



Individual Income Tax Returns 1986

Returns Filed,
Sources of Income, Exemptions,
Itemized Deductions, and
Tax Computations

U. S. DEPOSITORY ITEM
MAY 1989

STATE OF MASSACHUSETTS
341 STATE STREET

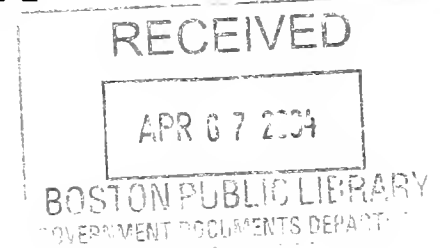
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Statistics of Income Division
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Publication 1304 (Rev. 7-89)

Individual Income Tax Returns

Publication 1304 (Rev. 7-89)



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This report contains data on sources of income, adjusted gross income, exemptions, deductions, taxable income, income tax, modified income tax, tax credits, self-employment tax and taxpayments. Classifications are by tax status, size of adjusted gross income, marital status, and type of tax computation.

Additional unpublished information from individual income tax returns classified by size of adjusted gross income, is available on a reimbursable basis. A public-use computer tape file, i.e., the Individual Tax Model File, containing the records selected for the Statistics of Income sample is also available on a reimbursable basis. This file is suitable primarily for making national level estimates.

The issuance of this publication was delayed because of staff resources devoted to the implementation of provisions contained in the Tax Reform Act of 1986.

Suggested Citation

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Individual Income Tax Returns
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SOI STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of special services is now being offered to data users (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (TR:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

Studies of International Income and Taxes, Publication 1267 — Price \$45.00

Purchase price includes a 516-page document for 1979–83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by— geographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

Individual Income Tax Returns, Publication 1304 — Price \$32.00

Statistics of Income data for 1986 presents information on:

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations
- Data presented by— size of adjusted gross income, marital status

Purchasers of this service also will be provided with additional articles relating to 1986 data and preliminary 1987 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

Partnership Returns, Publication 369 — Price \$22.00

Purchase price includes a 314-page document for 1978–82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by— industry size of total assets state number of partners

Purchasers of this service also will be provided with data for 1983–1985 as they become available and will also be notified of future statistical releases relating to partnership returns.

Other Services — Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–1985), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.

BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (TR:S) at the address above. Purchase of Source Books is by check made payable to the IRS Accounting Section.

Corporation Source Book, 1985, Publication 1053 — Price \$175.00

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1985 can be purchased for \$1,500.

Partnership Source Book, Publication 1289 — Price \$30.00

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Number of partners
- Business receipts
- Depreciation
- Taxes paid deductions
- Interest paid
- Payroll
- Payments to partners
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

Sole Proprietorship Source Book, Publication 1323 — Price \$95.00

This Source Book is a companion to that for partnerships, shown above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of businesses
- Business receipts
- Interest paid
- Depreciation
- Taxes paid deductions
- Payroll
- Net income

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for \$245.

OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136

Subscription price \$16.00; Single copy price \$6.00

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

Statistics of Income—1985, Corporation Income Tax Returns, Publication No. 16

Price \$9.50

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distributions to stockholders
- Assets
- Liabilities

Data classified by—

- industry
- accounting period
- size of total assets
- size of business receipts

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Section 1

Introduction and Changes in Law*

The statistics presented in this report are estimates based on a stratified probability sample of individual income tax returns, selected before audit, and represent coverage of the 103 million Forms 1040, 1040A and 1040EZ filed by the nation's taxpayers for Tax Year 1986.

Table A shows selected tax items for Tax Years 1970, 1975, 1980, 1985 and 1986. In addition, percent changes between Tax Years 1985 and 1986 are shown. Between 1985 and 1986, the number of returns filed increased by approximately 1.4 million, or 1.4 percent, and adjusted gross income (AGI) increased by approximately \$176 billion, or 7.6 percent. Taxable income increased by 6.9 percent, and total income tax by 12.8 percent.

This report contains the first comprehensive publication of final individual income tax data for Tax Year 1986. However, these data, as well as preliminary income tax data for Tax Year 1987, are also featured in the Spring 1989, Statistics of Income Bulletin (1).

REQUIREMENTS FOR FILING

The Internal Revenue Code of 1986, as amended, provided the legal basis for tax activity detailed in this volume. For Tax Year 1986, as for previous tax years, the principal criteria that determined the general filing requirements were gross income, filing status, and age. Gross income included all income received in the form of money, property, and services that were not expressly exempt from tax. A return had to be filed by:

- (1) a single person (other than a surviving spouse) under age 65, with gross income of at least \$3,560;
- (2) a single person (other than a surviving spouse) age 65 or over, with gross income of at least \$4,640;
- (3) a surviving spouse under age 65 with gross income of at least \$4,750;

- (4) a surviving spouse age 65 or over with gross income of at least \$5,830;
- (5) a married couple, filing a joint return, with both spouses under age 65 and with a combined gross income of at least \$5,830;
- (6) a married couple, filing a joint return, with one spouse age 65 or over and with a combined gross income of at least \$6,910;
- (7) a married couple, filing a joint return, with both spouses age 65 or over and with a combined gross income of at least \$7,990; and
- (8) a married person regardless of age whose spouse was filing a separate return, if that married person had a gross income of at least \$1,080.

Notwithstanding these provisions, there were six additional filing requirements. Specifically, an individual had to file a return for Tax Year 1986 if that individual:

- (1) was claimed as a dependent on another person's return and had "unearned income" (such as trust distributions, interest, or capital gains) of \$1,080 or more;
- (2) was liable for any of the following taxes:
 - social security tax on unreported tip income;
 - uncollected social security tax or Railroad Retirement Tax Act (RRTA) tax on reported tip income;
 - alternative minimum tax;
 - tax on an Individual Retirement Arrangement; or
 - tax from recapture of investment credit;

*This report was prepared under the direction of Jeffrey Hartzok, Chief, Returns Analysis Section, Individual Statistics Branch. Contributions to the text were made by Susan Hostetter and Mike Strudler. June Walters was responsible for overall production.

Table A.—Selected Income and Tax Items for Selected Years, 1970–1986

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

Item	1970	1975	1980	1985	1986	Percent change, 1985 to 1986
	(1)	(2)	(3)	(4)	(5)	
All returns	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	1.4%
Form 1040 returns	N/A	54,527,726	57,122,592	67,006,425	68,909,828	2.8
Form 1040A returns	N/A	27,701,606	36,779,877	18,124,702	17,584,689	-3.0
Form 1040EZ returns	N/A	N/A	N/A	16,529,160	16,550,653	0.1
Total income, amount	639,357,791	962,886,872	1,642,345,558	2,401,033,782	2,580,689,275	7.5
Adjusted gross income less deficit	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	7.6
Salaries and wages						
Number of returns	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	1.2
Amount	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	5.3
Interest received						
Number of returns	32,630,355	40,378,240	49,019,575	64,526,434	65,236,518	1.1
Amount	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	-7.9
Dividends in adjusted gross income						
Number of returns	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	7.9
Amount	15,806,924	21,892,126	38,761,253	55,046,351	61,623,348	11.9
Business or profession net income less loss						
Number of returns	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	3.9
Amount	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	14.8
Net Capital gain less loss						
Number of returns	7,962,663	7,574,823	9,970,921	12,579,494	15,560,453	23.7
Amount	9,006,683	14,071,893	30,029,074	66,277,779	132,841,678	94.6
Pensions and annuities in adjusted gross income						
Number of returns	3,249,558	5,088,937	7,373,704	13,133,295	14,771,235	12.5
Amount	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	13.3
Rents and royalties net income less loss						
Number of returns	6,557,498	7,143,812	8,208,132	9,544,495	9,394,506	-1.6
Amount	3,232,817	5,202,078	4,105,381	-12,963,726	-15,292,084	-18.0
Partnership and S Corporations						
Number of returns	n a	n a	n a	5,487,671	5,817,455	6.0
Amount	12,637,912	12,811,091	10,099,346	-2,526,590	-5,859,500	-131.9
Farm net income less loss						
Number of returns	3,026,530	2,755,041	2,608,430	2,620,861	2,524,331	-3.7
Amount	2,788,713	3,563,325	-1,792,466	-12,005,483	-7,284,231	39.3
Total statutory adjustments						
Number of returns	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	0.7
Amount	7,665,251	15,101,999	28,614,061	95,082,299	99,008,229	3.1
Individual Retirement Arrangement						
Number of returns	N/A	1,211,794	2,564,421	16,205,846	15,535,531	-4.1
Amount	N/A	1,436,443	3,430,894	38,207,068	37,758,393	-1.2
Self-employed retirement (Keogh)						
Number of returns	591,655	595,892	568,936	675,822	773,296	14.4
Amount	847,692	1,603,788	2,007,666	5,181,993	6,194,617	19.5
Married couple who both work						
Number of returns	N/A	N/A	N/A	24,835,278	N/A	N/A
Amount	N/A	N/A	N/A	24,614,983	N/A	N/A
Exemptions						
Number of exemptions	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	0.6
Number, age 65 or over	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	3.9
Total deductions:						
Number of returns	73,862,448	81,585,541	88,491,251	96,848,626	98,180,981	1.4
Amount	120,549,755	233,181,778	346,000,155	554,733,523 ¹	611,293,162 ¹	10.2
Total itemized deductions:						
Number of returns	35,430,047	26,074,061	28,950,282	39,848,184	40,667,008	2.1
Amount	88,178,487	122,260,601	218,028,139	405,023,525	447,057,972	10.4
Medical and dental expense	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	9.5
Taxes paid	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	12.0
Interest paid	23,929,477	38,885,282	91,187,006	180,094,578	196,566,331	9.1
Contributions	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	12.2
Taxable income						
Number of returns	59,593,598	65,852,602	88,104,696	96,124,046	97,358,296	1.3
Amount	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	6.9
Income tax before credits						
Number of returns	59,596,755	65,854,734	76,135,819	85,994,216	86,600,724	0.7
Amount	84,156,695 ²	132,452,044	256,294,315	332,165,333	367,591,995	10.7
Total tax credits ³	369,610	8,069,846	7,215,839	10,248,044	7,020,731	-31.5
Child care credit	N/A	N/A	956,439	3,127,702	3,397,090	8.6
Credit for the elderly and disabled	167,656	128,968	134,993	108,642	85,763	-21.1
Residential energy credit	N/A	N/A	562,141	811,675	N/A	N/A
Foreign tax credit	169,623	381,985	1,341,675	782,561	773,939	-1.1
Investment credit	30,554	1,593,150	3,288,415	6,968,070	N/A	N/A
Income tax after credits	83,787,323	124,382,197	249,078,475	321,917,289	360,571,264	12.0
Total income tax						
Number of returns	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	1.4
Amount	83,909,311	124,526,297	250,341,440	325,710,254	367,287,213	12.8

n a Not available

N/A Not applicable

¹ Includes total itemized deductions, charitable contributions for nonitemizers, and zero bracket amount on nonitemized deductions² Includes surcharge of \$2,018,078,000³ Includes credits not shown separately below

NOTE: Detail may not add to total because of rounding

- (3) received advanced earned income payments;
- (4) had net earnings of at least \$400 from self-employment income;
- (5) had wages of \$100 or more from a church or qualified church-controlled organization that was exempt from employer social security taxes; or
- (6) had gross income of at least \$1,080 and excluded income from sources within U.S. possessions.

These filing requirements applied to all U.S. citizens, residents of Puerto Rico, resident aliens for the entire tax year, certain dual-status taxpayers, and certain nonresident aliens married to U.S. citizens or residents at the end of 1986.

Data shown in these tables covers individuals who were not required to file tax returns, but did so in order to obtain refunds (generally of tax withheld) or to take advantage of the earned income credit.

Most taxpayers were required to file tax returns within three and one-half months after the close of their accounting periods. Since most individuals use a calendar year period, nearly all returns were due by April 15, 1987. However, each taxpayer could be granted, upon request, one automatic four-month extension of time to file. U.S. citizens residing or traveling outside the United States and Puerto Rico on the due date were automatically granted (without requesting) a two-month extension. In addition, taxpayers could petition the IRS for an additional extension beyond the automatic ones cited above. However, this extension must be approved by IRS.

CHANGES IN LAW

New tax provisions affecting 1986 income tax returns arose as a result of the Economic Recovery Tax Act of 1981, the Tax Equity and Fiscal Responsibility Act of 1982, the 1983 Social Security Amendments Act and Railroad Retirement Solvency Act, the Tax Reform Act of 1984, and the Tax Reform Act of 1986. Most of these tax law changes pertaining to 1986 individual returns are reflected in this report.

All major changes in effect for Tax Year 1986 are listed below in alphabetical order. Section 5 contains more detailed explanations and definitions of terms used in this report.

Charitable Contributions for Nonitemizers

For 1986, individuals who did not itemize their deductions could deduct 100 percent of their charitable contributions from their adjusted gross income, up to limits based on AGI. The allowable deduction for 1985 was 50 percent of charitable contributions.

General Business Credit

For tax years beginning after 1985, the percentage of tax liability in excess of \$25,000 that could be offset using the general business credit was reduced from 85 to 75 percent.

Income Averaging

For 1986, an individual could not income average if he was a full-time student during any base period year, unless he filed a joint return in the computation year and his income in the computation year was not more than 25 percent of total AGI on the joint return.

Inflation Adjustments (Indexing)

For Tax Year 1986, the width of each income bracket (including the zero rate bracket) in the Tax Rate Schedules (and the Tax Table) was adjusted to reflect the effect of inflation so that inflation would not increase a taxpayer's average tax rate (all other things being equal). Similarly, the amount allowed as a deduction for each personal exemption increased, as the result of indexing, from \$1,040 to \$1,080.

Investment Tax Credit

The regular 10 percent investment tax credit (ITC) was repealed for property placed in service after 1985 with the exception of qualified progress expenditures and ITC transition property.

Jobs Credit

This credit was reduced from 50 to 40 percent (85 percent for summer youth employees) of qualified first year wages, and was repealed for credit against wages paid in the second year. No credit was allowed unless the employee worked at least 90 days (14 for summer youth employees) or at least 120 hours (20 hours for summer youth employees).

Pensions and Annuities

After July 1, 1986, an individual could not use the "three-year rule" to determine the taxable and nontaxable parts of a pension or annuity to exclude qualified retirement annuity payments from income until the employee had recovered the amount contributed to the plan. The employee was required to report payments under the general rule which provided that the nontaxable portion be amortized over the expected lifetime of the taxpayer.

Research and Experimentation Credit

This credit was extended through calendar year 1988. The rate was reduced from 25 to 20 percent, effective after 1985. It was redesignated as a general business credit and was subject to the general business credit tax liability limitations.

Residential Energy Credit

Unused credits from prior years could be carried forward to 1986 but no additional credit could be claimed for energy saving items or renewable energy source property installed after 1985.

Self-Employment Tax

The limit for Tax Year 1986 on the amount of net earnings subject to self-employment tax increased from \$39,600 to \$42,000. The net tax rate was 11.8 percent for Tax Year 1985 and 12.3 percent for Tax Year 1986.

RETROSPECTIVE INCOME CLASSIFIER

Tax law changes between 1981 and 1986 altered what individuals were required to report as part of their adjusted gross income. Since reporting requirements had been modified from year to year, the basic measurement of income in the SOI Individual study has changed as well. The concept that SOI has historically used -- AGI -- was designed to administer the collection of taxes, and is not entirely usable by many tax analysts.

SOI determined to develop an income definition that would: (1) be applicable over several years and allow comparisons, both pre- and post the major tax legislation of the 1980's; (2) include only available tax return items, thereby eliminating the need for imputation; and (3) cover only income from the applicable tax year (excluding "carryovers" and "carrybacks.")

A retrospective income called the "1979 Income Concept" reflects the base period 1979 through 1986 (2). This base period was selected because it covers the tax law changes of the 1980's, and the underlying data reported on tax returns permit construction of an income measure that is defined consistently across all those years. Even though the 1979 Income Concept is "retrospective," its use will be continued in future years, to show an income that is conceptually similar to income published for these prior "base" years.

The 1979 Income Concept does not adjust for costs of producing income, such as the investment interest expense, which is used in the "expanded income" concept described in Section 4 (3). Expanded income, which has been published for eleven years, is similar to the 1979 Income Concept in that it adds to AGI tax preferences that taxpayers were permitted by law to exclude. The expanded income is different in that it includes reported tax

Figure 1.--Calculation of the 1979 Total Income Concept

1979 TOTAL INCOME =
Salaries and wages*
+ Interest (without any exclusion)*
+ Dividends (without any exclusion)**
+ Alimony received*
+ Capital gains (without any exclusion, and allowing for short-term and long-term loss without limitation)**
+ Capital gains not reported on Schedule D (without any exclusion)**
+ Other gains reported on Form 4797*
+ Net business income, Schedule C*
+ Net farm income*
+ Net rent income*
+ Net royalty income*
+ Net partnership income*
+ Net Subchapter S Corporation income*
+ Net farm rental income*
+ Net estate and trust income*
+ Unemployment insurance income reported**
+ Depreciation in excess of straight-line depreciation**
+ Pension income reported**
+ Net other income*
LESS
Moving expenses*
+ Employee business expenses*
+ Alimony paid*

*Included in Tax Year 1986 AGI.

**Modified from income included in Tax Year 1986 AGI.

preferences in a given year, whereas the 1979 Income Concept only covers preferences if they were included in reporting requirements for all years from 1979 through 1986. The expanded income also reduces income by the investment interest expense. Figure 1 provides the derivation for the 1979 Income Concept, mostly using the line items on the income tax return.

By applying this definition, IRS has come up with a concept of income that is broader and more consistent than AGI. The largest difference between the 1979 Income Concept and AGI is the 60 percent capital gains exclusion, which was included in the 1979 Income Concept. Since most adjustments are really tax items and not income, those amounts were included in retrospective income, leaving only expense items, such as the employee business expense, as adjustments to income. The State income tax refund was omitted because it is a tax recovery or adjustment -- again, not a measure of income. Social security benefits are obviously income, but they were omitted because they weren't potentially subject to tax or even partially included on the tax return until 1984 and, therefore, could not be used consistently for all years from 1979 through 1986.

COMPARISON OF AGI AND 1979 INCOME CONCEPT

Figures 2, 3, and 4, and Table B show differences in income and tax items for AGI and the 1979 Income Concept. Table B compares the two concepts for all income classes, and Figures 2, 3, and 4 show differences only for the high income classes (\$200,000 or more) where the greatest changes occurred.

Figure 2 shows the distribution of large income returns both by size of AGI and retrospective income. It shows that the number of returns for the high income classes -- over \$200,000 -- was consistently higher when the income was computed according to the 1979 Income Concept. The shift to income classes over \$200,000 using the 1979 Income Concept was about 203,000 returns or 54 percent of the high income returns. Much of this shift to higher income classes was due to the elimination of the capital gains exclusion in the 1979 Income Concept.

