other tax credits	4	1.4	0	0.0	0	0.0	3	2.2
Capital gains taxed at 0 percent	25	9.1	12	11.3	19	13.5	0	0.0
No second largest item	3	1.1	0	0.0	7	5.0	18	13.2
Returns with expanded income of \$200,000 or more								
Total	268	2.0	107	0.8	140	1.0	195	1.5
Interest paid deduction	** 180	** 67.2	0	0.0	39	27.9	26	13.3
Tax-exempt interest [2]	**	**	0	0.0	5	3.6	** 70	** 35.9
Taxes paid deduction	29	10.8	80	75.2	49	35.0	**	**
Charitable contributions deduction	** 19	** 7.1	5	4.8	** 21	** 15.0	35	17.9
Medical and dental expense deduction	**	**	0	0.0	**	**	20	10.3
Net casualty or theft loss deduction	**	**	0	0.0	**	**	10	5.1
Total miscellaneous deductions	**	**	9	8.6	**	**	9	4.6
General business credit	0	0.0	0	0.0	0	0.0	**	**
Refundable tax credits used to offset income tax before credits	5	1.9	0	0.0	0	0.0	0	0.0
All other tax credits	5	1.9	0	0.0	0	0.0	3	1.5
Foreign-earned income exclusion [2]	0	0.0	0	0.0	0	0.0	0	0.0
AMT tax preference [2]	0	0.0	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	**	**	0	0.0	**	**	9	4.6
Capital gains taxed at 0 percent	** 30	** 11.2	12	11.4	** 21	** 15.0	0	0.0
No second largest item	**	**	0	0.0	5	3.6	13	6.7

Footnotes at end of table.

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentage Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2012—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)
RETURNS WITHOUT WORLDWIDE INCOME TAX								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
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
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
Refundable tax credits used to offset income tax before credits	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
Returns with expanded income of \$200,000 or more								
Total	433	3.2	7,292	54.2	46	0.3	13	0.1
Interest paid deduction	95	21.9	324	4.4	0	0.0	**	**
Tax-exempt interest [2]	15	3.5	0	0.0	** 5	** 10.8	** 7	** 53.8
Taxes paid deduction	93	21.5	1,967	27.0	0	0.0	**	**
Charitable contributions deduction	6	1.4	1,197	16.4	0	0.0	** 6	** 46.2
Medical and dental expense deduction	18	4.2	1,392	19.1	0	0.0	**	**
Net casualty or theft loss deduction	**	**	32	0.4	0	0.0	0	0.0
Total miscellaneous deductions	**	**	871	11.9	0	0.0	0	0.0
General business credit	0	0.0	14	0.2	**	**	0	0.0
Refundable tax credits used to offset income tax before credits	0	0.0	7	0.1	41	89.2	0	0.0
All other tax credits	5	1.2	37	0.5	0	0.0	0	0.0
Foreign-earned income exclusion [2]	0	0.0	5	0.1	0	0.0	0	0.0
AMT tax preference [2]	0	0.0	9	0.1	0	0.0	0	0.0
Nontaxable Social Security benefits [2]	**	**	381	5.2	0	0.0	0	0.0
Capital gains taxed at 0 percent	** 12	** 2.8	727	10.0	**	**	**	**
No second largest item	189	43.6	328	4.5	0	0.0	0	0.0

** 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] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2012

[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 percentages 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)
Adjusted gross income concept						
Total itemized deductions	20,304	6,373	3,710	1,859	515	320
Interest paid deduction:						
Total	20,304	10,134	6,777	1,540	536	253
Investment interest expense deduction per income concept	20,304	16,048	2,751	316	192	161
Taxes paid deduction	20,304	7,585	9,022	2,285	634	338
Charitable contributions deduction	20,304	9,708	7,554	710	339	414
Medical and dental expense deduction	20,304	18,012	613	168	102	105
Net casualty or theft loss deduction	20,304	19,355	7	5	20	17
Net limited miscellaneous deduction per income concept	20,304	15,821	2,688	883	399	191
Non-limited miscellaneous deduction	20,304	17,073	1,200	87	35	44
Deduction equivalent of:						
Total credits	20,304	6,360	378	240	231	290
Foreign tax credit	20,304	7,137	713	109	72	139
General business credit	20,304	19,569	180	63	76	79
Refundable tax credits used to offset income tax before credits	20,304	19,983	173	13	17	11
Tax preferences excluded from adjusted gross income	20,304	15,378	3,221	496	289	178
Nontaxable Social Security benefits	20,304	16,287	4,007	** 10	**	0
Capital gains taxed at 0 percent	20,304	16,766	1,376	1,102	809	250
Expanded income concept						
Total itemized deductions	32,326	11,677	5,612	3,945	2,081	1,552
Interest paid deduction:						
Total	32,326	21,646	8,212	1,852	439	103
Investment interest expense deduction per income concept	32,326	27,082	4,558	275	128	64
Taxes paid deduction	32,326	13,026	13,719	3,762	965	368
Charitable contributions deduction	32,326	15,610	12,244	1,672	893	699
Medical and dental expense deduction	32,326	24,678	3,981	784	458	412
Net casualty or theft loss deduction	32,326	31,309	32	18	31	16
Net limited miscellaneous deduction per income concept	32,326	22,896	6,206	1,919	697	292
Non-limited miscellaneous deduction	32,326	30,460	1,692	65	30	8
Deduction equivalent of:						
Total credits	32,326	12,131	989	449	477	668
Foreign tax credit	32,326	13,094	1,263	229	288	508
General business credit	32,326	31,538	221	85	79	68
Refundable tax credits used to offset income tax before credits	32,326	31,932	210	15	56	11
Tax preferences excluded from adjusted gross income	32,326	19,072	3,253	899	818	911
Nontaxable Social Security benefits	32,326	23,727	8,582	** 17	**	0
Capital gains taxed at 0 percent	32,326	24,720	3,842	2,182	1,245	337

Footnotes at end of table.

Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2012—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 percentages 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)
Adjusted gross income concept					
Total itemized deductions	196	274	498	2,733	3,824
Interest paid deduction:					
Total	182	181	124	350	227
Investment interest expense deduction per income concept	154	116	108	289	168
Taxes paid deduction	133	92	53	75	86
Charitable contributions deduction	340	** 1,179	**	7	52
Medical and dental expense deduction	105	137	182	575	304
Net casualty or theft loss deduction	24	33	54	338	451
Net limited miscellaneous deduction per income concept	108	62	36	57	58
Non-limited miscellaneous deduction	45	42	51	1,016	711
Deduction equivalent of:					
Total credits	559	644	527	7,606	3,467
Foreign tax credit	404	547	408	7,315	3,459
General business credit	85	63	169	14	5
Refundable tax credits used to offset income tax before credits	19	3	43	41	0
Tax preferences excluded from adjusted gross income	128	106	64	157	286
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
Expanded income concept					
Total itemized deductions	1,261	1,103	1,002	2,221	1,871
Interest paid deduction:					
Total	24	10	8	21	11
Investment interest expense deduction per income concept	56	30	16	51	66
Taxes paid deduction	158	94	53	83	96
Charitable contributions deduction	731	293	47	80	57
Medical and dental expense deduction	337	366	342	678	290
Net casualty or theft loss deduction	28	44	52	344	452
Net limited miscellaneous deduction per income concept	118	52	47	51	48
Non-limited miscellaneous deduction	10	11	12	10	28
Deduction equivalent of:					
Total credits	1,152	1,671	3,210	11,555	23
Foreign tax credit	997	1,564	3,003	11,362	17
General business credit	86	203	30	11	5
Refundable tax credits used to offset income tax before credits	14	6	0	81	0
Tax preferences excluded from adjusted gross income	974	1,090	1,170	3,538	601
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. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2012