Figure 3 compares total income for the two concepts on returns with \$200,000 or more of income. The amount of income for returns with a million or more increased 131 percent

Figure 2

Distribution of High Income Returns by AGI and 1979 Income Concept

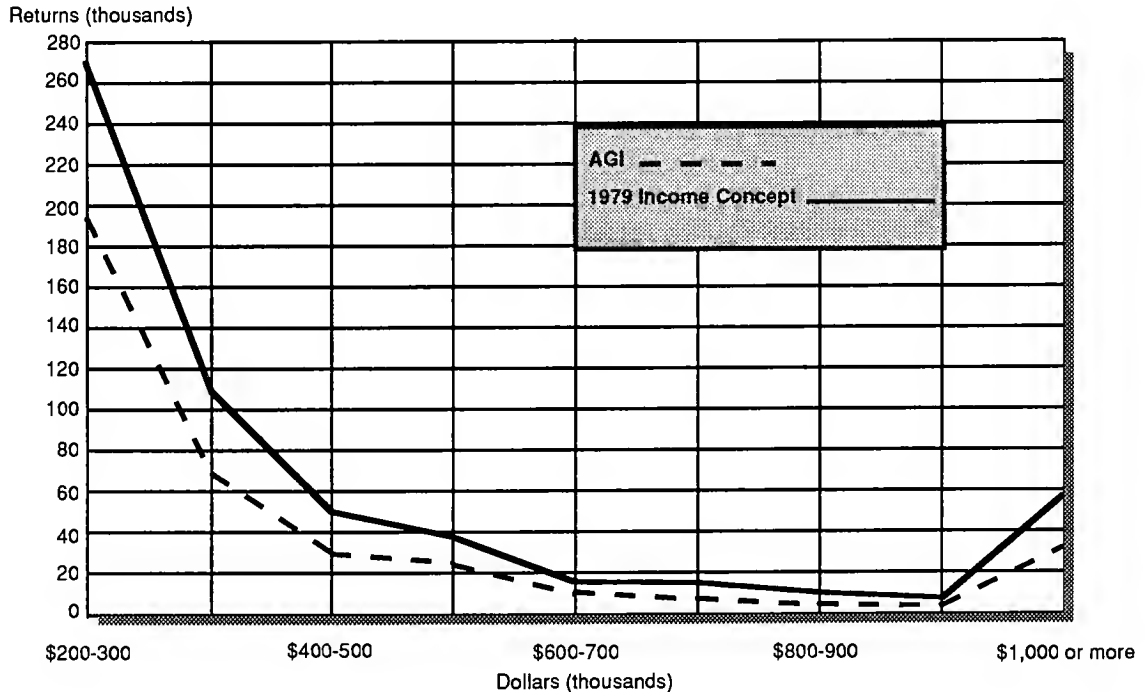
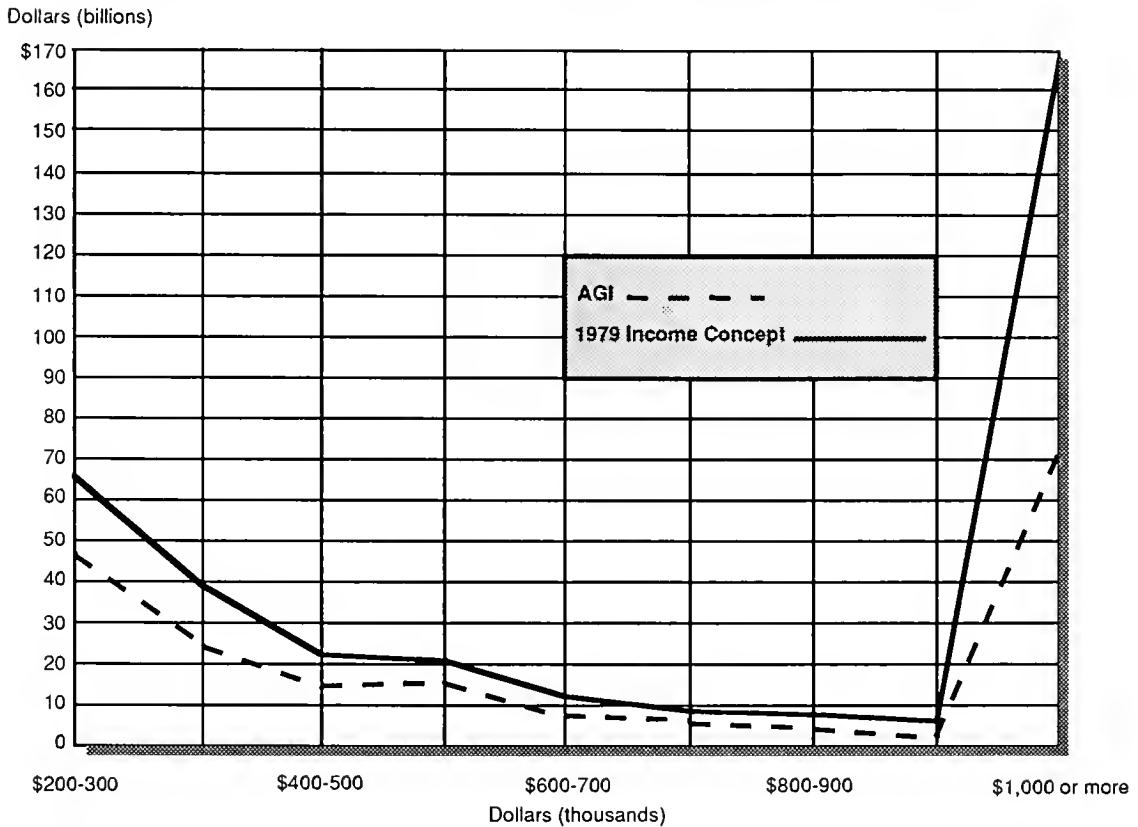


Figure 3

Total Income for High Income Returns by AGI and 1979 Income Concept



between AGI and the 1979 Income Concept. The greatest differences occur above \$1,000,000, primarily because this class finds the individuals with highest capital gains exclusion.

Total income, shown in Table B, was \$272 billion higher (11 percent) for all returns, when computed according to the 1979 Income Concept in comparison with AGI. In addition, our data show an increase of \$266 billion (11 percent) in total income for 1986 over 1985 using the 1979 concept.

Total income tax was a greater percent of AGI (14.8 percent) than it was of the 1979 Income Concept (13.3 percent) for all income classes. This would be expected, since AGI is lower than the 1979 Income Concept for all classes. The average tax paid for individuals in the million dollar class was \$912,000 for AGI income and \$639,000 for the 1979 Income Concept. Many of the taxpayers who moved into this income class had considerable capital gains income which was taxed at a lower rate, causing the average tax to drop. See columns 57 through 60 of Table B for a distribution of total income tax for all income classes.

Figure 4
Total Income for High Income Returns by AGI and 1979 Income Concept
(Number of returns are in thousands—amounts are in billions)

Size of Income	Total Income			
	By AGI		By 1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)
\$200,000 under \$300,000	194	\$46,492	272	\$65,634
\$300,000 under \$400,000	67	23,324	112	39,082
\$400,000 under \$500,000	29	13,024	51	22,622
\$500,000 under \$600,000	25	13,364	38	21,110
\$600,000 under \$700,000	11	6,824	19	12,509
\$700,000 under \$800,000	7	5,506	13	9,439
\$800,000 under \$900,000	5	4,391	9	7,916
\$900,000 under \$1,000,000	4	3,585	7	6,296
\$1,000,000 or more	32	72,565	56	167,342

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(3) Lerman, Allen H., "High Income Returns, for 1984", Statistics of Income Bulletin, Spring 1987, Volume 6, Number 4, pp. 1-29.

Table B.—All Returns: Selected Income and Tax Items, By Size of Adjusted Gross Income and By 1979 Income Concept, 1986

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

Size of income	Total income				Salaries and wages				Interest received			
	Size of AGI		1979 Income concept		Size of AGI		1979 Income concept		Size of AGI		1979 Income concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All returns, total	103,045	2,481,681	103,045	2,753,688	88,218	2,031,026	88,218	2,031,026	65,237	167,640	65,237	167,640
Under \$10,000	32,855	119,976	31,837	107,293	25,954	135,093	25,233	130,306	14,245	23,730	13,593	22,484
\$10,000 under \$20,000	24,996	367,099	24,619	361,196	21,028	294,147	20,735	284,247	13,886	31,335	13,362	28,395
\$20,000 under \$30,000	16,780	414,425	16,544	408,544	15,110	356,460	14,704	336,192	12,009	24,140	11,762	24,853
\$30,000 under \$40,000	11,490	398,161	11,426	396,148	10,724	355,518	10,620	340,361	9,468	18,062	9,315	18,207
\$40,000 under \$50,000	7,459	332,211	7,361	328,939	6,943	296,004	6,873	279,916	6,665	15,111	6,549	13,905
\$50,000 under \$60,000	3,763	204,991	4,145	226,023	3,488	180,526	3,876	189,038	3,499	10,177	3,828	9,680
\$60,000 under \$70,000	2,041	131,645	2,322	149,928	1,852	112,205	2,148	121,493	1,918	7,123	2,180	6,710
\$70,000 under \$80,000	1,066	79,373	1,331	99,148	959	64,248	1,193	75,300	1,021	4,742	1,272	5,069
\$80,000 under \$90,000	677	57,358	827	69,905	598	45,068	715	49,845	655	3,864	800	4,360
\$90,000 under \$100,000	428	40,391	544	51,438	343	27,163	476	34,410	418	3,813	528	2,932
\$100,000 under \$125,000	566	62,785	721	80,066	474	42,730	610	50,460	548	4,713	703	4,809
\$125,000 under \$150,000	278	37,849	360	49,011	233	24,632	291	26,025	270	2,571	353	3,585
\$150,000 under \$175,000	175	28,208	263	42,486	141	17,826	198	21,362	172	2,113	260	2,515
\$175,000 under \$200,000	97	18,131	168	31,613	85	11,640	115	12,751	94	1,422	164	2,907
\$200,000 under \$300,000	194	46,492	272	65,634	156	27,382	217	30,680	191	4,185	268	3,911
\$300,000 under \$400,000	67	23,324	112	39,082	49	10,501	74	12,166	67	1,809	111	2,131
\$400,000 under \$500,000	29	13,024	51	22,622	24	6,253	38	7,577	29	938	50	1,366
\$500,000 under \$1,000,000	52	33,670	86	57,269	36	11,610	62	13,731	51	3,249	85	3,860
\$1,000,000 or more	32	72,565	56	167,342	20	12,019	38	15,165	32	4,543	56	5,961

Size of income	Dividends in AGI		Dividends received		Business net income less loss				Sales of capital assets			
	Size of AGI		1979 Income concept		Size of AGI		1979 Income concept		Size of AGI		1979 Income concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	16,754	61,623	20,896	63,629	12,360	90,424	12,360	90,424	15,560	132,842	15,560	132,842
Under \$10,000	2,650	3,459	3,048	3,563	2,952	489	2,772	938	2,232	8,277	1,982	3,183
\$10,000 under \$20,000	2,845	5,462	3,155	4,927	2,388	11,571	2,282	10,590	2,564	3,349	2,167	1,633
\$20,000 under \$30,000	2,630	5,772	3,217	5,696	2,171	13,152	2,133	12,816	2,444	4,297	2,415	3,181
\$30,000 under \$40,000	2,365	4,594	2,951	4,814	1,771	11,015	1,730	10,096	2,119	4,863	1,987	3,185
\$40,000 under \$50,000	1,956	4,778	2,454	4,404	1,093	9,900	1,096	9,029	1,841	4,973	1,739	3,195
\$50,000 under \$60,000	1,282	3,670	1,751	3,459	657	7,546	716	6,651	1,195	4,148	1,296	3,413
\$60,000 under \$70,000	808	2,922	1,128	2,725	401	6,476	420	5,991	801	3,938	847	3,275
\$70,000 under \$80,000	533	2,396	748	2,292	248	4,690	292	5,163	550	3,642	657	3,050
\$80,000 under \$90,000	366	1,989	501	2,419	146	3,627	191	3,382	384	3,380	466	2,927
\$90,000 under \$100,000	270	2,200	357	1,344	100	2,936	129	3,462	280	3,391	340	2,237
\$100,000 under \$125,000	362	2,919	501	2,668	162	6,682	177	5,166	393	5,934	505	5,477
\$125,000 under \$150,000	184	1,840	264	2,063	75	3,445	107	4,290	208	4,618	272	4,237
\$150,000 under \$175,000	126	1,348	197	2,019	58	1,885	74	2,835	136	4,895	219	4,718
\$175,000 under \$200,000	72	704	137	2,176	26	1,290	65	2,796	80	2,339	145	3,715
\$200,000 under \$300,000	153	3,005	221	2,726	53	2,406	72	3,177	167	8,594	236	8,215
\$300,000 under \$400,000	56	3,818	97	4,058	16	1,044	34	1,302	61	5,556	103	7,128
\$400,000 under \$500,000	23	806	43	947	8	570	15	762	26	3,751	47	4,321
\$500,000 under \$1,000,000	44	2,146	76	2,656	20	1,044	31	1,241	49	11,034	83	11,920
\$1,000,000 or more	29	7,795	51	8,673	15	655	23	737	31	41,862	55	53,831

Size of income	Pensions and annuities in AGI		Pensions and annuities		Rents, royalties and farm rental net income less loss				Partnership and S Corporation net income less loss			
	Size of AGI		1979 Income concept		Size of AGI		1979 Income concept		Size of AGI		1979 Income concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
All returns, total	14,771	107,697	15,857	141,576	9,805	-13,355	9,805	-13,355	5,817	-5,859	5,817	-5,859
Under \$10,000	3,122	11,201	2,977	11,549	1,639	-4,393	1,515	-3,209	804	-20,151	755	-15,612
\$10,000 under \$20,000	4,086	26,940	3,992	27,069	1,729	-251	1,591	33	635	-647	513	-418
\$20,000 under \$30,000	2,560	20,783	2,764	22,539	1,725	-2,594	1,648	-1,860	750	307	719	518
\$30,000 under \$40,000	1,763	13,983	1,905	15,389	1,278	-2,218	1,262	-2,283	671	587	611	621
\$40,000 under \$50,000	1,351	12,587	1,425	14,616	984	-2,273	932	-1,594	653	197	609	218
\$50,000 under \$60,000	721	7,003	917	9,983	703	-1,477	710	-1,871	447	885	436	619
\$60,000 under \$70,000	439	4,902	553	6,170	443	-844	484	-1,037	351	401	365	618
\$70,000 under \$80,000	211	2,478	253	4,615	289	-402	333	-891	263	726	291	145
\$80,000 under \$90,000	144	1,876	233	3,476	224	-648	246	-568	212	212	223	203
\$90,000 under \$100,000	94	1,195	156	2,864	142	441	182	380	158	473	169	576
\$100,000 under \$125,000	111	1,754	177	3,627	204	-403	258	-736	251	670	288	549
\$125,000 under \$150,000	53	826	112	2,815	124	-219	150	-416	160	780	190	164
\$150,000 under \$175,000	39	520	86	2,643	81	-175	120	-593	110	360	135	32
\$175,000 under \$200,000	22	351	55	1,954	41	-87	82	-206	71	680	105	545
\$200,000 under \$300,000	30	525	79	4,035	96	152	128	-35	133	940	176	927
\$300,000 under \$400,000	8	200	25	1,631	33	71	49	-42	53	290	83	96
\$400,000 under \$500,000	5	161	14	1,193	16	130	27	3	23	373	36	59
\$500,000 under \$1,000,000	7	189	23	3,280	32	2,246	50	2,144	43	1,929	66	868
\$1,000,000 or more	4	223	11	2,127	22	-412	35	-574	29	5,129	48	3,413

Table B.—All Returns: Selected Income and Tax Items, By Size of Adjusted Gross Income and By 1979 Income Concept, 1986—Continued

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

Size of income	Estate or trust net income less loss				Total statutory adjustments				Total itemized deductions			
	Size of AGI		1979 Income concept		Size of AGI		1979 Income concept		Size of AGI		1979 Income concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total	1,193	7,007	1,193	7,007	38,034	99,008	9,012	28,136	40,667	447,058	40,667	447,058
Under \$10,000	227	571	233	891	2,144	3,020	604	1,610	2,378	12,724	2,190	12,518
\$10,000 under \$20,000	185	837	168	693	5,965	8,173	1,419	3,157	5,662	35,701	5,280	32,380
\$20,000 under \$30,000	168	641	167	597	8,336	14,428	1,950	4,807	8,444	60,108	8,035	56,474
\$30,000 under \$40,000	114	460	101	397	7,700	16,544	1,484	3,891	8,643	75,686	8,253	70,377
\$40,000 under \$50,000	98	510	94	450	5,922	15,984	1,135	3,156	6,529	69,866	6,348	65,889
\$50,000 under \$60,000	62	309	60	244	3,192	11,612	806	2,499	3,514	45,144	3,787	45,634
\$60,000 under \$70,000	65	295	48	180	1,749	7,986	497	1,988	1,947	30,408	2,193	31,464
\$70,000 under \$80,000	43	350	39	294	920	4,718	303	1,408	1,023	18,455	1,268	20,537
\$80,000 under \$90,000	35	337	40	349	577	3,483	193	1,001	662	13,684	787	14,408
\$90,000 under \$100,000	32	106	17	180	335	2,390	136	694	406	9,736	514	10,768
\$100,000 under \$125,000	47	423	51	363	463	3,958	182	1,125	554	15,013	692	16,096
\$125,000 under \$150,000	21	352	31	246	230	1,838	89	626	270	8,859	349	9,765
\$150,000 under \$175,000	22	159	35	172	144	1,259	73	672	173	6,518	255	7,863
\$175,000 under \$200,000	7	112	27	246	83	736	30	243	96	3,871	160	6,681
\$200,000 under \$300,000	26	259	28	341	149	1,433	65	592	188	10,940	260	10,377
\$300,000 under \$400,000	15	190	20	154	46	457	17	166	67	5,592	110	6,411
\$400,000 under \$500,000	4	117	5	144	22	249	9	98	29	2,666	49	3,284
\$500,000 under \$1,000,000	15	345	19	353	40	452	14	206	51	6,420	84	7,499
\$1,000,000 or more	4	634	9	710	17	288	8	198	32	15,667	55	18,424

Size of income	Taxable income				Total tax credits				Total income tax			
	Size of AGI		1979 Income concept		Size of AGI		1979 Income concept		Size of AGI		1979 Income concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
All returns, total	97,358	1,947,025	97,358	1,947,025	16,859	7,021	16,859	7,021	83,967	367,287	83,967	367,287
Under \$10,000	27,468	102,630	26,592	100,674	2,985	552	2,813	544	15,067	5,208	14,521	5,208
\$10,000 under \$20,000	24,784	283,541	24,341	270,963	3,688	1,174	3,646	1,123	23,936	28,779	23,243	27,294
\$20,000 under \$30,000	16,737	330,713	16,474	314,642	3,093	1,099	3,037	1,059	16,639	43,734	16,322	41,012
\$30,000 under \$40,000	11,474	313,917	11,400	301,079	2,443	830	2,316	811	11,434	48,629	11,332	45,791
\$40,000 under \$50,000	7,451	259,365	7,342	243,017	1,743	595	1,697	607	7,447	45,744	7,327	41,519
\$50,000 under \$60,000	3,758	159,364	4,134	163,157	962	344	1,043	342	3,756	31,786	4,130	31,176
\$60,000 under \$70,000	2,035	101,048	2,313	106,320	581	316	627	202	2,034	22,312	2,311	22,388
\$70,000 under \$80,000	1,063	60,877	1,328	68,818	320	143	392	263	1,063	14,822	1,328	15,667
\$80,000 under \$90,000	676	43,682	824	47,692	214	100	257	90	677	11,432	825	11,677
\$90,000 under \$100,000	427	30,537	539	34,220	164	282	175	286	428	8,388	542	8,659
\$100,000 under \$125,000	564	47,824	717	51,875	223	182	266	138	564	14,526	719	14,661
\$125,000 under \$150,000	277	28,981	358	30,085	114	131	132	117	278	9,553	360	9,293
\$150,000 under \$175,000	174	21,693	261	25,009	74	59	107	107	175	7,891	263	8,214
\$175,000 under \$200,000	97	14,261	167	18,299	46	78	76	115	97	5,319	168	6,408
\$200,000 under \$300,000	193	35,998	270	38,903	104	307	122	300	194	14,482	272	14,824
\$300,000 under \$400,000	67	17,896	110	20,907	39	108	50	103	67	7,865	112	8,828
\$400,000 under \$500,000	29	10,383	50	12,111	15	71	24	78	29	4,720	51	5,286
\$500,000 under \$1,000,000	51	27,328	85	29,432	33	176	48	180	51	12,928	86	13,590
\$1,000,000 or more	32	56,986	55	69,822	17	475	29	557	32	29,169	56	35,792

Section 2

Description of the Sample*

This section describes the sample criteria and selection, the method of estimation and sampling variability of the estimates contained in this report. It also describes the methodology needed to compute confidence interval estimates, as well as some of the limitations of the data. Statistical estimates included in this report are based on the tax return (1).