[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 percentages 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)
Adjusted gross income concept						
Total itemized deductions	7,408	36	32	250	72	120
Interest paid deduction:						
Total	7,408	2,345	2,450	982	420	210
Investment interest expense deduction per income concept	7,408	4,555	1,515	243	167	142
Taxes paid deduction	7,408	151	4,231	1,779	545	293
Charitable contributions deduction	7,408	1,339	3,711	398	243	335
Medical and dental expense deduction	7,408	5,373	436	141	85	95
Net casualty or theft loss deduction	7,408	6,475	6	4	19	17
Net limited miscellaneous deduction per income concept	7,408	4,131	1,744	711	343	169
Non-limited miscellaneous deduction	7,408	4,643	808	54	28	37
Deduction equivalent of:						
Total credits	7,408	6,359	217	123	85	98
Foreign tax credit	7,408	7,408	0	0	0	0
General business credit	7,408	6,869	111	44	44	58
Refundable tax credits used to offset income tax before credits	7,408	7,103	168	13	9	12
Tax preferences excluded from adjusted gross income	7,408	3,988	1,946	411	247	147
Nontaxable Social Security benefits	7,408	4,108	3,300	0	0	0
Capital gains taxed at 0 percent	7,408	5,071	848	731	591	166
Expanded income concept						
Total itemized deductions	13,450	960	786	1,921	1,541	1,315
Interest paid deduction:						
Total	13,450	8,558	3,202	1,184	352	86
Investment interest expense deduction per income concept	13,450	9,701	3,176	221	110	52
Taxes paid deduction	13,450	1,040	7,571	3,186	859	332
Charitable contributions deduction	13,450	2,248	7,503	1,298	759	599
Medical and dental expense deduction	13,450	6,382	3,520	737	433	395
Net casualty or theft loss deduction	13,450	12,452	29	17	30	16
Net limited miscellaneous deduction per income concept	13,450	5,484	5,010	1,715	656	278
Non-limited miscellaneous deduction	13,450	12,010	1,298	49	24	8
Deduction equivalent of:						
Total credits	13,450	12,099	504	118	127	87
Foreign tax credit	13,450	13,450	0	0	0	0
General business credit	13,450	12,927	119	42	41	44
Refundable tax credits used to offset income tax before credits	13,450	13,072	197	15	56	12
Tax preferences excluded from adjusted gross income	13,450	2,305	1,712	764	717	825
Nontaxable Social Security benefits	13,450	5,860	** 7,590	**	0	0
Capital gains taxed at 0 percent	13,450	7,918	2,714	1,617	964	236

Footnotes at end of table.

Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2012—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 percentages 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)
Adjusted gross income concept					
Total itemized deductions	68	116	353	2,538	3,822
Interest paid deduction:					
Total	159	166	113	335	227
Investment interest expense deduction per income concept	141	101	100	276	168
Taxes paid deduction	118	82	47	75	86
Charitable contributions deduction	286	** 1,037	**	7	52
Medical and dental expense deduction	100	127	174	572	304
Net casualty or theft loss deduction	23	31	48	334	451
Net limited miscellaneous deduction per income concept	99	59	36	57	58
Non-limited miscellaneous deduction	39	38	46	1,004	711
Deduction equivalent of:					
Total credits	106	63	227	125	3
Foreign tax credit	0	0	0	0	0
General business credit	60	43	165	11	3
Refundable tax credits used to offset income tax before credits	18	3	40	41	0
Tax preferences excluded from adjusted gross income	110	86	60	147	265
Nontaxable Social Security benefits	0	0	0	0	0
Capital gains taxed at 0 percent	0	0	0	0	0
Expanded income concept					
Total itemized deductions	1,066	955	906	2,132	1,868
Interest paid deduction:					
Total	19	9	8	21	11
Investment interest expense deduction per income concept	45	27	15	43	59
Taxes paid deduction	148	88	47	83	95
Charitable contributions deduction	621	241	46	79	56
Medical and dental expense deduction	322	356	338	677	290
Net casualty or theft loss deduction	27	40	47	340	452
Net limited miscellaneous deduction per income concept	113	50	46	50	48
Non-limited miscellaneous deduction	9	10	8	7	27
Deduction equivalent of:					
Total credits	95	70	185	161	3
Foreign tax credit	0	0	0	0	0
General business credit	59	182	26	7	3
Refundable tax credits used to offset income tax before credits	10	6	0	81	0
Tax preferences excluded from adjusted gross income	914	1,032	1,111	3,468	601
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. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012

[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 rates	Under \$50,000 [1]		
				Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	144,928,472	100.0	8.0	92,940,570	100.0	0.8
Returns without U.S. income tax	51,818,751	35.8	1.7	50,298,705	54.1	0.8
Effective tax rate:						
0 percent	18,578,706	12.8	19.3	18,263,836	19.7	37.0
Under 0 over -5 percent	7,600,676	5.2	0.9	6,537,987	7.0	0.2
-5 over -10 percent	6,958,607	4.8	0.2	6,823,963	7.3	0.1
-10 over -15 percent	3,692,017	2.5	0.1	3,684,618	4.0	0.0
-15 over -20 percent	2,134,459	1.5	0.1	2,134,074	2.3	0.0
-20 percent and under	12,854,285	8.9	0.1	12,854,227	13.8	0.1
Returns with U.S. income tax	93,109,721	64.2	8.5	42,641,865	45.9	0.8
Effective tax rate:						
Under 5 percent	25,773,359	17.8	3.4	19,939,196	21.5	1.4
5 under 10 percent	35,872,837	24.8	2.8	18,636,693	20.1	0.4
10 under 15 percent	20,715,318	14.3	10.5	3,997,331	4.3	0.4
15 under 20 percent	7,733,351	5.3	19.0	34,704	[2]	7.1
20 under 25 percent	2,016,636	1.4	10.4	16,477	[2]	2.6
25 under 30 percent	903,487	0.6	3.9	5,064	[2]	47.8
30 under 35 percent	83,462	0.1	1.8	4,064	[2]	0.4
35 under 40 percent	1,095	[2]	14.4	0	0.0	0.0
40 under 45 percent	483	[2]	10.3	6	[2]	0.0
45 under 50 percent	951	[2]	10.6	831	[2]	0.0
50 under 60 percent	520	[2]	22.3	6	[2]	0.0
60 under 70 percent	67	[2]	2.4	0	0.0	0.0
70 under 80 percent	138	[2]	1.4	39	[2]	0.0
80 percent or more	8,017	[2]	[3]	7,453	[2]	0.0

Footnotes at end of table.

Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(7)	(8)	(9)	(10)	(11)	(12)
All returns	31,089,262	100.0	1.5	15,646,648	100.0	2.6
Returns without U.S. income tax	1,406,093	4.5	3.6	93,650	0.6	12.5
Effective tax rate:						
0 percent	238,849	0.8	13.1	56,786	0.4	11.9
Under 0 over -5 percent	1,026,543	3.3	1.6	35,362	0.2	13.8
-5 over -10 percent	133,984	0.4	0.5	475	[2]	30.4
-10 over -15 percent	** 6,694	** [2]	** 3.1	** 1,010	** [2]	** 0.1
-15 over -20 percent	**	**	**	**	**	**
-20 percent and under	23	[2]	2.2	16	[2]	6.7
Returns with U.S. income tax	29,683,169	95.5	1.4	15,552,998	99.4	2.5
Effective tax rate:						
Under 5 percent	5,246,786	16.9	3.0	523,394	3.3	10.4
5 under 10 percent	13,633,414	43.9	1.3	3,503,062	22.4	3.5
10 under 15 percent	8,346,840	26.8	1.0	7,872,893	50.3	2.2
15 under 20 percent	2,437,950	7.8	0.6	3,245,429	20.7	1.6
20 under 25 percent	15,539	[2]	1.6	401,502	2.6	0.9
25 under 30 percent	1,337	[2]	13.6	5,569	[2]	0.4
30 under 35 percent	1,022	[2]	0.0	366	[2]	25.1
35 under 40 percent	187	[2]	0.1	158	[2]	0.0
40 under 45 percent	13	[2]	0.4	20	[2]	33.3
45 under 50 percent	8	[2]	0.0	35	[2]	9.0
50 under 60 percent	** 51	** [2]	** 4.0	** 17	** [2]	** 20.2
60 under 70 percent	**	**	**	**	**	**
70 under 80 percent	0	0.0	0.0	47	[2]	0.8
80 percent or more	23	[2]	14.9	505	[2]	0.6

Footnotes at end of table.

Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates
	Number of returns	Percentage of total	Percentage of income subject to preferential rates			
	(13)	(14)	(15)	(16)	(17)	(18)
All returns	5,251,992	100.0	20.5	144,928,472	100.0	7.7
Returns without U.S. income tax	20,304	0.4	16.2	51,818,751	35.8	1.4
Effective tax rate:						
0 percent	19,236	0.4	16.2	18,578,706	12.8	4.6
Under 0 over -5 percent	784	[2]	8.3	7,977,974	5.5	0.8
-5 over -10 percent	185	[2]	30.3	6,766,105	4.7	0.2
-10 over -15 percent	66	[2]	50.8	3,787,476	2.6	0.1
-15 over -20 percent	13	[2]	51.4	2,204,984	1.5	0.0
-20 percent and under	19	[2]	67.8	12,503,506	8.6	0.1
Returns with U.S. income tax	5,231,689	99.6	20.5	93,109,721	64.2	8.4
Effective tax rate:						
Under 5 percent	63,982	1.2	19.3	26,643,120	18.4	3.3
5 under 10 percent	99,668	1.9	39.3	34,999,247	24.1	2.9
10 under 15 percent	498,255	9.5	60.0	20,714,589	14.3	10.7
15 under 20 percent	2,015,267	38.4	33.7	7,749,400	5.3	18.5
20 under 25 percent	1,583,118	30.1	11.2	2,019,688	1.4	9.9
25 under 30 percent	891,517	17.0	3.9	890,698	0.6	3.7
30 under 35 percent	78,009	1.5	1.8	80,400	0.1	1.7
35 under 40 percent	751	[2]	15.0	754	[2]	14.0
40 under 45 percent	443	[2]	10.1	1,136	[2]	17.5
45 under 50 percent	78	[2]	12.3	1,237	[2]	11.8
50 under 60 percent	457	[2]	22.5	256	[2]	11.1
60 under 70 percent	56	[2]	2.4	109	[2]	7.5
70 under 80 percent	51	[2]	1.5	61	[2]	4.9
80 percent or more	37	[2]	34.1	9,024	[2]	[3]

Footnotes at end of table.

Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(19)	(20)	(21)	(22)	(23)	(24)
All returns	90,550,444	100.0	0.6	33,448,930	100.0	1.4
Returns without U.S. income tax	49,712,223	54.9	0.5	1,932,939	5.8	3.2
Effective tax rate:						
0 percent	17,664,225	19.5	2.6	786,766	2.4	5.8
Under 0 over -5 percent	6,935,529	7.7	0.2	998,455	3.0	1.6
-5 over -10 percent	6,627,352	7.3	0.1	138,038	0.4	0.4
-10 over -15 percent	3,777,755	4.2	0.0	9,647	[2]	2.0
-15 over -20 percent	2,203,902	2.4	0.0	14	[2]	17.6
-20 percent and under	12,503,459	13.8	0.1	18	[2]	5.4
Returns with U.S. income tax	40,838,221	45.1	0.6	31,515,992	94.2	1.3
Effective tax rate:						
Under 5 percent	19,034,640	21.0	1.0	7,004,336	20.9	2.7
5 under 10 percent	17,564,410	19.4	0.3	13,906,210	41.6	1.2
10 under 15 percent	4,169,779	4.6	0.3	8,090,036	24.2	0.9
15 under 20 percent	30,524	[2]	5.5	2,507,612	7.5	0.4
20 under 25 percent	14,424	[2]	3.3	4,482	[2]	1.6
25 under 30 percent	10,084	[2]	15.5	1,988	[2]	9.8
30 under 35 percent	4,008	[2]	0.0	1,062	[2]	0.0
35 under 40 percent	3	[2]	0.0	153	[2]	0.2
40 under 45 percent	1,024	[2]	0.0	13	[2]	8.0
45 under 50 percent	831	[2]	0.0	8	[2]	0.0
50 under 60 percent	6	[2]	0.0	9	[2]	13.7
60 under 70 percent	3	[2]	0.0	52	[2]	0.6
70 under 80 percent	3	[2]	0.0	0	0.0	0.0
80 percent or more	8,482	[2]	0.0	30	[2]	11.7

Footnotes at end of table.