SAMPLE SELECTION

The statistics in this report were estimated from a stratified probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, and 1040EZ filed by U.S. citizens and residents. The sample was designated at the Martinsburg Computing Center and was processed in the ten Internal Revenue Service (IRS) Centers during Calendar Year 1987. The total sample of 89,165 returns was selected from a population of 103,423,686 returns.

All returns processed during 1987 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later on, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns along with those returns that contained no income information were excluded from the tables in this report. Sample returns representing approximately 378,516 returns were excluded from the tables.

The estimates in this report are intended to represent all returns filed for Tax Year 1986. While about 98 percent of the returns processed during Calendar Year 1987 were for Tax Year 1986, a few were for noncalendar years ending during 1986 and 1987 and some were returns for prior years. Returns for prior years were used in place of 1986 returns received and processed after December 31, 1987. This was done in the belief that the characteristics of returns due but not yet filed could best be represented by the returns for previous income years that were processed in 1987.

Therefore, data for Tax Year 1986 may include amounts of minimum tax (or other discontinued items) reported on returns filed in 1987.

SAMPLE DESIGN AND SELECTION CRITERIA

Data from Forms 1040, 1040A, and 1040EZ processed to the IRS Individual Master File System at the Martinsburg Computing Center during Calendar Year 1987 were stratified, by computer, into sample strata. These strata were based on the larger of total income or total loss amounts and the size of business plus farm receipts. In addition the strata were based on the presence or absence of a Form 2555, Foreign Earned Income; a Form 1116, Computation of Foreign Tax Credit; a Schedule C, Profit or (Loss) From Business or Profession; and a Schedule F, Farm Income and Expenses. Twenty variables were used to derive the total income and loss amounts.

Returns were then selected from the sample strata using two methodologies. One method used certain ending digits of the Social Security Number (SSN) and the second method used ending digits of random numbers generated from transformations of the SSN. The sampling rates ranged from 0.01 percent to 100 percent.

Table C contains the number of returns in the population and sample by sample stratum for the United States and State Groups. The State Groups were formed on the basis of total number of Forms 1040, 1040A, and 1040EZ filed from each State. The sampling rates of each State Group were identical. A comparison of the population counts in Table C with the total shown in the national tables of this report will disclose a small difference. This difference is the result of having excluded an estimated 378,516 returns (see above).

METHOD OF ESTIMATION

Weighting factors were obtained by dividing the computer population count of returns in a sample stratum by the number of sample returns for that stratum. The weighting factors were then converted to

*Bonnye Walker designed the sample, and prepared the text and table in this section under the direction of Yahia Ahmed, Chief, Mathematical Statistical Team.

Table C.—Number of Forms 1040, 1040A and 1040EZ in the Population and Sample, 1986

Description of the sample strata	Number of Returns					
	United States Total ¹		State Group A ²		State Group C ³	
	Population counts	Sample counts	Population counts	Sample counts	Population counts	Sample counts
	(1)	(2)	(3)	(4)	(5)	(6)
Grand total	103,423,686	89,165	6,809,304	4,928	96,614,382	84,237
Form 1040 returns only with adjusted gross income of \$200,000 and over with no income tax after credits and no additional tax for tax preferences, total	669	669 ⁴	34	34	635	635 ⁴
Form 1040 returns only with combined Schedule C (business or profession) net profit or net loss of \$300,000 and over, total	10,520	10,519	553	553	9,967	9,966
Larger of total income amount or total loss amount and Size of business receipts plus farm receipts						
Forms 1040 only with Form 2555, total	170,308	93	—	—	170,308	93
Under \$2,000,000 Under \$30,000,000	170,264	49	—	—	170,264	49
\$2,000,000 and over Any amount						
Under \$2,000,000 \$30,000,000 and over	44	44	—	—	44	44
Forms 1040 only with Form 1116, but without Form 2555, total	469,726	2,519	26,232	100	443,494	2,419
Under \$2,000,000 Under \$30,000,000	467,266	59	26,139	7	441,127	52
\$2,000,000 and over Any amount						
Under \$2,000,000 \$30,000,000 and over	2,460	2,460	93	93	2,367	2,367
Forms 1040 only with Schedule C, but without Form 2555 or Form 1116, total	12,710,746	21,109	938,142	1,252	11,772,604	19,857
Under \$25,000 Under \$200,000	5,795,606	1,961	456,374	158	5,339,232	1,803
\$25,000 under \$50,000 Under \$500,000						
Under \$25,000 \$200,000 under \$500,000	4,202,487	2,309	313,787	172	3,888,700	2,137
\$50,000 under \$100,000 Under \$1,000,000						
Under \$50,000 \$500,000 under \$1,000,000	2,045,657	3,337	129,872	214	1,915,785	3,123
\$100,000 under \$200,000 Under \$5,000,000						
Under \$100,000 \$1,000,000 under \$5,000,000	495,887	2,456	28,956	143	466,931	2,313
\$200,000 under \$500,000 Under \$10,000,000						
Under \$200,000 \$5,000,000 under \$10,000,000	136,329	2,373	7,408	126	128,921	2,247
\$500,000 under \$1,000,000 Under \$20,000,000						
Under \$500,000 \$10,000,000 under \$20,000,000	23,179	2,960	1,181	171	21,998	2,789
\$1,000,000 under \$2,000,000 Under \$30,000,000						
Under \$1,000,000 \$20,000,000 under \$30,000,000	7,640	2,545	387	119	7,253	2,426
\$2,000,000 under \$5,000,000 Under \$50,000,000						
Under \$2,000,000 \$30,000,000 under \$50,000,000	3,090	2,297	136	108	2,954	2,189
\$5,000,000 and over Any amount						
Under \$5,000,000 \$50,000,000 and over	871	871	41	41	830	830
Forms 1040 only with Schedule F, but without Form 2555, Form 1116, or Schedule C, total	1,953,049	3,178	183,844	213	1,769,205	2,965
Under \$25,000 Under \$200,000	936,331	136	97,609	18	838,722	118
\$25,000 under \$50,000 Under \$500,000						
Under \$25,000 \$200,000 under \$500,000	653,565	158	57,185	12	596,380	146
\$50,000 under \$100,000 Under \$1,000,000						
Under \$50,000 \$500,000 under \$1,000,000	270,383	223	21,364	11	249,019	212
\$100,000 under \$200,000 Under \$5,000,000						
Under \$100,000 \$1,000,000 under \$5,000,000	61,519	159	5,365	12	56,154	147
\$200,000 under \$500,000 Under \$10,000,000						
Under \$200,000 \$5,000,000 under \$10,000,000	23,990	431	1,850	36	22,140	395
\$500,000 under \$1,000,000 Under \$20,000,000						
Under \$500,000 \$10,000,000 under \$20,000,000	4,910	586	327	33	4,583	553
\$1,000,000 under \$2,000,000 Under \$30,000,000						
Under \$1,000,000 \$20,000,000 under \$30,000,000	1,564	858	99	52	1,465	806
\$2,000,000 under \$5,000,000 Under \$50,000,000						
Under \$2,000,000 \$30,000,000 under \$50,000,000	596	436	33	27	563	409
\$5,000,000 and over Any amount						
Under \$5,000,000 \$50,000,000 and over	191	191	12	12	179	179
Forms 1040, 1040A and 1040EZ without Form 2555, Form 1116, Schedule C, or Schedule F, total	88,108,668	51,078	5,660,499	2,776	82,448,169	48,302
Under \$25,000	57,768,929	12,117	3,838,948	791	53,929,981	11,326
\$25,000 under \$50,000	21,679,110	6,445	1,367,022	426	20,312,088	6,019
\$50,000 under \$100,000	7,404,142	8,859	393,261	466	7,010,881	8,393
\$100,000 under \$200,000	944,628	3,932	46,876	202	897,752	3,730
\$200,000 under \$500,000 Not applicable	251,158	4,950	11,730	235	239,428	4,715
\$500,000 under \$1,000,000	41,177	4,878	1,841	217	39,336	4,661
\$1,000,000 under \$2,000,000	13,156	4,778	532	203	12,624	4,575
\$2,000,000 under \$5,000,000	4,946	3,697	234	181	4,712	3,516
\$5,000,000 and over	1,422	1,422	55	55	1,367	1,367

¹ Three State Groups (A, B and C) were available for use in the sample design, however, State Group B was empty.

² State Group A contains returns from the District of Columbia and the following states: Alaska, Delaware, Hawaii, Idaho, Maine, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Rhode Island, South Dakota, Utah, Vermont, West Virginia, and Wyoming.

³ State Group C includes returns from those states that are not included in State Group A and the following: Puerto Rico, the Office of the Assistant Commissioner (International) and taxpayers having APO/FPO addresses.

⁴ This population includes 10 Form 1040 returns that have alternative minimum tax other than zero.

"integer weighting factors" which were applied to each return. For example, if a weight of 44.24 was computed for a stratum, 24 percent of the sample returns in that stratum would receive an integer weight of 45, and 76 percent a weight of 44. One set of weighting factors was also computed for each State Group including "B" which has nothing. These two sets of weighting factors were used to generate all of the estimated numbers of returns and amounts in this report.

SAMPLING VARIABILITY AND CONFIDENCE INTERVALS

The particular sample used in this study is one of a large number of all possible samples that could have been selected using the same sample design. Estimates derived from the different samples would differ from each other. The deviation of a sample estimate from the average of all possible samples is called the sampling error. The standard error of an estimate is a measure of the variation among the estimates from the possible samples and thus is a measure of the precision with which an estimate from a particular sample approximates the average result of all possible samples.

The coefficient of variation (CV) is the standard error of the estimate expressed as a percent of the estimate. Table 1.4 CV contains computed CV's for many estimates in this report. The CV's were derived from using the sum-of-squares method.

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the population value. For example, from Table 1.4, the amount estimate, X, for State income tax refunds is \$9.902 billion and its related coefficient of variation, CV(X), is 1.40 percent. The standard deviation (error) of the estimate, SE(X), is needed to construct the interval estimate and its coefficient of variation:

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= (\$9.902 \text{ billion}) \cdot (0.014) \\ &= \$0.139 \text{ billion} \end{aligned}$$

This SE(X) value is then subtracted from or added to the estimate, X, to construct a 68 percent confidence interval estimate. The interval is calculated using the formula:

$$(X - SE(X)) \leq Y \leq (X + SE(X))$$

where Y is the population value estimated by X. Based on these data, the interval estimate is from \$9.763 billion (9.902 - 0.139) to \$10.040 billion (9.902 + 0.139).

A conclusion that the average estimate of State income tax refunds lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this

interval estimate with 95 percent confidence, multiply the SE(X) value by two. For these data, the resulting interval would be from \$9.763 billion to \$10.040 billion.

TABLE PRESENTATION

Whenever a weighted frequency is less than 3, the estimate and its corresponding amount are combined or deleted in order to avoid disclosure of information for specific taxpayers. These combinations and deletions are indicated by a double asterisk (**) and by a dagger (†), respectively. Estimates based on less than 10 sampled returns are considered to be unreliable. These estimates are noted by a single asterisk (*) to the left of the data unless all of the sampled returns are selected with certainty (at the 100 percent rate).

In the tables, a dash (-) in place of a frequency or an amount indicates that either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any of the sampled returns.

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained by writing to the Statistics of Income Division, R:S:I, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224.

PROCESSING AND MANAGEMENT OF THE SAMPLE

While the sample was being selected, the selection process was monitored by applying prescribed sampling rates for each stratum to the population for that stratum. A follow-up was required to reconcile differences between the actual number of returns selected and the expected number.

In transcribing and tabulating the information from the returns in the sample, checks were imposed to improve the quality of the resulting estimates. Incorrect or missing entries on the sampled record were altered during statistical editing to make them consistent with other entries on the return and accompanying schedules. Data were also adjusted during editing in an attempt to achieve consistent statistical definitions. For example, a taxpayer may have reported director's fees on the other income line of the Form 1040 return. If this situation had been detected during statistical editing, the amount of director's fees would have been included in salaries and wages in the sample record.

The quality of the sample data was controlled at the IRS service centers by means of a continuous verification system that used computer tests to check for mathematical errors and inconsistent data. In addition, these tests identified items and areas of returns where SOI editors were required to

transcribe additional data that is not available from revenue processing files.

After the completion of service center review, data were further validated, tested, and finally balanced at the Detroit Computing Center. Adjustments and imputations for selected fields were used to make each record internally consistent. Data were then tabulated.

A small subsample of returns was selected and independently reviewed, analyzed, and processed for a quality evaluation.

Finally, prior to publication, all statistics and tables were reviewed for accuracy and reasonableness in light of the provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing (2).

NOTES AND REFERENCES

- (1) A complete revision to the sample design used to produce the statistics from individual income tax returns is being phased in over a three year period beginning with Tax Year 1988 and ending with Tax Year 1990. In addition to new strata classes and methods of estimation, the revisions include the development of a longitudinal panel and the inclusion of a tax family sampling unit.

For Tax Year 1988, data is being collected for a stratified cross-sectional sample and a longitudinal panel. Both the tax return and tax family are being used as sampling units. The methods for selecting the stratified cross-sectional sample is outlined in this section. A subsample of tax returns designated from the Tax Year 1987 sample has been used to determine individuals belonging to the longitudinal panel. The SSN's of these individuals will be used to select

returns for the longitudinal panel. Data for both the cross-sectional sample and the longitudinal panel will be collected to produce statistics for the tax return, as well as the tax family. Statistical estimates for the tax family will be based on the Internal Revenue Code definition of a tax family and, hence, will include the combined statistical data for the primary and secondary taxpayers, and their dependents.

The final phase of the redesign is scheduled for implementation during Tax Year 1990. It includes the new strata classes and the reduction in the size of the longitudinal panel.

For additional details on the redesign see:

- Czajka, John L., "Development of a New Income Stratifier for a Sample of Individual Tax Returns", 1988 American Statistical Association Proceedings, Section on Survey Research Methods.
- Czajka, John L. and Walker, Bonnye, "Combining Panel and Cross-Sectional Selection in an Annual Sample of Tax Returns", 1989 American Statistical Association Proceedings, Section on Survey Research Methods, forthcoming.
- (2) By the time this publication is released, the preliminary data for the Tax Year 1987 Individual Income Tax Returns will also be available in the Spring 1989 version of Publication 1136. Some frequency and amount estimates for Tax Year 1987 may differ radically from the Tax Year 1986 estimates, since the Tax Year 1987 estimates include new tax law provisions enacted under the Tax Reform Act of 1986.

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*Production and review of tables was coordinated by June Walters. Louella Ballenger, Jeff Bates, William Bradley, Dorothy Collins, Marshall Epstein, Sandra Harris, Charles Hicks, John Labate, Barbara Longton, Barbara Marshall, and Martha Shiley were responsible for specific tables.

Table 1.1—Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percent of total	Adjusted gross income less deficit			Number of returns	Percent of total	Adjusted gross income less deficit	
			Amount	Percent of total	Average (dollars)			Amount	Percent of total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Size of Adjusted Gross Income									
Total	103,045,170	100.0	2,481,681,046	100.0	24,083	83,967,413	100.0	2,440,231,669	100.0
No adjusted gross income	957,547	0.9	-42,442,566	(?)	-44,324	15,388	(?)	-1,332,607	(?)
\$1 under \$1,000	2,125,319	2.1	1,250,327	0.1	588	798	(?)	117	(?)
\$1,000 under \$2,000	3,351,776	3.3	5,039,310	0.2	1,503	208,435	0.2	327,166	(?)
\$2,000 under \$3,000	3,591,670	3.5	9,032,340	0.4	2,515	203,399	0.2	501,830	(?)
\$3,000 under \$4,000	3,222,880	3.1	11,228,023	0.5	3,484	911,528	1.1	3,367,603	0.1
\$4,000 under \$5,000	3,695,968	3.6	16,640,426	0.7	4,502	2,424,750	2.9	10,917,837	0.4
\$5,000 under \$6,000	3,129,980	3.0	17,186,633	0.7	5,491	2,087,113	2.5	11,448,661	0.5
\$6,000 under \$7,000	3,346,519	3.2	21,770,373	0.9	6,505	2,116,728	2.5	13,785,302	0.6
\$7,000 under \$8,000	3,086,815	3.0	23,156,372	0.9	7,502	2,073,033	2.5	15,564,336	0.6
\$8,000 under \$9,000	3,106,309	3.0	26,388,173	1.1	8,495	2,319,681	2.8	19,740,107	0.8
\$9,000 under \$10,000	3,240,690	3.1	30,726,502	1.2	9,481	2,705,718	3.2	25,688,020	1.1
\$10,000 under \$11,000	2,902,881	2.8	30,464,692	1.2	10,495	2,621,018	3.1	27,521,138	1.1
\$11,000 under \$12,000	2,826,952	2.7	32,500,416	1.3	11,497	2,644,089	3.1	30,399,231	1.2
\$12,000 under \$13,000	2,728,154	2.6	34,093,999	1.4	12,497	2,565,005	3.1	32,052,056	1.3
\$13,000 under \$14,000	2,799,030	2.7	37,773,141	1.5	13,495	2,678,029	3.2	36,142,569	1.5
\$14,000 under \$15,000	2,449,035	2.4	35,535,635	1.4	14,510	2,363,419	2.8	34,292,277	1.4
\$15,000 under \$16,000	2,419,989	2.3	37,498,930	1.5	15,495	2,341,770	2.8	36,286,570	1.5
\$16,000 under \$17,000	2,324,427	2.3	38,342,960	1.5	16,496	2,288,988	2.7	37,755,418	1.5
\$17,000 under \$18,000	2,233,533	2.2	39,070,786	1.6	17,493	2,205,849	2.6	38,588,733	1.6
\$18,000 under \$19,000	2,244,703	2.2	41,520,689	1.7	18,497	2,200,511	2.6	40,706,806	1.7
\$19,000 under \$20,000	2,067,599	2.0	40,297,944	1.6	19,490	2,027,132	2.4	39,505,284	1.6
\$20,000 under \$25,000	9,221,431	8.9	206,549,084	8.3	22,399	9,139,455	10.9	204,746,149	8.4
\$25,000 under \$30,000	7,559,001	7.3	207,876,373	8.4	27,501	7,499,447	8.9	206,223,786	8.5
\$30,000 under \$40,000	11,489,629	11.2	398,161,168	16.0	34,654	11,434,253	13.6	396,226,364	16.2
\$40,000 under \$50,000	7,458,776	7.2	332,210,863	13.4	44,540	7,446,963	8.9	331,708,776	13.6
\$50,000 under \$75,000	6,427,825	6.2	381,831,768	15.4	59,403	6,414,601	7.6	381,037,449	15.6
\$75,000 under \$100,000	1,546,776	1.5	131,926,730	5.3	85,291	1,543,446	1.8	131,658,272	5.4
\$100,000 under \$200,000	1,115,593	1.1	146,973,805	5.9	131,745	1,113,163	1.3	146,680,146	6.0
\$200,000 under \$500,000	290,946	0.3	82,840,607	3.3	284,728	290,429	0.3	82,695,622	3.4
\$500,000 under \$1,000,000	51,558	0.1	33,670,463	1.4	653,606	51,467	0.1	33,607,921	1.4
\$1,000,000 or more	31,859	(?)	72,565,082	2.9	2,277,695	31,808	(?)	72,388,730	3.0

Size and accumulated size of adjusted gross income	Taxable returns—Continued										
	Taxable income			Income tax after credits			Total income tax				
	Number of returns	Amount	Percent of total	Number of returns	Amount	Percent of total	Amount	Percent of			Average income tax (dollars)
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Size of Adjusted Gross Income											
Total	83,917,711	1,916,198,235	100.0	83,898,079	360,571,264	100.0	367,287,213	100.0	19.2	15.1	4,374
No adjusted gross income	—	—	—	489	5,525	(?)	308,483	0.1	(?)	(?)	20,047
\$1 under \$1,000	—	—	—	—	—	—	7,466	(?)	(?)	(?)	9,356
\$1,000 under \$2,000	205,005	568,078	(?)	208,426	16,301	(?)	18,676	(?)	3.3	5.7	90
\$2,000 under \$3,000	198,428	698,946	(?)	203,196	39,189	(?)	40,172	(?)	5.7	8.0	198
\$3,000 under \$4,000	911,264	2,621,582	0.1	911,264	79,242	(?)	80,491	(?)	3.1	2.4	88
\$4,000 under \$5,000	2,424,748	8,230,651	0.4	2,424,508	249,977	0.1	250,672	0.1	3.0	2.3	103
\$5,000 under \$6,000	2,087,111	8,664,043	0.5	2,087,112	399,872	0.1	399,876	0.1	4.6	3.5	192
\$6,000 under \$7,000	2,113,761	10,658,851	0.6	2,115,640	637,853	0.2	647,169	0.2	6.1	4.7	306
\$7,000 under \$8,000	2,072,688	12,163,885	0.6	2,072,688	830,633	0.2	834,295	0.2	6.9	5.4	402
\$8,000 under \$9,000	2,319,678	15,378,431	0.8	2,319,678	1,119,203	0.3	1,119,404	0.3	7.3	5.7	483
\$9,000 under \$10,000	2,705,715	19,773,960	1.0	2,705,715	1,499,530	0.4	1,501,086	0.4	7.6	5.8	555
\$10,000 under \$11,000	2,620,907	21,101,244	1.1	2,620,907	1,698,550	0.5	1,702,116	0.5	8.1	6.2	649
\$11,000 under \$12,000	2,643,425	23,094,211	1.2	2,643,425	1,996,899	0.6	2,000,986	0.5	8.7	6.6	757
\$12,000 under \$13,000	2,564,052	25,017,426	1.3	2,564,052	2,322,769	0.6	2,325,848	0.6	9.3	7.3	907
\$13,000 under \$14,000	2,677,908	28,591,472	1.5	2,677,908	2,762,758	0.8	2,769,583	0.8	9.7	7.7	1,034
\$14,000 under \$15,000	2,363,418	26,891,929	1.4	2,362,754	2,637,631	0.7	2,639,999	0.7	9.8	7.7	1,117
\$15,000 under \$16,000	2,341,753	28,776,376	1.5	2,341,753	2,987,222	0.8	2,987,828	0.8	10.4	8.2	1,276
\$16,000 under \$17,000	2,288,979	30,073,713	1.6	2,288,979	3,316,324	0.9	3,316,776	0.9	11.0	8.8	1,449
\$17,000 under \$18,000	2,205,825	30,990,732	1.6	2,205,825	3,454,667	1.0	3,459,878	0.9	11.2	9.0	1,569
\$18,000 under \$19,000	2,199,968	32,689,019	1.7	2,199,910	3,776,776	1.0	3,784,088	1.0	11.6	9.3	1,720
\$19,000 under \$20,000	2,027,123	31,680,814	1.7	2,027,123	3,773,484	1.0	3,792,088	1.0	12.0	9.6	1,871
\$20,000 under \$25,000	9,137,117	164,740,813	8.6	9,136,875	20,858,745	5.8	20,882,788	5.7	12.7	10.2	2,285
\$25,000 under \$30,000	7,495,360	164,801,486	8.6	7,497,653	22,813,698	6.3	22,850,962	6.2	13.9	11.1	3,047
\$30,000 under \$40,000	11,431,536	313,125,763	16.3	11,423,883	48,445,289	13.4	48,628,503	13.2	15.5	12.3	4,253
\$40,000 under \$50,000	7,446,018	259,229,563	13.5	7,444,139	45,476,514	12.6	45,744,224	12.5	17.6	13.8	6,143
\$50,000 under \$75,000	6,410,742	295,224,191	15.4	6,397,981	61,896,054	17.2	62,459,834	17.0	21.2	16.4	9,737
\$75,000 under \$100,000	1,541,699	100,195,905	5.2	1,536,195	25,661,208	7.1	26,280,965	7.2	26.2	20.0	17,027
\$100,000 under \$200,000	1,111,183	112,749,282	5.9	1,108,302	35,988,579	10.0	37,289,197	10.2	33.1	25.4	33,498
\$200,000 under \$500,000	289,356	64,236,953	3.4	288,796	25,977,492	7.2	27,066,736	7.4	42.1	32.7	93,196
\$500,000 under \$1,000,000	51,238	27,310,614	1.4	51,201	12,456,584	3.5	12,928,118	3.5	47.3	38.5	251,192
\$1,000,000 or more	31,706	56,918,303	3.0	31,702	27,392,697	7.6	29,168,908	7.9	51.2	40.3	917,031

Footnote(s) at end of table

Table 1.1—Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percent of total	Adjusted gross income less deficit			Number of returns	Percent of total	Adjusted gross income less deficit	
			Amount	Percent of total ¹	Average (dollars)			Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Cumulated from Smallest Size of Adjusted Gross Income									
No adjusted gross income	957,547	0.9	-42,442,566	(²)	-44,324	15,388	(²)	-1,332,607	(²)
\$1 under \$1,000	2,125,319	2.1	1,250,327	0.1	588	798	(²)	117	(²)
\$1 under \$2,000	5,477,095	5.3	6,289,636	0.2	1,148	209,233	0.2	327,283	(²)
\$1 under \$3,000	9,068,765	8.8	15,321,977	0.6	1,690	412,632	0.5	829,113	(²)
\$1 under \$4,000	12,291,645	11.9	26,549,999	1.1	2,160	1,324,160	1.6	4,196,716	0.2
\$1 under \$5,000	15,987,613	15.5	43,190,425	1.7	2,701	3,748,910	4.5	15,114,553	0.6
\$1 under \$6,000	19,117,593	18.6	60,377,058	2.4	3,158	5,836,023	7.0	26,563,214	1.1
\$1 under \$7,000	22,464,112	21.8	82,147,431	3.3	3,657	7,952,751	9.5	40,348,517	1.7
\$1 under \$8,000	25,550,927	24.8	105,303,803	4.2	4,121	10,025,784	11.9	55,912,852	2.3
\$1 under \$9,000	28,657,236	27.8	131,691,976	5.2	4,595	12,345,465	14.7	75,652,959	3.1
\$1 under \$10,000	31,897,926	31.0	162,418,478	6.4	5,092	15,051,183	17.9	101,340,979	4.2
\$1 under \$11,000	34,800,807	33.8	192,883,170	7.6	5,542	17,672,201	21.0	128,862,117	5.3
\$1 under \$12,000	37,627,759	36.5	225,383,585	8.9	5,990	20,316,290	24.2	159,261,348	6.5
\$1 under \$13,000	40,355,913	39.2	259,477,585	10.3	6,430	22,881,295	27.3	191,313,404	7.8
\$1 under \$14,000	43,154,943	41.9	297,250,726	11.8	6,888	25,559,324	30.4	227,455,973	9.3
\$1 under \$15,000	45,603,978	44.3	332,786,362	13.2	7,297	27,922,743	33.3	261,748,250	10.7
\$1 under \$16,000	48,023,967	46.6	370,285,292	14.7	7,710	30,264,513	36.0	298,034,821	12.2
\$1 under \$17,000	50,348,394	48.9	408,628,252	16.2	8,116	32,553,501	38.8	335,790,239	13.8
\$1 under \$18,000	52,581,927	51.0	447,699,037	17.7	8,514	34,759,350	41.4	374,378,972	15.3
\$1 under \$19,000	54,826,630	53.2	489,219,726	19.4	8,923	36,959,861	44.0	415,085,778	17.0
\$1 under \$20,000	56,894,229	55.2	529,517,670	21.0	9,307	38,986,993	46.4	454,591,061	18.6
\$1 under \$25,000	66,115,660	64.2	736,066,754	29.2	11,133	48,126,448	57.3	659,337,210	27.0
\$1 under \$30,000	73,674,661	71.5	943,943,126	37.4	12,812	55,625,895	66.2	865,560,996	35.5
\$1 under \$40,000	85,164,290	82.6	1,342,104,294	53.2	15,759	67,060,148	79.9	1,261,787,361	51.7
\$1 under \$50,000	92,623,066	89.9	1,674,315,157	66.3	18,077	74,507,111	88.7	1,593,496,137	65.3
\$1 under \$75,000	99,050,891	96.1	2,056,146,926	81.5	20,758	80,921,712	96.4	1,974,533,585	80.9
\$1 under \$100,000	100,597,667	97.6	2,188,073,655	86.7	21,751	82,465,158	98.2	2,106,191,858	86.3
\$1 under \$200,000	101,713,260	98.7	2,335,047,460	92.5	22,957	83,578,321	99.5	2,252,872,003	92.3
\$1 under \$500,000	102,004,206	99.0	2,417,888,067	95.8	23,704	83,868,750	99.9	2,335,567,626	95.7
\$1 under \$1,000,000	102,055,764	99.0	2,451,558,530	97.1	24,022	83,920,217	99.9	2,369,175,547	97.0
\$1 or more	102,087,623	99.1	2,524,123,612	100.0	24,725	83,952,025	100.0	2,441,564,276	100.0
All returns	103,045,170	100.0	2,481,681,046	98.3	24,083	83,967,413	100.0	2,440,231,669	99.9

Size and accumulated size of adjusted gross income	Taxable returns—Continued										
	Taxable income			Income tax after credits			Total income tax				
	Number of returns	Amount	Percent of total	Number of returns	Amount	Percent of total	Amount	Percent of		Average income tax (dollars)	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	Total	Taxable income	Adjusted gross income less deficit	(20)
Cumulated from Smallest Size of Adjusted Gross Income											
No adjusted gross income	—	—	—	489	5,525	(²)	308,483	0.1	(²)	(²)	20,047
\$1 under \$1,000	—	—	—	—	—	—	7,466	(²)	(²)	(²)	9,356
\$1 under \$2,000	205,005	568,078	(²)	208,426	16,301	(²)	26,142	(²)	4.6	8.0	125
\$1 under \$3,000	403,433	1,267,024	0.1	411,622	55,490	(²)	66,314	(²)	5.2	8.0	161
\$1 under \$4,000	1,314,697	3,888,606	0.2	1,322,886	134,732	(²)	146,805	(²)	3.8	3.5	111
\$1 under \$5,000	3,739,445	12,119,257	0.6	3,747,394	384,710	0.1	397,477	0.1	3.3	2.6	106
\$1 under \$6,000	5,826,556	20,783,299	1.1	5,834,506	784,582	0.2	797,353	0.2	3.8	3.0	137
\$1 under \$7,000	7,940,317	31,442,151	1.6	7,950,146	1,422,435	0.4	1,444,522	0.4	4.6	3.6	182
\$1 under \$8,000	10,013,005	43,606,035	2.3	10,022,834	2,253,068	0.6	2,278,817	0.6	5.2	4.1	227
\$1 under \$9,000	12,332,683	58,984,466	3.1	12,342,512	3,372,271	0.9	3,398,221	0.9	5.8	4.5	275
\$1 under \$10,000	15,038,398	78,758,426	4.1	15,048,227	4,871,800	1.4	4,899,307	1.3	6.2	4.8	326
\$1 under \$11,000	17,659,305	99,859,670	5.2	17,669,134	6,570,350	1.8	6,601,422	1.8	6.6	5.1	374
\$1 under \$12,000	20,302,730	122,953,881	6.4	20,312,559	8,567,249	2.4	8,602,408	2.3	7.0	5.4	423
\$1 under \$13,000	22,866,782	147,971,307	7.7	22,876,611	10,890,018	3.0	10,928,256	3.0	7.4	5.7	478
\$1 under \$14,000	25,544,690	176,562,779	9.2	25,554,519	13,652,776	3.8	13,697,839	3.7	7.8	6.0	536
\$1 under \$15,000	27,908,108	203,454,707	10.6	27,917,273	16,290,407	4.5	16,337,838	4.4	8.0	6.2	585
\$1 under \$16,000	30,249,861	232,231,084	12.1	30,259,026	19,277,629	5.3	19,325,666	5.3	8.3	6.5	639
\$1 under \$17,000	32,538,840	262,304,797	13.7	32,548,005	22,593,953	6.3	22,642,442	6.2	8.6	6.7	696
\$1 under \$18,000	34,744,665	293,295,529	15.3	34,753,830	26,048,620	7.2	26,102,320	7.1	8.9	7.0	751
\$1 under \$19,000	36,944,633	325,984,548	17.0	36,953,740	29,825,395	8.3	29,886,408	8.1	9.2	7.2	809
\$1 under \$20,000	38,971,756	357,665,363	18.7	38,980,863	33,598,879	9.3	33,678,496	9.2	9.4	7.4	864
\$1 under \$25,000	48,108,873	522,406,176	27.3	48,117,738	54,457,624	15.1	54,561,284	14.9	10.4	8.3	1,134
\$1 under \$30,000	55,604,233	687,207,662	35.9	55,615,391	77,412,246	21.4	77,412,246	21.1	11.3	8.9	1,392
\$1 under \$40,000	67,035,769	1,000,333,425	52.2	67,039,274	125,716,611	34.9	126,040,748	34.3	12.6	10.0	1,880
\$1 under \$50,000	74,481,787	1,259,562,987	65.7	74,483,413	171,193,125	47.5	171,784,973	46.8	13.6	10.8	2,306
\$1 under \$75,000	80,892,529	1,554,787,178	81.1	80,881,394	233,089,180	64.6	234,244,806	63.8	15.1	11.9	2,895
\$1 under \$100,000	82,434,228	1,654,983,083	86.4	82,417,589	258,750,388	71.8	260,525,771	70.9	15.7	12.4	3,159
\$1 under \$200,000	83,545,411	1,767,732,365	92.3	83,525,891	294,738,967	81.7	297,814,968	81.1	16.8	13.2	3,563
\$1 under \$500,000	83,834,767	1,831,969,318	95.6	83,814,687	320,716,459	88.9	324,881,704	88.5	17.7	13.9	3,874
\$1 under \$1,000,000	83,886,005	1,859,279,932	97.0	83,865,888	333,173,043	92.4	337,809,822	92.0	18.2	14.3	4,025
\$1 or more	83,917,711	1,916,198,235	100.0	83,897,590	360,565,740	100.0	366,978,730	99.9	19.2	15.0	4,371
All returns	83,917,711	1,916,198,235	100.0	83,898,079	360,571,264	100.0	367,287,213	100.0	19.2	15.1	4,374