Table 11. Returns With and Without U.S. Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(25)	(26)	(27)	(28)	(29)	(30)
All returns	15,620,227	100.0	2.6	5,308,871	100.0	20.4
Returns without U.S. income tax	141,264	0.9	9.4	32,326	0.6	13.3
Effective tax rate:						
0 percent	97,770	0.6	8.1	29,944	0.6	13.5
Under 0 over -5 percent	41,922	0.3	12.6	2,067	[2]	6.5
-5 over -10 percent	491	[2]	26.9	224	[2]	27.6
-10 over -15 percent	24	[2]	2.0	50	[2]	49.2
-15 over -20 percent	1,046	[2]	0.0	21	[2]	74.2
-20 percent and under	9	[2]	2.3	20	[2]	66.3
Returns with U.S. income tax	15,478,963	99.1	2.5	5,276,545	99.4	20.4
Effective tax rate:						
Under 5 percent	521,739	3.3	12.8	82,406	1.6	20.0
5 under 10 percent	3,405,633	21.8	3.7	122,995	2.3	37.5
10 under 15 percent	7,908,889	50.6	2.1	545,885	10.3	57.9
15 under 20 percent	3,221,923	20.6	1.3	1,989,341	37.5	33.2
20 under 25 percent	413,273	2.6	0.6	1,587,508	29.9	10.7
25 under 30 percent	5,868	[2]	0.1	872,759	16.4	3.7
30 under 35 percent	706	[2]	17.7	74,623	1.4	1.7
35 under 40 percent	21	[2]	0.1	577	[2]	14.5
40 under 45 percent	11	[2]	0.0	89	[2]	23.9
45 under 50 percent	312	[2]	0.0	86	[2]	29.5
50 under 60 percent	49	[2]	29.2	192	[2]	10.2
60 under 70 percent	6	[2]	0.5	48	[2]	9.0
70 under 80 percent	45	[2]	0.8	12	[2]	9.0
80 percent or more	488	[2]	0.6	24	[2]	16.3

** 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.

[3] Percentage not computed.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Income Tax Returns. 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, High-Income Tax Returns, May 2015.

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012

[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 rates	Under \$50,000 [1]		
				Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	144,928,472	100.0	8.0	92,940,570	100.0	0.8
Returns without worldwide income tax	51,641,366	35.6	1.3	50,196,058	54.0	0.8
Effective tax rate:						
0 percent	18,423,969	12.7	20.5	18,171,576	19.6	44.6
Under 0 over -5 percent	7,581,225	5.2	0.8	6,530,789	7.0	0.2
-5 over -10 percent	6,957,470	4.8	0.2	6,822,823	7.3	0.1
-10 over -15 percent	3,689,967	2.5	0.1	3,682,575	4.0	0.0
-15 over -20 percent	2,134,458	1.5	0.1	2,134,074	2.3	0.0
-20 percent and under	12,854,277	8.9	0.1	12,854,221	13.8	0.1
Returns with worldwide income tax	93,287,106	64.4	8.5	42,744,512	46.0	0.8
Effective tax rate:						
Under 5 percent	25,757,731	17.8	2.9	19,981,521	21.5	1.4
5 under 10 percent	35,891,792	24.8	2.6	18,673,442	20.1	0.5
10 under 15 percent	20,706,114	14.3	10.1	4,007,193	4.3	0.4
15 under 20 percent	7,784,112	5.4	19.8	39,870	[2]	10.8
20 under 25 percent	2,038,592	1.4	11.0	16,682	[2]	2.6
25 under 30 percent	948,157	0.7	4.1	6,128	[2]	29.1
30 under 35 percent	107,777	0.1	2.0	4,068	[2]	0.4
35 under 40 percent	17,354	[2]	2.5	3	[2]	1.4
40 under 45 percent	8,565	[2]	2.9	11	[2]	0.4
45 under 50 percent	4,081	[2]	3.5	837	[2]	0.0
50 under 60 percent	5,199	[2]	10.3	122	[2]	0.3
60 under 70 percent	1,396	[2]	1.2	17	[2]	2.0
70 under 80 percent	294	[2]	1.6	60	[2]	3.6
80 percent or more	15,944	[2]	[3]	14,558	[2]	0.0

Footnotes at end of table.

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(7)	(8)	(9)	(10)	(11)	(12)
All returns	31,089,262	100.0	1.5	15,646,648	100.0	2.6
Returns without worldwide income tax	1,361,764	4.4	3.2	76,137	0.5	12.2
Effective tax rate:						
0 percent	205,503	0.7	12.4	40,373	0.3	12.2
Under 0 over -5 percent	1,015,561	3.3	1.6	34,263	0.2	12.4
-5 over -10 percent	133,983	0.4	0.5	475	[2]	30.4
-10 over -15 percent	** 6,695	** [2]	** 3.1	** 1,010	** [2]	** 0.1
-15 over -20 percent	**	**	**	**	**	**
-20 percent and under	22	[2]	2.4	16	[2]	6.7
Returns with worldwide income tax	29,727,498	95.6	1.5	15,570,511	99.5	2.5
Effective tax rate:						
Under 5 percent	5,241,649	16.9	3.0	504,325	3.2	10.6
5 under 10 percent	13,644,981	43.9	1.3	3,490,955	22.3	3.5
10 under 15 percent	8,357,263	26.9	1.0	7,862,468	50.3	2.2
15 under 20 percent	2,453,607	7.9	0.7	3,276,309	20.9	1.6
20 under 25 percent	16,300	0.1	4.2	413,674	2.6	1.0
25 under 30 percent	3,028	[2]	7.5	8,858	0.1	0.5
30 under 35 percent	2,106	[2]	0.1	3,554	[2]	13.9
35 under 40 percent	1,878	[2]	0.6	3,291	[2]	2.5
40 under 45 percent	2,511	[2]	5.6	2,480	[2]	1.2
45 under 50 percent	1,110	[2]	0.2	981	[2]	1.8
50 under 60 percent	1,802	[2]	0.4	2,219	[2]	2.1
60 under 70 percent	696	[2]	0.6	460	[2]	0.6
70 under 80 percent	79	[2]	1.8	93	[2]	0.7
80 percent or more	489	[2]	2.7	843	[2]	1.1

Footnotes at end of table.

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates
	Number of returns	Percentage of total	Percentage of income subject to preferential rates			
	(13)	(14)	(15)	(16)	(17)	(18)
All returns	5,251,992	100.0	20.5	144,928,472	100.0	7.7
Returns without worldwide income tax	7,408	0.1	5.3	51,641,366	35.6	1.1
Effective tax rate:						
0 percent	6,517	0.1	3.5	18,423,969	12.7	3.6
Under 0 over -5 percent	613	[2]	7.6	7,958,316	5.5	0.8
-5 over -10 percent	188	[2]	30.8	6,765,166	4.7	0.2
-10 over -15 percent	58	[2]	51.3	3,785,441	2.6	0.1
-15 over -20 percent	13	[2]	51.4	2,204,975	1.5	0.0
-20 percent and under	18	[2]	72.8	12,503,498	8.6	0.1
Returns with worldwide income tax	5,244,584	99.9	20.5	93,287,106	64.4	8.4
Effective tax rate:						
Under 5 percent	30,236	0.6	14.2	26,627,412	18.4	2.9
5 under 10 percent	82,414	1.6	41.9	35,019,068	24.2	2.7
10 under 15 percent	479,191	9.1	61.0	20,704,990	14.3	10.3
15 under 20 percent	2,014,326	38.4	35.2	7,812,543	5.4	19.3
20 under 25 percent	1,591,936	30.3	12.0	2,060,986	1.4	10.6
25 under 30 percent	930,142	17.7	4.1	944,410	0.7	3.8
30 under 35 percent	98,048	1.9	2.0	101,634	0.1	1.8
35 under 40 percent	12,182	0.2	2.5	2,747	[2]	3.5
40 under 45 percent	3,562	0.1	3.0	1,552	[2]	8.8
45 under 50 percent	1,153	[2]	4.8	1,607	[2]	7.2
50 under 60 percent	1,056	[2]	16.4	296	[2]	10.7
60 under 70 percent	222	[2]	1.8	425	[2]	2.4
70 under 80 percent	61	[2]	1.6	67	[2]	4.6
80 percent or more	55	[2]	30.9	9,370	[2]	[3]

Footnotes at end of table.