Footnote(s) at end of table

Table 1.1—Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size and accumulated size of adjusted gross income	All returns					Taxable returns			
	Number of returns	Percent of total	Adjusted gross income less deficit			Number of returns	Percent of total	Adjusted gross income less deficit	
			Amount	Percent of total ¹	Average (dollars)			Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Cumulated from Largest Size of Adjusted Gross Income									
\$1,000,000 or more	31,859	(²)	72,565,082	2.9	2,277,695	31,808	(²)	72,388,730	3.0
\$500,000 or more	83,417	0.1	106,235,545	4.2	1,273,548	83,275	0.1	105,996,651	4.3
\$200,000 or more	374,363	0.4	189,076,152	7.5	505,061	373,704	0.4	188,692,273	7.7
\$100,000 or more	1,489,956	1.4	336,049,956	13.3	225,544	1,486,867	1.8	335,372,419	13.7
\$75,000 or more	3,036,732	2.9	467,976,686	18.5	154,105	3,030,313	3.6	467,030,691	19.1
\$50,000 or more	9,464,557	9.2	849,808,454	33.7	89,789	9,444,914	11.2	848,068,140	34.7
\$40,000 or more	16,923,333	16.4	1,182,019,318	46.8	69,846	16,891,877	20.1	1,179,776,916	48.3
\$30,000 or more	28,412,962	27.6	1,580,180,486	62.6	55,615	28,326,130	33.7	1,576,003,280	64.5
\$25,000 or more	35,971,963	34.9	1,788,056,858	70.8	49,707	35,825,577	42.7	1,782,227,066	73.0
\$20,000 or more	45,193,394	43.9	1,994,605,942	79.0	44,135	44,965,032	53.6	1,986,973,215	81.4
\$19,000 or more	47,260,993	45.9	2,034,903,885	80.6	43,057	46,992,164	56.0	2,026,478,499	83.0
\$18,000 or more	49,505,696	48.0	2,076,424,575	82.3	41,943	49,192,675	58.6	2,067,185,305	84.7
\$17,000 or more	51,739,229	50.2	2,115,495,360	83.8	40,888	51,398,524	61.2	2,105,774,038	86.2
\$16,000 or more	54,063,656	52.5	2,153,838,320	85.3	39,839	53,687,512	63.9	2,143,529,456	87.8
\$15,000 or more	56,483,645	54.8	2,191,337,250	86.8	38,796	56,029,282	66.7	2,179,816,026	89.3
\$14,000 or more	58,932,680	57.2	2,226,872,886	88.2	37,787	58,392,701	69.5	2,214,108,303	90.7
\$13,000 or more	61,731,710	59.9	2,264,646,027	89.7	36,685	61,070,730	72.7	2,250,250,872	92.2
\$12,000 or more	64,459,864	62.6	2,298,740,025	91.1	35,662	63,635,735	75.8	2,282,302,928	93.5
\$11,000 or more	67,286,816	65.3	2,331,240,442	92.4	34,646	66,279,824	78.9	2,312,702,160	94.7
\$10,000 or more	70,189,697	68.1	2,361,705,133	93.6	33,647	68,900,842	82.1	2,340,223,297	95.8
\$9,000 or more	73,430,387	71.3	2,392,431,636	94.8	32,581	71,606,560	85.3	2,365,911,318	96.9
\$8,000 or more	76,536,696	74.3	2,418,819,809	95.8	31,603	73,926,241	88.0	2,385,651,424	97.7
\$7,000 or more	79,623,511	77.3	2,441,976,181	96.7	30,669	75,999,274	90.5	2,401,215,760	98.3
\$6,000 or more	82,970,030	80.5	2,463,746,553	97.6	29,694	78,116,002	93.0	2,415,001,062	98.9
\$5,000 or more	86,100,010	83.6	2,480,933,186	98.3	28,815	80,203,115	95.5	2,426,449,723	99.4
\$4,000 or more	89,795,978	87.1	2,497,573,612	98.9	27,814	82,627,865	98.4	2,437,367,561	99.8
\$3,000 or more	93,018,858	90.3	2,508,801,635	99.4	26,971	83,539,393	99.5	2,440,735,163	100.0
\$2,000 or more	96,610,528	93.8	2,517,833,975	99.8	26,062	83,742,792	99.7	2,441,236,993	100.0
\$1,000 or more	99,962,304	97.0	2,522,873,285	100.0	25,238	83,951,227	100.0	2,441,564,159	100.0
\$1 or more	102,087,623	99.1	2,524,123,612	100.0	24,725	83,952,025	100.0	2,441,564,276	100.0
All returns	103,045,170	100.0	2,481,681,046	98.3	24,083	83,967,413	100.0	2,440,231,669	99.9

Size and accumulated size of adjusted gross income	Taxable returns—Continued										
	Taxable income			Income tax after credits			Total income tax				
	Number of returns	Amount	Percent of total	Number of returns	Amount	Percent of total	Amount	Percent of		Average income tax (dollars)	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Cumulated from Largest Size of Adjusted Gross Income											
\$1,000,000 or more	31,706	56,918,303	3.0	31,702	27,392,697	7.6	29,168,908	7.9	51.2	40.3	917,031
\$500,000 or more	82,944	84,228,917	4.4	82,903	39,849,281	11.1	42,097,026	11.5	50.0	39.7	505,518
\$200,000 or more	372,300	148,465,870	7.7	371,699	65,826,773	18.3	69,163,762	18.8	46.6	36.7	185,076
\$100,000 or more	1,483,483	261,215,152	13.6	1,480,001	101,815,352	28.2	106,452,959	29.0	40.8	31.7	71,595
\$75,000 or more	3,025,182	361,411,057	18.9	3,016,196	127,476,560	35.4	132,733,924	36.1	36.7	28.4	43,802
\$50,000 or more	9,435,924	656,635,248	34.3	9,414,177	189,372,614	52.5	195,193,758	53.1	29.7	23.0	20,667
\$40,000 or more	16,881,942	915,864,810	47.8	16,858,316	234,849,129	65.1	240,937,982	65.6	26.3	20.4	14,264
\$30,000 or more	28,313,478	1,228,990,573	64.1	28,282,199	283,294,417	78.6	289,566,485	78.8	23.6	18.4	10,223
\$25,000 or more	35,808,838	1,393,792,059	72.7	35,779,852	306,108,115	84.9	312,417,446	85.1	22.4	17.5	8,721
\$20,000 or more	44,945,955	1,558,532,872	81.3	44,916,727	326,966,860	90.7	333,300,234	90.7	21.4	16.8	7,412
\$19,000 or more	46,973,078	1,590,213,687	83.0	46,943,850	330,740,344	91.7	337,092,322	91.8	21.2	16.6	7,173
\$18,000 or more	49,173,046	1,622,902,706	84.7	49,143,760	334,517,120	92.8	340,876,410	92.8	21.0	16.5	6,929
\$17,000 or more	51,378,871	1,653,893,438	86.3	51,349,585	337,971,787	93.7	344,336,288	93.8	20.8	16.4	6,699
\$16,000 or more	53,667,850	1,683,967,151	87.9	53,638,564	341,288,111	94.7	347,653,064	94.7	20.6	16.2	6,475
\$15,000 or more	56,009,603	1,712,743,528	89.4	55,980,317	344,275,332	95.5	350,640,892	95.5	20.5	16.1	6,258
\$14,000 or more	58,373,021	1,739,635,456	90.8	58,343,071	346,912,963	96.2	353,280,892	96.2	20.3	16.0	6,050
\$13,000 or more	61,050,929	1,768,226,928	92.3	61,020,979	349,675,721	97.0	356,050,474	96.9	20.1	15.8	5,830
\$12,000 or more	63,614,981	1,793,244,354	93.6	63,585,031	351,998,491	97.6	358,376,323	97.6	20.0	15.7	5,632
\$11,000 or more	66,258,406	1,816,338,565	94.8	66,228,456	353,995,389	98.2	360,377,308	98.1	19.8	15.6	5,437
\$10,000 or more	68,879,313	1,837,439,808	95.9	68,849,363	355,693,939	98.6	362,079,424	98.6	19.7	15.5	5,255
\$9,000 or more	71,585,028	1,857,213,769	96.9	71,555,078	357,193,469	99.1	363,580,510	99.0	19.6	15.4	5,077
\$8,000 or more	73,904,706	1,872,592,200	97.7	73,874,756	358,312,672	99.4	364,699,913	99.3	19.5	15.3	4,933
\$7,000 or more	75,977,394	1,884,756,084	98.4	75,947,444	359,143,304	99.6	365,534,209	99.5	19.4	15.2	4,810
\$6,000 or more	78,091,155	1,895,414,935	98.9	78,063,084	359,781,158	99.8	366,181,378	99.7	19.3	15.2	4,688
\$5,000 or more	80,178,266	1,904,078,978	99.4	80,150,196	360,181,030	99.9	366,581,254	99.8	19.3	15.1	4,571
\$4,000 or more	82,603,014	1,912,309,629	99.8	82,574,704	360,431,007	100.0	366,831,925	99.9	19.2	15.1	4,440
\$3,000 or more	83,514,278	1,914,931,211	99.9	83,485,968	360,510,250	100.0	366,912,416	99.9	19.2	15.0	4,392
\$2,000 or more	83,712,706	1,915,630,157	100.0	83,689,164	360,549,438	100.0	366,952,588	99.9	19.2	15.0	4,382
\$1,000 or more	83,917,711	1,916,198,235	100.0	83,897,590	360,565,740	100.0	366,971,264	99.9	19.2	15.0	4,371
\$1 or more	83,917,711	1,916,198,235	100.0	83,897,590	360,565,740	100.0	366,978,730	99.9	19.2	15.0	4,371
All returns	83,917,711	1,916,198,235	100.0	83,898,079	360,571,264	100.0	367,287,213	100.0	19.2	15.1	4,374

¹ Percent based on positive income only
² Less than 0.05 percent
³ Percent not compiled
 NOTE: Detail may not add to total because of rounding

Table 1.2—All Returns: Adjusted Gross Income, Itemized Deductions, Exemptions, and Tax Items by Size of Adjusted Gross Income and by Marital Status
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	All returns										Total income tax		
	Number of returns	Adjusted gross income less deficit	Exemption amount	Total		Itemized deductions		Taxable income		Income tax after credits		Number of returns	Amount
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
All returns, total	103,045,170	2,481,681,046	265,152,112	447,057,972	40,169,452	313,333,998	97,356,296	1,947,024,584	83,898,079	360,571,264	83,967,413	367,287,213	
No adjusted gross income	957,547	-42,442,566	2,504,103	—	—	—	—	—	—	—	—	—	
\$1 under \$5,000	15,987,613	43,190,425	25,485,996	756,068	3,153,187	1,881,213	11,962,121	22,454,798	489	384,710	15,388	308,483	
\$5,000 under \$10,000	15,910,313	179,128,053	33,617,553	1,621,767	9,570,477	5,047,094	15,505,727	80,175,587	3,747,394	4,487,091	3,748,910	397,477	
\$10,000 under \$15,000	13,706,052	170,367,883	32,604,023	2,441,139	15,317,770	8,096,933	13,550,911	128,124,161	12,869,046	11,418,607	11,302,273	4,501,830	
\$15,000 under \$20,000	11,290,251	196,731,308	28,604,542	3,220,896	20,383,333	3,213,173	10,577,306	155,416,673	11,063,590	17,308,472	12,871,560	11,438,531	
\$20,000 under \$25,000	9,221,431	206,549,084	24,999,109	4,005,784	27,000,974	4,631,254	9,194,660	165,356,554	9,136,875	20,858,745	9,139,455	20,882,788	
\$25,000 under \$30,000	7,559,001	207,876,373	22,528,086	4,437,840	33,106,790	4,434,476	7,541,896	163,356,830	7,497,653	22,813,698	7,499,447	22,850,962	
\$30,000 under \$40,000	11,489,629	398,161,168	36,457,371	8,642,538	75,686,077	8,642,538	11,474,320	313,916,976	11,423,883	48,445,289	11,434,253	48,628,503	
\$40,000 under \$50,000	7,458,776	332,210,863	25,320,165	6,528,999	69,865,742	46,991,181	7,451,366	259,365,436	7,444,139	45,476,514	7,446,963	45,744,224	
\$50,000 under \$75,000	6,427,825	381,831,768	22,317,732	6,055,579	85,791,966	64,283,135	6,417,415	295,298,881	6,397,981	61,896,054	6,414,601	62,459,834	
\$75,000 under \$100,000	1,546,776	131,926,730	5,416,999	1,496,996	31,636,037	1,496,996	1,542,724	100,211,601	1,536,195	25,661,208	1,543,446	26,280,965	
\$100,000 under \$200,000	1,115,593	146,973,805	3,970,810	1,092,859	34,261,120	1,092,859	1,111,622	112,757,958	1,108,302	35,988,579	1,113,163	37,289,197	
\$200,000 under \$500,000	290,946	82,840,607	1,029,985	283,811	19,197,582	283,704	17,690,439	64,277,685	288,796	25,977,492	290,429	27,066,736	
\$500,000 under \$1,000,000	51,558	33,670,463	177,643	51,001	6,419,751	50,992	6,238,615	27,327,574	51,201	12,456,584	51,467	12,928,118	
\$1,000,000 or more	31,859	72,565,082	117,994	31,731	15,667,168	31,724	15,531,745	56,985,871	31,702	27,392,697	31,808	29,168,908	
Taxable returns, total	83,967,413	2,440,231,669	219,933,042	423,166,893	39,148,382	295,805,944	89,917,711	1,916,199,235	83,898,079	360,571,264	83,967,413	367,287,213	
No adjusted gross income	15,388	-1,332,607	39,285	—	—	—	—	—	—	—	—	—	
\$1 under \$5,000	3,748,910	15,114,553	4,185,059	393,437	252,405	35,869	3,739,445	12,119,257	3,747,394	384,710	3,748,910	397,477	
\$5,000 under \$10,000	11,302,273	86,226,426	17,483,256	767,636	2,899,745	702,701	11,298,953	66,639,170	11,300,833	4,487,091	11,302,273	4,501,830	
\$10,000 under \$15,000	12,871,560	160,407,271	29,120,842	1,971,465	9,992,637	1,925,603	12,869,710	124,696,281	12,869,046	11,418,607	12,871,560	11,438,531	
\$15,000 under \$20,000	11,064,250	192,842,811	27,643,151	3,056,315	17,819,859	3,048,592	11,063,648	154,210,655	11,063,590	17,308,472	11,064,250	17,340,658	
\$20,000 under \$25,000	9,139,455	204,746,149	24,657,542	3,942,465	25,704,323	3,942,465	9,137,117	164,740,813	9,136,875	20,858,745	9,139,455	20,882,788	
\$25,000 under \$30,000	7,499,447	206,223,786	22,335,411	4,389,401	31,923,448	4,386,037	7,495,360	164,901,486	7,497,653	22,813,698	7,499,447	22,850,962	
\$30,000 under \$40,000	11,434,253	396,226,364	36,235,264	8,595,331	74,332,391	8,595,331	11,431,536	313,125,763	11,423,883	48,445,289	11,434,253	48,628,503	
\$40,000 under \$50,000	7,446,963	331,708,776	25,268,512	6,520,219	69,433,029	6,520,219	7,446,018	259,229,563	7,444,139	45,476,514	7,446,963	45,744,224	
\$50,000 under \$75,000	6,414,601	381,037,449	22,266,894	6,042,355	84,702,148	6,042,355	6,410,742	295,224,191	6,397,981	61,896,054	6,414,601	62,459,834	
\$75,000 under \$100,000	1,543,446	131,658,272	5,404,592	1,493,666	31,297,804	1,493,666	1,541,699	100,195,905	1,536,195	25,661,208	1,543,446	26,280,965	
\$100,000 under \$200,000	1,113,163	146,680,146	3,960,069	1,090,429	33,886,212	1,089,707	30,038,192	112,749,282	1,108,302	35,988,579	1,113,163	37,289,197	
\$200,000 under \$500,000	290,429	82,695,622	1,028,029	283,354	19,043,105	283,247	17,537,655	64,236,963	288,796	25,977,492	290,429	27,066,736	
\$500,000 under \$1,000,000	51,467	53,607,921	177,344	50,919	6,344,988	50,910	6,164,128	27,310,614	51,201	12,456,584	51,467	12,928,118	
\$1,000,000 or more	31,808	72,565,730	117,792	31,687	15,534,739	31,680	15,399,468	56,918,303	31,702	27,392,697	31,808	29,168,908	
Non-taxable returns, total	19,077,757	41,449,377	45,219,070	23,891,139	2,021,070	17,528,054	13,440,585	30,826,349	—	—	—	—	

Footnote(s) at end of table

Table 1.2.—All Returns: Adjusted Gross Income, Itemized Deductions, Exemptions, and Tax Items by Size of Adjusted Gross Income and by Marital Status
—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Joint returns of husbands and wives										Total income tax				
	Number of returns (14)	Adjusted gross income less deficit (15)	Exemption amount (16)	Itemized deductions (17)		Total (18)		Excess itemized deductions (19)		Taxable income (20)		Income tax after credits (23)		Total income tax (25)	
				Number of returns (17)	Amount (18)	Number of returns (19)	Amount (20)	Number of returns (21)	Amount (22)	Number of returns (23)	Amount (24)	Number of returns (25)	Amount (26)		
All returns, total	47,870,191	1,710,618,197	178,404,473	28,247,663	349,093,755	28,244,707	245,430,207	45,894,440	1,319,005,047	42,537,169	261,132,080	42,590,214	266,460,002		
No adjusted gross income	531,498	-31,898,627	1,881,742	146,567	1,446,281	146,567	901,346	540,230	640,385	274	2,052	8,612	240,166		
\$1 under \$5,000	1,547,536	4,664,388	5,823,657	550,225	3,896,126	547,269	1,886,052	3,362,425	12,528,697	*15,855	*51,809	16,756	60,662		
\$5,000 under \$10,000	3,603,367	27,886,580	13,521,873	1,079,919	8,030,278	1,079,919	4,083,686	4,373,568	34,556,248	1,230,178	214,198	1,230,490	216,718		
\$10,000 under \$15,000	4,480,291	56,249,389	16,997,296	1,562,349	11,430,102	1,562,349	5,713,626	4,632,704	57,293,224	3,968,942	2,103,856	3,970,782	2,119,077		
\$15,000 under \$20,000	4,660,440	81,703,195	17,783,684	2,100,540	15,821,654	2,100,540	8,125,083	4,856,383	82,425,749	4,500,878	5,033,625	4,501,483	5,046,334		
\$20,000 under \$25,000	4,874,854	109,485,106	17,919,378	2,694,543	21,476,885	2,694,543	11,599,268	4,782,052	101,507,195	4,805,188	8,701,926	4,807,710	8,725,703		
\$25,000 under \$30,000	4,791,820	131,924,654	18,016,954	6,406,163	57,490,629	6,406,163	34,002,081	8,519,828	230,278,322	4,742,823	12,343,149	4,744,551	12,370,135		
\$30,000 under \$40,000	8,530,675	296,948,179	31,671,088	5,636,789	60,458,326	5,636,789	39,790,887	6,403,522	222,091,432	8,477,916	32,762,093	8,466,310	32,868,057		
\$40,000 under \$50,000	6,410,569	285,881,620	23,568,543	5,468,033	77,327,028	5,468,033	57,272,865	5,769,653	264,957,367	6,396,295	37,467,360	6,399,035	37,608,413		
\$50,000 under \$75,000	5,777,052	343,378,591	21,163,058	1,332,990	27,872,855	1,332,990	22,987,512	1,369,324	88,922,066	5,753,920	54,175,955	5,767,496	54,568,375		
\$75,000 under \$100,000	1,372,972	116,949,560	5,111,644	962,539	30,211,425	962,539	26,672,433	973,106	98,924,392	1,363,685	22,270,486	1,370,266	22,658,872		
\$100,000 under \$200,000	976,779	129,213,860	3,731,432	234,617	14,559,913	234,617	13,612,937	236,346	52,892,895	973,106	30,965,186	976,926	32,038,406		
\$200,000 under \$500,000	237,440	67,308,117	937,893	44,353	5,484,689	44,353	5,319,722	44,556	23,659,510	235,639	21,102,948	237,009	22,019,813		
\$500,000 under \$1,000,000	44,784	29,083,399	165,274	28,036	13,587,564	28,036	13,462,710	28,000	48,327,574	44,501	10,735,614	44,718	11,126,463		
\$1,000,000 or more	28,114	61,840,187	110,956	27,109,206	334,522,810	27,109,206	235,030,863	42,551,507	1,307,654,495	27,989	23,201,824	28,070	24,792,809		
Taxable returns, total	42,590,214	1,704,437,762	156,901,750	27,109,206	334,522,810	27,109,206	235,030,863	42,551,507	1,307,654,495	42,537,189	261,132,080	42,590,214	266,460,002		
No adjusted gross income	8,612	-1,075,097	28,179	4,249	31,657	4,249	16,073	*7,963	*12,432	274	2,052	8,612	240,166		
\$1 under \$5,000	16,756	47,515	40,491	137,727	688,303	137,727	185,128	1,227,222	6,555,579	*15,855	*51,809	16,756	60,662		
\$5,000 under \$10,000	1,230,490	10,565,257	3,619,112	759,458	4,519,043	759,458	1,747,120	3,969,606	32,852,044	1,230,178	214,198	1,230,490	216,718		
\$10,000 under \$15,000	3,970,782	50,110,271	14,556,955	1,445,733	9,686,221	1,445,733	4,394,057	4,500,936	56,415,910	3,968,942	2,103,856	3,970,782	2,119,077		
\$15,000 under \$20,000	4,501,483	78,941,595	17,034,447	1,445,733	14,889,430	1,445,733	7,376,501	4,805,430	81,852,590	4,500,878	5,033,625	4,501,483	5,046,334		
\$20,000 under \$25,000	4,807,710	108,000,979	17,615,752	2,050,233	20,674,009	2,050,233	10,932,029	4,740,530	100,975,291	4,805,188	8,701,926	4,807,710	8,725,703		
\$25,000 under \$30,000	4,744,551	130,621,409	17,847,869	2,657,575	20,674,009	2,657,575	13,225,229	8,484,441	229,553,152	4,742,823	12,343,149	4,744,551	12,370,135		
\$30,000 under \$40,000	8,486,310	295,394,847	31,486,843	6,369,967	56,581,052	6,369,967	33,225,229	6,398,174	221,953,559	8,477,916	32,762,093	8,486,310	32,868,057		
\$40,000 under \$50,000	6,399,035	285,393,104	23,517,426	5,628,286	60,048,599	5,628,286	39,412,358	5,764,194	264,887,256	6,396,295	37,467,360	6,399,035	37,608,413		
\$50,000 under \$75,000	5,767,496	342,811,276	21,120,486	5,458,477	76,565,656	5,458,477	56,546,447	5,753,920	264,887,256	5,753,920	54,175,955	5,767,496	54,568,375		
\$75,000 under \$100,000	1,370,266	116,728,618	5,099,917	1,330,284	27,585,171	1,330,284	22,709,565	1,368,912	89,908,454	1,363,685	22,270,486	1,370,266	22,658,872		
\$100,000 under \$200,000	976,926	128,988,895	3,722,357	960,686	29,924,523	960,686	26,392,271	975,391	96,916,033	973,106	30,965,186	976,926	32,038,406		
\$200,000 under \$500,000	237,009	67,187,952	936,127	234,240	14,435,204	234,240	13,489,608	236,177	52,892,895	235,639	21,102,948	237,009	22,019,813		
\$500,000 under \$1,000,000	44,718	29,039,358	165,019	44,291	5,425,199	44,291	5,260,458	44,540	23,659,510	44,501	10,735,614	44,718	11,126,463		
\$1,000,000 or more	28,070	61,681,763	110,770	27,998	13,468,743	27,998	13,344,026	27,991	48,265,998	27,989	23,201,824	28,070	24,792,809		
Nontaxable returns, total	5,279,977	6,180,436	21,502,722	1,138,457	14,570,945	1,135,501	10,399,344	3,342,933	11,350,553	—	—	—	—		

Footnote(s) at end of table

Table 1.2—All Returns: Adjusted Gross Income, Itemized Deductions, Exemptions, and Tax Items by Size of Adjusted Gross Income and by Marital Status
 —Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of married people filing separately, heads of households, and surviving spouses												
	Adjusted gross income less deficit		Exemption amount	Itemized deductions				Taxable income		Income tax after credits		Total income tax	
	Number of returns	(28)		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
All returns, total	11,375,463	179,327,396	31,304,476	3,449,105	27,044,592	3,441,383	18,642,599	10,414,202	132,529,110	7,623,583	18,813,564	7,626,902	19,131,795
No adjusted gross income	75,601	-2,827,848	182,755	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000	1,747,134	4,925,069	4,701,309	26,794	192,261	116,417	1,255,981	933,875	1,255,981	75,613	77,000	76,075	18,550
\$5,000 under \$10,000	2,636,726	19,693,256	7,329,430	224,775	1,061,560	525,908	11,643,227	2,585,942	11,643,227	918,261	261,591	919,148	266,293
\$10,000 under \$15,000	2,283,322	28,532,829	6,513,640	413,409	2,133,597	405,687	11,437,775	2,270,413	20,565,190	2,049,917	1,535,930	2,049,917	1,535,989
\$15,000 under \$20,000	1,614,130	27,863,434	4,302,799	599,957	3,237,290	599,957	1,755,087	1,609,303	21,335,895	1,578,262	2,204,859	1,578,263	2,223,461
\$20,000 under \$25,000	1,117,231	24,928,530	3,122,322	624,785	4,014,721	624,785	2,510,012	1,116,618	19,153,723	1,111,849	2,426,481	1,111,849	2,426,481
\$25,000 under \$30,000	712,074	19,521,381	1,891,242	526,387	3,739,268	526,387	2,450,729	1,109,005	15,131,706	709,804	2,198,394	709,804	2,198,394
\$30,000 under \$40,000	747,481	25,495,186	1,894,705	627,042	5,496,851	627,042	3,970,176	747,232	19,577,886	739,620	3,355,040	740,507	3,380,527
\$40,000 under \$50,000	230,976	10,280,080	601,824	202,840	2,328,740	202,840	1,829,509	230,756	7,824,791	230,756	1,525,454	230,765	1,558,258
\$50,000 under \$75,000	143,311	8,451,427	390,303	136,326	2,021,408	136,326	1,682,546	142,959	6,376,352	142,959	1,479,183	143,201	1,512,453
\$75,000 under \$100,000	31,858	2,702,113	84,681	31,451	624,959	31,451	548,409	31,825	2,070,100	31,825	606,170	31,858	628,368
\$100,000 under \$200,000	25,696	3,449,038	64,714	25,453	850,681	25,453	789,761	25,560	2,612,485	25,542	918,109	25,636	975,910
\$200,000 under \$500,000	7,419	2,240,405	18,498	7,406	495,237	7,406	478,203	7,322	1,750,408	7,295	752,840	7,383	792,749
\$500,000 under \$1,000,000	1,566	1,082,725	3,940	1,548	227,690	1,548	224,147	1,560	855,477	1,555	402,123	1,561	421,815
\$1,000,000 or more	938	2,992,771	2,353	932	620,328	932	617,910	932	2,375,889	928	1,140,389	935	1,192,546
Taxable returns, total	7,626,902	161,566,027	20,227,906	3,196,077	25,021,123	3,188,355	17,237,874	7,625,918	123,183,166	7,623,583	18,813,564	7,626,902	19,131,795
No adjusted gross income	463	41,191	1,223	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000	75,612	303,266	104,831	94,900	386,649	94,900	163,906	75,612	200,845	75,612	77,000	76,075	18,550
\$5,000 under \$10,000	919,148	7,597,399	2,115,692	351,637	1,605,043	343,915	759,500	919,097	5,221,980	918,261	261,591	919,148	266,293
\$10,000 under \$15,000	2,049,917	25,764,498	5,640,233	580,213	3,025,083	580,213	1,591,803	2,049,907	19,034,481	2,049,907	1,535,930	2,049,917	1,535,989
\$15,000 under \$20,000	1,578,263	27,269,598	4,350,052	569,213	3,025,083	569,213	1,591,803	1,578,262	21,073,524	1,578,262	2,204,859	1,578,263	2,223,461
\$20,000 under \$25,000	1,111,849	24,815,535	3,099,736	619,403	3,908,891	619,403	2,417,530	1,111,849	19,152,304	1,111,849	2,426,481	1,111,849	2,426,481
\$25,000 under \$30,000	709,804	19,460,776	1,866,156	524,318	3,656,817	524,318	2,373,409	709,804	15,127,165	709,804	2,198,394	709,804	2,198,394
\$30,000 under \$40,000	740,507	25,244,025	1,864,836	620,068	5,316,094	620,068	3,806,714	740,506	19,517,728	739,620	3,355,040	740,507	3,380,527
\$40,000 under \$50,000	230,765	10,269,664	601,358	202,629	2,317,038	202,629	1,818,330	230,756	7,824,791	230,756	1,525,454	230,765	1,558,258
\$50,000 under \$75,000	143,201	8,444,902	389,900	136,216	2,010,230	136,216	1,671,640	142,959	6,376,352	142,959	1,479,183	143,201	1,512,453
\$75,000 under \$100,000	31,858	2,702,113	84,681	31,451	624,959	31,451	548,409	31,825	2,070,100	31,825	606,170	31,858	628,368
\$100,000 under \$200,000	25,636	3,441,784	64,584	25,393	842,117	25,393	781,346	25,542	2,612,170	25,542	918,109	25,636	975,910
\$200,000 under \$500,000	7,383	2,228,972	18,349	7,374	465,533	7,306	465,533	7,295	1,746,619	7,295	752,840	7,383	792,749
\$500,000 under \$1,000,000	1,561	1,079,181	3,929	1,548	227,690	1,555	224,147	1,561	855,477	1,555	402,123	1,561	421,815
\$1,000,000 or more	935	2,987,733	2,344	932	620,328	929	617,910	928	2,375,889	928	1,140,389	935	1,192,546
Nontaxable returns, total	3,748,561	17,759,140	11,076,569	253,028	2,023,469	253,028	1,404,725	2,788,284	9,345,944	-	-	-	-

Footnote(s) at end of table

Individual Returns/1986

Table 1.2—All Returns: Adjusted Gross Income, Itemized Deductions, Exemptions, and Tax Items by Size of Adjusted Gross Income and by Marital Status
—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of single persons										Total income tax		
	Number of returns	Adjusted gross income less deficit	Exemption amount	Itemized deductions		Excess itemized deductions		Taxable income		Income tax after credits		Number of returns	Amount
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
All returns, total	43,799,516	591,735,452	55,443,164	8,970,240	70,919,625	8,483,362	49,261,191	41,049,654	495,490,426	33,737,307	80,625,621	33,750,297	81,695,416
No adjusted gross income	350,448	-7,715,891	439,606	582,707	-	-	863,450	10,488,016	20,558,431	3,655,927	325,901	6,313	56,767
\$1 under \$5,000	12,692,943	33,600,968	14,961,030	846,767	4,612,644	210,836	781,832	9,557,460	56,003,663	4,011,302	4,011,302	3,656,542	329,815
\$5,000 under \$10,000	9,670,220	71,648,217	12,766,250	947,811	5,153,895	909,671	2,869,472	6,906,910	73,002,724	7,778,821	7,778,821	9,152,635	4,018,818
\$10,000 under \$15,000	6,942,439	85,585,665	9,093,086	1,056,990	5,715,941	1,050,867	3,108,584	4,990,974	76,787,553	4,984,450	10,069,988	6,850,861	7,783,466
\$15,000 under \$20,000	5,015,681	87,164,679	6,318,059	1,056,990	5,715,941	1,050,867	3,108,584	4,990,974	76,787,553	4,984,450	10,069,988	4,984,504	10,070,863
\$20,000 under \$25,000	3,229,346	72,138,448	3,957,409	1,280,459	7,164,599	1,280,459	3,996,159	3,221,659	63,777,081	3,219,838	9,730,338	3,219,896	9,730,604
\$25,000 under \$30,000	2,055,107	56,430,337	2,619,890	1,216,910	7,890,637	1,213,546	4,882,892	2,049,839	48,717,929	2,045,026	8,272,155	2,045,092	8,282,433
\$30,000 under \$40,000	2,211,473	75,717,803	2,891,578	1,609,333	12,698,597	1,609,333	8,711,114	2,207,260	64,060,768	2,206,347	12,328,157	2,207,436	12,379,919
\$40,000 under \$50,000	817,231	36,048,964	1,149,798	689,370	7,078,676	689,370	5,370,785	817,088	29,449,213	817,088	6,483,700	817,163	6,577,553
\$50,000 under \$75,000	507,462	30,001,750	764,371	451,220	6,443,530	451,220	5,327,724	504,803	23,963,161	501,695	6,240,917	503,904	6,379,005
\$75,000 under \$100,000	141,946	12,275,056	220,674	132,555	3,138,222	132,555	2,809,971	141,575	9,219,435	140,685	2,784,552	141,322	2,993,724
\$100,000 under \$200,000	111,118	14,310,906	174,663	104,867	3,199,014	104,145	2,940,736	110,241	11,221,081	109,654	4,105,284	110,601	4,274,880
\$200,000 under \$500,000	46,087	13,292,085	73,634	41,788	4,142,431	41,681	3,599,298	45,889	9,634,382	45,862	4,121,704	46,037	4,254,175
\$500,000 under \$1,000,000	5,208	3,504,340	8,429	5,100	707,371	5,091	694,747	5,151	2,812,595	5,145	1,318,846	5,188	1,379,840
\$1,000,000 or more	2,807	7,732,124	4,685	2,763	1,459,275	2,756	1,451,125	2,789	6,282,409	2,785	3,050,483	2,803	3,183,554
Taxable returns, total	33,750,297	574,225,651	42,803,385	8,323,396	63,622,901	7,850,821	43,537,207	33,740,286	485,360,575	33,737,307	80,625,621	33,750,297	81,695,416
No adjusted gross income	6,313	-216,319	9,882	-	-	-	-	-	-	214	-3,473	6,313	56,767
\$1 under \$5,000	3,656,542	14,763,773	4,039,737	389,188	220,748	31,620	18,823	3,655,870	11,905,980	3,655,927	325,901	3,656,542	329,815
\$5,000 under \$10,000	9,152,635	68,063,770	11,758,545	535,009	1,824,793	470,074	617,597	9,152,634	54,864,610	9,152,394	4,011,302	9,152,635	4,018,818
\$10,000 under \$15,000	6,850,861	84,532,502	8,923,654	860,370	3,868,551	822,230	1,802,903	6,850,197	72,809,756	6,850,197	7,778,821	6,850,861	7,783,466
\$15,000 under \$20,000	4,984,504	86,631,619	6,258,651	1,030,369	5,108,555	1,022,646	2,571,076	4,984,450	76,721,222	4,984,450	10,069,988	4,984,504	10,070,863
\$20,000 under \$25,000	3,219,896	71,929,634	3,942,053	1,272,829	6,906,003	1,272,829	3,756,486	3,219,838	63,735,919	3,219,838	9,730,338	3,219,896	9,730,604
\$25,000 under \$30,000	2,045,092	56,141,602	2,601,386	1,207,508	7,592,622	1,204,144	4,608,191	2,045,026	48,699,029	2,045,026	8,272,155	2,045,092	8,282,433
\$30,000 under \$40,000	2,207,436	75,587,493	2,883,595	1,605,296	12,435,245	1,605,296	8,457,777	2,206,347	64,064,863	2,206,347	12,328,157	2,207,436	12,379,919
\$40,000 under \$50,000	817,163	36,046,008	1,149,727	689,302	7,067,382	689,302	5,359,664	817,088	29,449,213	817,088	6,483,700	817,163	6,577,553
\$50,000 under \$75,000	503,904	29,781,270	756,507	447,662	6,126,261	447,662	5,019,274	503,589	23,960,562	501,695	6,240,917	503,904	6,379,005
\$75,000 under \$100,000	141,322	12,227,541	219,994	131,931	3,087,673	131,931	2,760,970	140,685	9,219,435	140,685	2,784,552	141,322	2,993,724
\$100,000 under \$200,000	110,601	14,249,467	173,127	104,350	3,119,571	103,628	2,862,575	110,241	11,221,081	109,654	4,105,284	110,601	4,274,880
\$200,000 under \$500,000	46,037	13,278,671	73,553	41,740	4,125,405	41,633	3,582,516	45,873	9,632,281	45,862	4,121,704	46,037	4,254,175
\$500,000 under \$1,000,000	5,188	3,489,387	8,397	5,083	693,207	5,074	680,624	5,143	2,806,422	5,145	1,318,846	5,188	1,379,840
\$1,000,000 or more	2,803	7,719,234	4,678	2,759	1,446,873	2,752	1,438,733	2,786	6,280,245	2,785	3,050,483	2,803	3,183,554
Non-taxable returns, total	10,049,219	17,509,801	12,639,779	646,844	7,296,724	632,541	5,723,984	7,309,368	10,129,852	-	-	-	-

* Estimate should be used with caution because of the small number of sample returns on which it is based.
** Data are rounded to the nearest dollar for specific taxpayers.
NOTE: Detail may not add to total because of rounding.