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(19)	(20)	(21)	(22)	(23)	(24)
All returns	90,550,444	100.0	0.6	33,448,930	100.0	1.4
Returns without worldwide income tax	49,626,515	54.8	0.5	1,886,946	5.6	2.9
Effective tax rate:						
0 percent	17,588,702	19.4	2.5	751,754	2.2	5.3
Under 0 over -5 percent	6,928,331	7.7	0.2	987,476	3.0	1.5
-5 over -10 percent	6,626,416	7.3	0.1	138,037	0.4	0.4
-10 over -15 percent	3,775,712	4.2	0.0	9,647	[2]	2.0
-15 over -20 percent	2,203,902	2.4	0.0	14	[2]	17.6
-20 percent and under	12,503,453	13.8	0.1	18	[2]	5.4
Returns with worldwide income tax	40,923,929	45.2	0.6	31,561,984	94.4	1.4
Effective tax rate:						
Under 5 percent	19,070,253	21.1	1.0	7,007,330	20.9	2.7
5 under 10 percent	17,602,830	19.4	0.3	13,921,858	41.6	1.2
10 under 15 percent	4,178,408	4.6	0.3	8,103,604	24.2	0.9
15 under 20 percent	33,024	[2]	7.1	2,521,393	7.5	0.5
20 under 25 percent	14,425	[2]	3.3	4,485	[2]	1.6
25 under 30 percent	10,084	[2]	15.5	1,988	[2]	9.8
30 under 35 percent	4,008	[2]	0.0	1,062	[2]	0.0
35 under 40 percent	3	[2]	0.0	153	[2]	0.2
40 under 45 percent	1,024	[2]	0.0	13	[2]	8.0
45 under 50 percent	1,035	[2]	0.0	8	[2]	0.0
50 under 60 percent	6	[2]	0.0	9	[2]	13.7
60 under 70 percent	3	[2]	0.0	52	[2]	0.6
70 under 80 percent	3	[2]	0.0	0	0.0	0.0
80 percent or more	8,822	[2]	0.0	30	[2]	11.7

Footnotes at end of table.

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentage of Returns by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2012—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 rates	Number of returns	Percentage of total	Percentage of income subject to preferential rates
	(25)	(26)	(27)	(28)	(29)	(30)
All returns	15,620,227	100.0	2.6	5,308,871	100.0	20.4
Returns without worldwide income tax	114,455	0.7	9.1	13,450	0.3	5.5
Effective tax rate:						
0 percent	72,230	0.5	7.9	11,284	0.2	4.3
Under 0 over -5 percent	40,654	0.3	11.5	1,855	[2]	5.6
-5 over -10 percent	492	[2]	26.8	221	[2]	27.4
-10 over -15 percent	24	[2]	2.0	58	[2]	49.5
-15 over -20 percent	1,045	[2]	0.0	13	[2]	76.7
-20 percent and under	9	[2]	2.3	19	[2]	71.1
Returns with worldwide income tax	15,505,772	99.3	2.5	5,295,421	99.7	20.4
Effective tax rate:						
Under 5 percent	506,512	3.2	13.3	43,317	0.8	20.3
5 under 10 percent	3,391,536	21.7	3.7	102,844	1.9	40.0
10 under 15 percent	7,900,822	50.6	2.1	522,156	9.8	59.2
15 under 20 percent	3,263,084	20.9	1.4	1,995,042	37.6	34.5
20 under 25 percent	429,466	2.7	0.6	1,612,610	30.4	11.5
25 under 30 percent	10,972	0.1	0.2	921,367	17.4	3.8
30 under 35 percent	2,400	[2]	6.6	94,164	1.8	1.8
35 under 40 percent	51	[2]	0.7	2,540	[2]	3.6
40 under 45 percent	16	[2]	0.4	499	[2]	10.0
45 under 50 percent	314	[2]	0.0	250	[2]	11.6
50 under 60 percent	59	[2]	23.0	222	[2]	10.0
60 under 70 percent	3	[2]	0.0	367	[2]	2.5
70 under 80 percent	48	[2]	0.8	15	[2]	8.2
80 percent or more	489	[2]	0.6	29	[2]	15.9

** 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.

[3] Percentage not computed.

NOTES: Detail may not add to totals because of rounding. This table is based on U.S. Individual Tax Returns. 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, High-Income Tax Returns, May 2015.