Individual Returns/1986

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Salaries and wages			Interest received			Domestic and foreign dividends received			State income tax refunds		
	Number of returns (1)	Adjusted gross income, less deficit (2)	Number of returns		Amount		Number of returns (7)	Amount (8)	Dividends in AGI		Number of returns (11)	Amount (12)
			(3)	(4)	(5)	(6)			(9)	(10)		
All returns, total	103,045,170	2,461,681,046	88,217,638	2,031,023,984	65,236,518	167,640,438	20,886,217	63,629,467	16,753,537	61,623,348	21,230,367	9,901,634
No adjusted gross income	957,547	-42,442,566	368,698	8,006,358	674,799	3,355,810	230,986	830,970	180,399	811,939	79,258	127,263
\$1 under \$5,000	15,987,613	43,190,425	13,077,312	36,418,236	6,125,829	5,383,146	1,336,691	947,653	1,085,189	1,085,189	223,873	65,587
\$5,000 under \$10,000	15,910,313	119,228,053	12,487,714	90,668,046	7,444,101	14,990,579	1,699,105	1,925,958	1,384,238	1,787,842	601,858	139,933
\$10,000 under \$15,000	13,706,052	170,367,883	11,404,077	136,018,235	7,172,109	14,598,684	1,710,554	2,576,172	1,446,055	2,430,015	1,059,751	280,747
\$15,000 under \$20,000	11,290,251	196,731,308	9,624,312	158,128,550	6,714,249	16,735,986	1,740,615	3,187,855	1,399,312	3,031,803	1,542,748	387,925
\$20,000 under \$25,000	9,221,431	206,549,084	8,183,563	173,430,267	6,311,555	12,914,110	1,781,981	3,657,698	1,423,203	3,492,619	2,067,280	589,775
\$25,000 under \$30,000	7,559,001	207,876,373	6,926,326	183,030,200	5,697,138	11,225,855	1,560,311	2,415,089	2,066,728	2,279,093	2,359,761	782,452
\$30,000 under \$40,000	11,489,629	398,161,168	10,724,171	355,518,309	9,468,356	18,061,853	3,083,854	4,849,463	2,364,761	4,593,782	4,943,589	1,719,841
\$40,000 under \$50,000	7,458,776	332,210,863	6,942,849	296,004,362	6,664,599	15,110,577	2,600,782	5,033,464	1,955,929	4,778,021	3,678,686	1,525,254
\$50,000 under \$75,000	6,427,825	381,831,768	5,905,138	329,768,359	6,014,714	19,762,782	3,034,717	8,255,175	2,406,515	7,910,709	3,226,215	1,805,248
\$75,000 under \$100,000	1,546,776	131,926,730	1,334,952	99,441,319	1,495,219	9,958,822	976,573	5,400,647	852,423	5,266,042	739,638	692,676
\$100,000 under \$200,000	1,115,593	146,973,805	933,217	96,828,867	1,084,975	10,819,508	821,607	6,928,591	744,640	6,811,472	534,006	836,662
\$200,000 under \$500,000	290,946	82,840,607	229,711	44,135,980	286,153	6,932,346	242,944	7,666,132	230,659	7,628,804	131,125	477,414
\$500,000 under \$1,000,000	51,568	33,670,463	35,660	11,609,850	51,054	3,249,432	45,753	2,154,205	44,328	2,146,500	29,705	205,200
\$1,000,000 or more	31,859	72,565,082	19,938	12,019,947	31,668	4,542,948	29,744	7,800,395	29,158	7,795,140	12,874	265,656
Taxable returns, total	83,967,413	2,440,231,669	73,328,741	1,959,553,370	57,618,742	153,711,188	18,997,082	60,664,392	15,266,710	58,808,102	20,390,103	9,466,096
No adjusted gross income	15,388	-1,332,607	8,021	602,626	15,124	456,754	8,668	137,868	8,071	136,744	2,232	12,903
\$1 under \$5,000	3,748,910	15,114,553	2,999,702	12,252,940	1,832,244	1,924,525	473,027	330,062	413,290	300,862	36,652	8,438
\$5,000 under \$10,000	11,302,273	86,226,426	9,008,453	65,635,010	5,564,445	10,949,943	1,160,592	1,306,013	980,365	1,216,770	332,806	60,638
\$10,000 under \$15,000	12,871,560	160,407,271	10,776,196	128,127,960	6,742,058	13,447,769	1,586,937	2,370,928	1,338,715	2,236,112	886,864	203,093
\$15,000 under \$20,000	11,064,250	192,842,811	9,459,503	155,513,690	6,555,051	16,123,845	1,686,257	3,044,928	1,349,028	2,893,473	1,478,632	358,942
\$20,000 under \$25,000	9,139,455	204,746,149	8,126,142	172,182,146	6,254,604	12,652,860	1,759,499	3,548,168	1,402,987	3,384,093	2,054,632	581,318
\$25,000 under \$30,000	7,499,447	206,223,786	6,888,853	182,020,359	5,637,825	10,786,988	1,533,686	2,290,238	1,188,108	2,156,567	2,332,311	767,919
\$30,000 under \$40,000	11,434,253	396,226,364	10,682,873	354,690,161	9,418,938	17,699,763	3,054,656	4,696,705	2,337,649	4,443,356	4,927,738	1,705,404
\$40,000 under \$50,000	7,446,963	331,708,776	6,893,130	295,654,024	6,652,989	15,046,291	2,595,704	5,024,169	1,951,745	4,769,460	3,672,352	1,516,938
\$50,000 under \$75,000	6,414,601	381,037,449	5,895,439	329,233,241	6,001,797	19,582,502	3,025,161	8,119,606	2,398,909	7,776,027	3,220,033	1,778,570
\$75,000 under \$100,000	1,543,446	131,658,272	1,333,322	99,301,170	1,492,502	9,828,468	975,073	5,393,007	851,101	5,258,614	738,477	689,962
\$100,000 under \$200,000	1,113,163	146,680,146	932,286	96,692,130	1,082,581	10,661,069	819,881	6,874,269	743,069	6,757,419	533,808	835,826
\$200,000 under \$500,000	290,429	82,695,622	229,320	44,051,629	285,663	9,875,083	242,569	7,637,663	230,310	7,600,390	131,005	476,722
\$500,000 under \$1,000,000	51,467	53,607,921	35,596	11,393,858	50,966	3,224,205	45,676	2,129,405	21,129,405	2,121,711	29,665	204,960
\$1,000,000 or more	31,808	72,388,730	19,901	12,002,426	31,623	4,454,124	29,696	7,761,753	29,111	7,756,504	12,856	264,466
Non taxable returns, total	19,077,757	41,449,377	14,886,697	71,472,615	7,617,776	13,929,250	1,899,135	2,965,075	1,486,827	2,815,246	840,264	435,536

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Alimony received		Net income		Business or profession		Net loss		Capital gain distributions reported on Form 1040		Sales of capital assets			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Returns with short-term capital gain or loss		Series of capital assets reported on Schedule D	
											Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)		
All returns, total	436,646	3,135,408	9,247,806	110,496,952	3,112,539	20,073,189	2,648,113	1,257,049	2,498,734	12,689,307	2,406,303	21,969,122		
No adjusted gross income	249	1,891	98,792	1,646,103	359,793	7,149,636	19,552	10,015	51,166	803,045	48,725	1,769,177		
\$1 under \$5,000	*23,837	*57,924	860,752	2,090,161	199,386	991,131	236,567	48,272	76,030	186,900	63,618	484,316		
\$5,000 under \$10,000	67,221	225,682	1,201,030	5,782,373	232,058	889,032	218,654	73,103	77,603	92,542	122,272	433,247		
\$10,000 under \$15,000	73,798	358,587	895,231	5,903,309	263,458	1,085,026	289,471	109,520	102,346	193,544	129,505	1,053,727		
\$15,000 under \$20,000	39,895	118,016	976,424	7,865,055	252,436	1,102,352	296,884	135,448	142,160	172,985	156,741	1,267,541		
\$20,000 under \$25,000	63,687	376,194	942,604	8,274,261	216,829	825,366	261,289	84,553	161,563	411,752	161,230	1,590,559		
\$25,000 under \$30,000	55,642	460,095	742,262	6,596,757	268,849	893,546	207,038	76,219	201,938	670,648	191,284	1,963,112		
\$30,000 under \$40,000	71,190	912,214	1,258,581	12,691,628	512,643	1,676,838	385,689	166,903	329,387	567,822	301,840	1,219,933		
\$40,000 under \$50,000	16,535	108,366	802,349	10,743,098	290,850	842,669	325,941	145,249	282,870	694,447	257,836	1,435,399		
\$50,000 under \$75,000	14,995	370,766	860,461	17,866,240	320,501	1,391,226	275,726	200,966	464,409	1,258,014	403,684	3,123,984		
\$75,000 under \$100,000	5,256	49,655	265,515	9,486,520	85,122	685,982	86,836	107,894	210,805	880,416	198,434	1,396,409		
\$100,000 under \$200,000	3,562	59,022	247,485	14,250,345	73,475	948,188	38,390	66,705	248,311	1,253,341	237,741	3,066,279		
\$200,000 under \$500,000	550	26,764	56,255	4,581,297	21,330	561,670	5,576	17,130	108,357	1,392,903	90,941	1,485,034		
\$500,000 under \$1,000,000	170	5,443	15,707	1,314,967	4,668	270,601	417	10,577	24,639	677,031	23,562	612,986		
\$1,000,000 or more	59	4,787	4,358	1,404,839	11,141	749,906	73	4,495	20,150	2,933,916	18,890	1,087,420		
Taxable returns, total	380,979	2,983,536	7,597,465	101,511,608	2,407,895	11,132,302	2,391,147	1,171,035	2,352,571	11,697,370	2,211,669	18,273,255		
No adjusted gross income	**	**	1,525	117,179	4,874	432,275	—	—	4,914	184,833	4,322	171,156		
\$1 under \$5,000	**4,768	**12,395	127,627	436,685	27,799	142,905	91,572	8,194	36,468	56,196	18,848	19,547		
\$5,000 under \$10,000	42,240	162,927	637,709	3,022,846	138,453	283,419	153,551	44,194	57,940	78,925	73,818	155,372		
\$10,000 under \$15,000	63,121	321,662	765,116	4,949,425	214,628	779,914	273,618	105,878	90,583	158,080	111,368	854,484		
\$15,000 under \$20,000	**158,610	**954,298	918,024	7,212,309	232,262	873,472	294,227	135,383	135,433	144,979	143,028	644,051		
\$20,000 under \$25,000	**	**	918,273	7,809,126	215,344	792,408	255,919	83,392	157,988	406,735	157,606	1,587,853		
\$25,000 under \$30,000	**	**	731,324	6,461,933	262,346	835,654	207,038	76,219	194,822	665,562	183,718	1,811,412		
\$30,000 under \$40,000	71,190	912,214	1,235,526	12,166,712	509,072	1,650,101	382,325	164,845	324,879	539,250	297,016	1,147,010		
\$40,000 under \$50,000	16,535	108,366	796,222	10,547,794	290,330	819,550	325,890	145,189	280,676	663,476	254,896	1,422,079		
\$50,000 under \$75,000	14,987	370,535	878,901	17,824,400	318,418	1,360,726	275,726	200,966	462,273	1,231,729	399,530	2,972,437		
\$75,000 under \$100,000	*5,197	*47,565	263,958	9,440,704	84,729	665,634	86,836	107,894	208,832	665,193	197,792	1,381,843		
\$100,000 under \$200,000	**4,102	**83,343	247,063	14,216,662	72,633	936,692	38,387	66,705	245,878	1,743,888	236,611	3,014,166		
\$200,000 under \$500,000	**	**	56,160	4,573,229	21,232	551,221	**5,985	**27,622	105,162	1,372,941	90,744	1,441,857		
\$500,000 under \$1,000,000	170	5,443	15,687	1,310,347	4,647	267,158	**	**	24,598	662,612	23,516	596,079		
\$1,000,000 or more	59	4,787	4,350	1,402,258	11,128	741,173	73	4,495	20,125	2,922,971	18,856	1,053,888		
Non taxable returns, total	55,667	151,872	1,650,341	8,985,344	704,644	8,940,887	256,966	86,014	146,163	991,937	194,634	3,695,867		

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Sales of capital assets—Continued											
	Returns with short-term capital gain or loss—Continued						Returns with long-term capital gain or loss					
	Net short-term gain			Net short-term loss			Total long-term gain			Total long-term loss		
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
All returns, total	1,956,953	8,338,213	1,886,442	17,618,028	11,136,898	335,931,721	3,812,841	33,866,157	10,345,855	321,185,372	1,742,646	19,121,809
No adjusted gross income	35,784	478,142	32,193	1,444,274	267,730	17,023,625	101,397	4,693,691	242,313	15,295,290	56,536	2,965,356
\$1 under \$5,000	74,451	122,611	43,820	420,026	629,200	2,421,782	166,037	516,967	591,062	2,219,063	114,268	314,248
\$5,000 under \$10,000	66,189	84,595	114,543	425,299	715,166	2,828,385	180,069	1,077,864	666,437	2,725,547	108,937	975,027
\$10,000 under \$15,000	87,500	116,865	106,536	977,047	768,071	3,966,981	238,367	1,086,707	706,151	3,735,008	141,959	864,734
\$15,000 under \$20,000	113,789	112,924	126,558	1,207,479	947,929	6,061,112	248,000	2,780,078	896,046	5,310,364	117,252	2,029,330
\$20,000 under \$25,000	119,644	269,900	133,765	1,468,706	819,294	5,679,224	296,764	1,716,980	756,482	5,239,622	135,739	1,277,379
\$25,000 under \$30,000	151,807	231,363	146,896	1,513,828	832,370	6,128,183	267,272	2,370,534	758,131	5,525,737	151,482	1,768,088
\$30,000 under \$40,000	272,905	409,804	237,921	1,061,916	1,435,345	12,839,753	470,888	1,845,928	1,339,530	12,218,794	226,222	1,224,969
\$40,000 under \$50,000	224,116	462,686	208,253	1,203,638	1,245,757	13,053,207	482,460	3,767,938	1,150,112	12,168,510	231,412	2,883,241
\$50,000 under \$75,000	368,541	740,153	312,819	2,606,123	1,753,071	26,898,370	628,434	3,555,220	1,637,458	25,375,867	262,977	2,032,717
\$75,000 under \$100,000	161,073	572,784	153,476	1,078,777	711,239	21,434,721	280,717	1,850,625	660,921	20,430,087	94,198	845,992
\$100,000 under \$200,000	166,211	943,008	185,841	2,255,945	699,087	45,434,600	303,234	3,071,828	651,302	43,430,848	80,595	1,088,076
\$200,000 under \$500,000	66,635	928,996	60,925	1,021,127	234,853	44,720,753	110,346	2,965,249	214,620	42,269,166	18,009	513,661
\$500,000 under \$1,000,000	11,761	454,527	18,482	390,482	47,021	27,326,126	26,552	880,051	45,462	26,600,678	2,205	154,601
\$1,000,000 or more	16,547	2,389,855	6,414	543,359	30,565	100,114,897	12,284	1,688,495	29,828	98,640,791	855	214,389
Taxable returns, total	1,826,504	7,785,049	1,728,428	14,360,934	10,019,377	319,240,181	3,428,012	27,115,292	9,333,702	306,602,628	1,484,247	14,477,739
No adjusted gross income	2,900	137,138	3,291	123,462	15,100	5,871,289	4,933	465,662	14,641	5,484,501	236	78,874
\$1 under \$5,000	38,466	44,822	9,255	8,172	240,669	749,757	32,858	47,596	240,618	745,378	*13,724	*43,217
\$5,000 under \$10,000	53,169	72,764	66,092	149,210	450,523	1,763,020	96,503	206,456	418,962	1,725,273	56,950	168,710
\$10,000 under \$15,000	77,674	90,140	88,841	786,544	702,591	3,527,893	209,987	761,368	654,296	3,348,027	117,339	581,502
\$15,000 under \$20,000	108,885	107,634	114,665	606,707	875,006	5,164,947	236,827	2,673,929	826,171	4,482,781	109,011	1,991,762
\$20,000 under \$25,000	116,906	286,648	132,873	1,467,767	804,941	5,484,515	292,195	1,664,399	743,393	5,091,536	132,652	1,271,421
\$25,000 under \$30,000	150,357	231,064	139,331	1,376,934	802,979	5,702,651	251,933	2,231,550	731,326	5,199,019	143,371	1,727,918
\$30,000 under \$40,000	269,084	399,221	233,369	1,422,462	1,261,656	12,661,656	488,360	1,789,041	1,326,920	12,085,454	225,334	1,212,839
\$40,000 under \$50,000	221,933	434,394	207,247	1,192,897	1,242,438	13,030,884	460,943	3,732,261	1,147,016	12,149,941	230,171	2,851,319
\$50,000 under \$75,000	367,309	727,882	309,887	2,468,590	1,745,539	26,719,552	623,164	3,467,464	1,632,071	25,230,650	260,765	1,978,563
\$75,000 under \$100,000	159,103	559,857	153,214	1,076,506	708,536	21,297,202	279,193	1,733,809	658,686	20,341,656	93,729	778,263
\$100,000 under \$200,000	165,929	939,193	184,733	2,209,491	697,310	45,321,523	302,240	2,979,833	650,041	43,348,172	80,019	1,006,482
\$200,000 under \$500,000	66,519	919,836	60,762	988,753	234,501	44,644,247	110,117	2,898,453	214,338	42,223,862	17,917	478,068
\$500,000 under \$1,000,000	11,735	447,280	18,455	380,747	46,951	27,282,621	26,502	817,086	45,406	26,571,220	2,186	105,684
\$1,000,000 or more	16,535	2,387,155	6,393	518,072	30,531	100,018,425	12,257	1,646,384	29,807	98,575,158	843	203,117
Non-taxable returns, total	110,449	553,164	160,014	3,257,094	1,117,521	16,691,540	384,829	6,752,865	1,012,153	14,582,744	258,399	4,644,070

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Sales of capital assets—Continued										Sales of property other than capital assets						
	Sales of capital assets reported on Schedule D—Continued					Net capital gain					Net capital loss		Net gain		Net loss		
	Net long-term capital gain in excess of net short-term capital loss					Number of returns		Amount		Number of returns		Amount		Number of returns		Amount	
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)			
All returns, total	10,086,629	315,680,883	10,082,065	189,404,818	10,089,270	126,268,375	10,596,337	135,043,243	2,320,472	3,458,614	994,509	5,259,909	747,849	4,455,767			
No adjusted gross income	236,260	14,548,735	236,205	8,729,158	236,204	5,819,403	248,656	6,342,691	—	—	77,895	730,501	89,753	1,985,754			
\$1 under \$5,000	362,767	2,193,971	582,767	1,316,149	582,767	877,375	597,683	965,295	73,224	88,999	48,498	86,938	43,457	390,842			
\$5,000 under \$10,000	647,282	2,676,378	647,282	1,605,588	647,282	1,070,292	670,450	1,153,707	167,113	226,742	72,826	148,189	51,736	187,355			
\$10,000 under \$15,000	707,705	3,645,807	702,937	2,187,219	702,937	1,456,019	726,303	1,543,358	162,401	279,002	84,026	245,991	44,689	105,571			
\$15,000 under \$20,000	861,549	4,975,555	856,782	2,984,959	861,549	1,989,874	905,561	2,119,205	183,332	279,463	96,586	243,173	47,531	180,109			
\$20,000 under \$25,000	744,793	5,103,547	744,793	3,061,857	744,793	2,041,101	793,032	2,325,001	203,153	284,215	51,832	194,497	44,849	134,724			
\$25,000 under \$30,000	733,473	5,384,466	733,473	3,230,427	729,832	2,153,493	767,514	2,393,483	212,512	298,527	75,242	262,661	42,667	97,254			
\$30,000 under \$40,000	1,291,201	12,019,504	1,294,565	7,211,232	1,290,588	4,807,282	1,388,572	5,200,011	345,051	504,359	109,272	412,330	88,589	230,566			
\$40,000 under \$50,000	1,127,110	11,981,796	1,129,638	7,188,679	1,121,697	4,792,302	1,199,472	5,249,995	317,358	422,157	89,463	474,319	79,386	174,370			
\$50,000 under \$75,000	1,592,237	24,371,745	1,591,199	14,622,476	1,591,199	9,748,078	1,688,866	10,428,166	375,142	558,375	122,453	616,653	76,554	235,766			
\$75,000 under \$100,000	646,781	20,056,681	647,394	12,033,763	645,743	8,022,424	677,016	8,544,703	128,080	224,330	50,191	350,811	54,496	159,047			
\$100,000 under \$200,000	631,719	42,507,326	631,037	25,504,203	631,037	17,002,688	655,317	17,945,899	123,040	225,870	69,917	738,363	55,375	241,869			
\$200,000 under \$300,000	209,466	41,675,615	209,471	25,005,290	209,362	16,670,167	222,570	17,940,202	25,961	56,668	30,483	334,187	20,674	159,251			
\$300,000 under \$500,000	44,709	26,343,487	44,710	15,806,071	44,708	10,537,379	45,418	11,030,846	3,021	7,146	13,194	160,158	4,637	71,235			
\$500,000 under \$1,000,000	29,577	98,196,270	29,572	58,917,747	29,572	39,278,498	29,887	41,860,682	1,084	2,759	3,631	259,139	3,456	102,059			
Taxable returns, total	9,107,636	302,172,129	9,103,127	181,299,954	9,090,333	120,865,258	9,567,516	129,110,054	2,146,749	3,208,563	804,056	4,171,615	574,322	1,857,441			
No adjusted gross income	14,639	5,365,390	14,639	3,219,227	14,639	2,146,150	14,935	2,309,958	—	—	6,336	87,986	1,026	42,810			
\$1 under \$5,000	240,567	744,769	240,567	446,785	240,567	297,811	245,335	342,816	13,724	12,731	3,484	13,986	6,638	103,507			
\$5,000 under \$10,000	407,607	1,699,399	407,607	1,019,484	407,607	679,617	430,773	750,395	88,520	125,432	39,974	47,872	22,278	42,550			
\$10,000 under \$15,000	656,109	3,259,467	651,341	1,955,436	651,341	1,303,499	674,706	1,370,579	142,792	232,881	69,495	219,182	34,589	52,746			
\$15,000 under \$20,000	799,677	4,363,007	794,910	2,629,458	799,677	1,752,878	843,076	1,867,281	179,551	277,421	83,098	114,731	44,439	104,025			
\$20,000 under \$25,000	731,704	4,955,491	731,704	2,973,027	731,704	1,981,886	778,730	2,262,471	201,332	282,377	50,139	170,282	42,077	124,949			
\$25,000 under \$30,000	706,679	5,083,216	706,679	3,049,690	703,038	2,033,004	739,884	2,272,952	210,861	296,143	69,109	234,344	42,012	82,649			
\$30,000 under \$40,000	1,279,876	11,905,792	1,283,240	7,143,008	1,279,263	4,761,801	1,375,426	340,770	495,024	104,617	372,350	87,662	197,693	157,693			
\$40,000 under \$50,000	1,124,080	11,963,951	1,126,608	7,177,974	1,118,667	4,785,166	1,194,323	5,216,367	315,541	416,791	89,463	474,319	79,152	157,642			
\$50,000 under \$75,000	1,587,795	24,293,583	1,586,757	14,575,580	1,586,757	9,716,816	1,663,550	10,388,990	373,108	554,806	122,239	611,910	75,529	227,263			
\$75,000 under \$100,000	644,749	19,969,361	645,362	11,981,371	643,711	7,987,497	674,932	8,500,494	127,870	223,700	50,060	348,202	54,365	156,489			
\$100,000 under \$200,000	630,716	42,448,356	630,034	25,468,821	630,034	16,979,101	654,311	17,918,579	122,671	224,628	68,817	728,586	55,240	236,661			
\$200,000 under \$300,000	209,216	41,642,103	209,112	24,985,182	209,112	16,656,762	222,304	17,914,530	25,911	56,542	30,420	231,658	20,614	157,044			
\$300,000 under \$500,000	44,661	26,317,454	44,662	15,790,452	44,660	10,526,966	45,362	11,013,412	3,017	7,134	1,382	158,481	4,621	89,031			
\$500,000 under \$1,000,000	29,561	98,140,789	29,556	58,684,559	29,556	39,256,305	29,867	41,835,633	1,081	2,753	3,623	258,125	3,450	100,362			
Nontaxable returns, total	976,993	13,508,754	978,938	8,104,864	978,937	5,403,117	1,008,821	5,933,189	173,723	250,051	190,453	1,088,294	173,527	2,598,327			

Footnote(s) at end of table.

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Pensions and annuities										
	Total		In adjusted gross income		Fully included in AGI		Partially included in AGI		Not included in AGI		
	Number of returns (51)	Amount (52)	Number of returns (53)	Amount (54)	Number of returns (55)	Amount (56)	Number of returns (57)	Amount received (58)	Amount included in AGI (59)	Number of returns (60)	Amount (61)
All returns, total	15,856,719	141,575,750	14,771,235	107,696,794	13,552,475	98,978,963	3,385,373	42,596,787	8,717,832	3,385,373	33,878,955
No adjusted gross income	87,738	769,242	77,453	608,539	73,773	565,730	15,033	203,512	42,809	15,033	160,703
\$1 under \$5,000	864,750	2,894,643	794,455	1,820,804	725,424	1,698,569	163,164	1,196,074	122,234	163,164	1,073,839
\$5,000 under \$10,000	2,298,164	9,954,448	2,249,610	8,771,872	2,099,345	8,219,382	303,037	1,735,066	552,490	303,037	1,182,576
\$10,000 under \$15,000	2,329,513	15,701,830	2,267,268	14,031,056	2,153,206	13,291,245	308,298	2,410,365	739,811	308,298	1,670,775
\$15,000 under \$20,000	1,886,129	15,583,665	1,818,706	12,909,182	1,728,338	12,431,118	269,375	3,152,548	478,064	269,375	2,674,484
\$20,000 under \$25,000	1,551,838	13,481,442	1,463,432	11,975,023	1,367,330	11,337,869	290,862	2,143,574	637,154	290,862	1,506,419
\$25,000 under \$30,000	1,183,955	10,587,556	1,096,891	8,807,579	1,014,833	8,168,489	255,142	2,419,067	639,090	255,142	1,779,977
\$30,000 under \$40,000	1,931,890	17,680,745	1,763,495	13,982,513	1,570,762	12,544,195	525,615	5,136,550	1,438,317	525,615	3,698,233
\$40,000 under \$50,000	1,524,329	18,152,476	1,351,020	12,567,010	1,168,112	11,089,554	495,708	7,062,922	1,497,456	495,708	5,665,466
\$50,000 under \$75,000	1,478,568	18,800,753	1,287,323	13,314,063	1,132,937	11,836,752	484,757	6,964,001	1,477,311	484,757	5,486,690
\$75,000 under \$100,000	374,063	7,160,430	321,708	4,140,057	276,811	3,533,242	140,521	3,627,188	606,815	140,521	3,020,373
\$100,000 under \$200,000	275,558	6,969,392	225,457	3,451,231	193,625	3,102,824	105,675	3,866,568	348,408	105,675	3,518,160
\$200,000 under \$500,000	56,140	2,772,797	43,764	866,003	38,668	792,321	22,476	1,960,476	93,682	22,476	1,866,794
\$500,000 under \$1,000,000	9,152	511,709	6,904	189,253	6,065	162,601	3,691	349,108	26,653	3,691	322,456
\$1,000,000 or more	4,932	554,622	3,749	222,611	3,246	205,072	2,019	349,550	17,539	2,019	332,010
Taxable returns, total	14,013,132	132,754,325	13,057,956	101,169,714	11,979,028	93,033,934	3,031,269	39,720,391	8,135,780	3,031,269	31,584,611
No adjusted gross income	2,177	51,784	2,139	35,946	1,282	34,535	955	17,249	1,411	955	15,838
\$1 under \$5,000	107,502	329,328	107,502	315,982	93,199	285,636	14,303	43,692	30,356	14,303	13,336
\$5,000 under \$10,000	1,508,740	6,195,082	1,488,525	5,756,877	1,408,268	5,523,433	162,450	671,650	233,444	162,450	438,205
\$10,000 under \$15,000	2,181,404	14,753,105	2,128,434	13,177,623	2,022,708	12,501,775	281,152	2,251,330	675,848	281,152	1,575,482
\$15,000 under \$20,000	1,859,011	15,260,875	1,799,513	12,782,039	1,709,145	12,303,975	261,450	2,956,900	478,064	261,450	2,478,836
\$20,000 under \$25,000	1,542,543	13,319,891	1,455,957	11,819,396	1,361,068	11,223,413	287,829	2,096,478	595,963	287,829	1,500,486
\$25,000 under \$30,000	1,177,023	10,533,892	1,091,035	8,765,965	1,008,977	8,126,997	250,702	2,406,895	638,968	250,702	1,767,927
\$30,000 under \$40,000	1,918,881	17,480,427	1,750,726	13,795,021	1,557,993	12,360,811	521,399	5,119,616	1,434,210	521,399	3,685,406
\$40,000 under \$50,000	1,520,214	18,115,293	1,347,106	12,554,058	1,166,853	11,062,595	492,852	7,052,698	1,491,463	492,852	5,561,235
\$50,000 under \$75,000	1,476,841	18,793,406	1,286,470	13,309,725	1,132,084	11,832,414	**624,403	**10,588,169	**2,084,124	**624,403	**8,504,046
\$75,000 under \$100,000	373,447	7,152,298	321,092	4,131,932	276,196	3,525,120	**	**	**	**	**
\$100,000 under \$200,000	275,229	6,938,138	225,128	3,433,560	193,355	3,099,277	105,616	3,838,862	334,283	105,616	3,504,578
\$200,000 under \$500,000	56,061	2,765,995	43,698	880,383	38,609	786,933	22,453	1,979,062	93,450	22,453	1,885,612
\$500,000 under \$1,000,000	9,139	510,739	6,894	189,135	6,056	162,485	**5,705	**697,790	**44,176	**5,705	**653,614
\$1,000,000 or more	4,920	554,073	3,737	222,062	3,235	204,536	**	**	**	**	**
Non taxable returns, total	1,843,587	8,821,425	1,713,279	6,527,080	1,573,447	5,945,029	354,104	2,876,396	582,051	354,104	2,294,345

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Rent			Royalty			Farm rental					
	Net income		Net loss	Net income		Net loss	Net income		Net loss			
	Number of returns (62)	Amount (63)	Number of returns (64)	Amount (65)	Number of returns (66)	Amount (67)	Number of returns (68)	Amount (69)	Number of returns (70)	Amount (71)	Number of returns (72)	Amount (73)
All returns, total	3,418,181	17,683,393	5,385,314	37,886,929	876,083	5,166,087	64,862	254,634	499,851	2,322,400	136,204	385,110
No adjusted gross income	79,032	564,687	186,506	4,752,643	19,759	193,659	839	34,190	9,052	83,806	2,265	36,404
\$1 under \$5,000	222,478	290,025	171,351	648,472	31,686	11,388	*14,303	*49,232	*33,375	*93,333	*50	*1,535
\$5,000 under \$10,000	456,601	1,016,620	297,828	1,521,826	113,575	210,921	*55	*1,886	85,452	213,349	*22,026	*24,447
\$10,000 under \$15,000	353,581	999,569	360,674	1,373,717	88,342	191,590	*5,844	*11,166	85,600	230,867	40,426	59,030
\$15,000 under \$20,000	337,935	1,111,984	420,644	1,662,156	94,228	186,854	*8	*90	58,357	206,326	*14,607	*71,941
\$20,000 under \$25,000	298,546	962,078	473,967	2,596,047	90,467	168,304	*3,641	*6,553	44,762	261,367	*2,956	*5,045
\$25,000 under \$30,000	250,444	727,907	536,337	2,535,200	62,998	147,253	*4,590	*551	38,138	282,903	*1,820	*186
\$30,000 under \$40,000	404,228	1,022,512	760,156	3,786,537	91,124	260,977	*9,375	*21,202	68,055	332,383	*13,921	*26,043
\$40,000 under \$50,000	259,928	1,268,466	664,103	3,660,696	62,900	136,815	*2,064	*20,469	*15,792	*48,945	16,767	46,399
\$50,000 under \$75,000	400,717	2,435,353	809,835	5,354,348	107,462	434,769	8,523	31,123	35,781	188,668	12,149	38,397
\$75,000 under \$100,000	143,799	1,943,248	303,587	2,840,897	46,603	255,301	6,919	19,877	14,359	126,291	5,302	28,649
\$100,000 under \$200,000	137,056	2,248,727	288,021	3,660,680	36,852	437,016	6,098	21,229	9,349	132,568	2,568	20,283
\$200,000 under \$500,000	50,797	1,602,301	83,782	1,807,925	16,721	479,989	1,764	21,680	3,342	114,566	981	13,422
\$500,000 under \$1,000,000	17,482	943,487	13,273	468,629	11,507	1,783,302	477	7,812	310	4,769	233	9,332
\$1,000,000 or more	5,556	546,421	15,250	1,217,157	2,259	267,947	362	7,552	127	1,958	133	3,998
Taxable returns, total	2,856,060	15,950,914	4,810,012	30,622,332	749,945	4,748,362	48,986	190,469	408,408	2,027,294	116,574	333,947
No adjusted gross income	3,446	57,495	5,115	356,299	3,176	16,150	201	15,872	*464	*7,077	*12	*131
\$1 under \$5,000	31,232	53,870	13,550	64,677	*4,835	*1,083	*4,768	*12,626	*4,768	*3,282	—	—
\$5,000 under \$10,000	263,539	501,729	180,555	784,163	59,942	153,084	—	—	*45,025	*115,364	*9,535	*15,179
\$10,000 under \$15,000	296,439	780,751	317,142	1,018,571	77,549	110,012	*4,476	*11,111	71,830	201,819	*53,220	*133,852
\$15,000 under \$20,000	319,352	1,075,055	392,960	1,370,372	91,214	163,341	—	—	58,357	206,326	—	—
\$20,000 under \$25,000	293,265	929,666	456,234	2,322,815	87,822	142,714	—	—	44,762	261,367	—	—
\$25,000 under \$30,000	246,729	698,451	523,233	2,276,877	55,783	124,332	*15,415	*42,212	38,138	282,903	*1,820	*186
\$30,000 under \$40,000	394,414	955,547	750,735	3,650,553	86,964	255,104	—	—	66,055	332,383	*13,863	*25,985
\$40,000 under \$50,000	257,004	1,229,629	662,010	3,588,039	62,448	136,713	—	—	*78,572	*610,076	16,767	46,399
\$50,000 under \$75,000	397,722	2,418,967	807,036	5,287,745	106,624	434,193	8,523	31,123	—	—	12,149	38,397
\$75,000 under \$100,000	142,902	1,937,045	302,674	2,811,599	46,491	249,482	6,911	19,792	—	—	5,302	28,649
\$100,000 under \$200,000	136,315	2,235,857	286,718	3,615,784	36,792	437,009	6,098	21,229	—	—	*3,540	*31,839
\$200,000 under \$500,000	50,705	1,598,198	83,575	1,793,864	16,666	476,912	*2,594	*36,503	—	—	253	9,332
\$500,000 under \$1,000,000	17,454	938,323	11,489	466,422	11,489	1,780,432	—	—	310	4,769	233	9,332
\$1,000,000 or more	5,542	540,330	15,233	1,214,550	2,250	267,803	—	—	127	1,958	133	3,998
Non-taxable returns, total	562,121	1,732,479	575,302	7,264,598	126,138	417,725	15,876	64,164	91,443	295,106	19,630	51,163

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Partnership			Small Business Corporation			Partnership and S Corporation					
	Total income		Total loss	Total income		Total loss	Net income		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
All returns, total	2,934,133	48,156,994	3,447,092	61,152,669	608,645	20,928,698	573,293	13,177,579	2,526,289	52,403,581	3,291,166	58,264,081
No adjusted gross income	75,914	2,649,096	177,324	17,599,109	15,021	918,520	68,841	5,152,256	32,222	627,563	209,525	19,839,269
\$1 under \$5,000	161,669	429,627	922,162	16,498	922,162	16,498	49,752	330,470	148,845	362,316	124,118	1,153,271
\$5,000 under \$10,000	130,069	744,074	89,474	597,284	58,901	260,244	44,859	541,474	169,671	794,544	120,094	943,187
\$10,000 under \$15,000	148,969	724,551	124,412	912,605	9,618	39,838	26,069	327,101	122,710	647,356	140,097	1,139,372
\$15,000 under \$20,000	149,627	1,107,793	197,313	962,639	29,257	101,176	35,744	340,597	149,598	1,023,339	222,525	1,178,334
\$20,000 under \$25,000	195,042	1,422,936	176,653	1,068,856	38,213	392,533	28,237	342,650	192,293	1,575,840	185,703	1,208,123
\$25,000 under \$30,000	184,892	1,210,677	207,012	1,184,435	29,563	220,219	23,741	278,991	167,871	1,239,254	204,271	1,300,350
\$30,000 under \$40,000	279,182	2,229,127	391,789	2,113,479	88,601	897,189	54,681	358,761	285,942	2,737,349	384,746	2,150,290
\$40,000 under \$50,000	322,884	2,399,700	374,399	2,439,718	52,739	763,418	480,677	480,677	295,838	2,725,393	357,507	2,528,038
\$50,000 under \$75,000	470,195	5,625,033	628,023	4,632,158	86,599	1,472,791	69,350	702,350	383,011	5,762,947	561,622	4,095,661
\$75,000 under \$100,000	270,683	4,683,713	320,341	4,337,504	57,981	1,290,905	45,752	554,047	203,252	4,890,823	282,078	3,861,015
\$100,000 under \$200,000	353,312	9,597,780	412,204	8,315,237	65,654	2,393,765	52,466	1,110,103	258,165	9,636,525	334,419	7,147,042
\$200,000 under \$500,000	136,927	6,974,367	167,446	7,200,821	34,457	2,797,084	27,141	933,137	82,017	7,231,998	127,003	5,628,903
\$500,000 under \$1,000,000	32,028	3,247,203	35,644	2,941,302	17,763	2,201,491	8,026	546,073	24,642	4,029,437	18,743	2,100,816
\$1,000,000 or more	22,740	5,111,315	25,002	5,925,360	7,780	7,129,772	6,444	1,178,892	10,212	9,118,897	18,715	3,989,409
Taxable returns, total	2,616,568	43,700,898	3,043,969	43,060,399	532,324	19,705,617	432,320	7,093,749	2,251,335	49,995,168	2,839,732	37,281,438
No adjusted gross income	6,418	398,741	8,258	2,719,726	2,023	169,276	4,961	645,887	893	76,656	10,864	2,876,200
\$1 under \$5,000	44,992	47,837	13,435	104,081	772	3,627	6,705	53,362	38,347	44,848	16,650	151,346
\$5,000 under \$10,000	88,763	411,653	53,225	271,424	36,340	169,924	*19,081	*78,684	120,033	519,044	64,559	291,476
\$10,000 under \$15,000	119,428	552,812	96,252	599,735	*7,787	*18,411	11,095	79,513	94,065	515,557	106,620	627,970
\$15,000 under \$20,000	127,189	708,250	173,187	590,040	27,103	59,760	29,910	255,691	128,075	706,778	204,471	839,259
\$20,000 under \$25,000	182,078	1,136,635	166,639	857,849	32,215	342,591	25,506	254,139	181,096	1,292,280	175,139	960,040
\$25,000 under \$30,000	179,124	1,075,316	196,037	910,032	22,823	131,494	19,684	158,605	159,986	1,075,176	194,037	964,905
\$30,000 under \$40,000	268,888	2,006,467	383,027	1,813,093	84,910	885,616	53,853	299,298	277,020	2,564,750	376,089	1,851,665
\$40,000 under \$50,000	318,940	2,352,029	370,944	2,296,871	51,624	753,740	54,905	447,268	269,076	2,699,076	353,216	2,382,699
\$50,000 under \$75,000	467,103	5,493,655	624,718	4,453,722	84,278	1,405,668	67,640	609,299	380,817	5,659,155	559,290	3,916,768
\$75,000 under \$100,000	269,411	4,672,664	319,147	4,263,331	57,660	1,281,356	45,255	509,094	202,614	4,883,780	280,909	3,755,441
\$100,000 under \$200,000	352,871	9,587,360	411,509	8,214,888	65,289	2,372,998	52,295	1,087,613	257,885	9,625,112	333,725	7,044,025
\$200,000 under \$500,000	136,680	6,944,199	167,143	7,143,389	34,382	2,783,718	27,017	909,308	81,889	7,216,842	126,765	5,575,902
\$500,000 under \$1,000,000	31,981	3,230,181	35,583	2,915,940	17,746	2,199,592	7,985	533,873	24,824	4,020,017	18,687	2,072,738
\$1,000,000 or more	22,702	5,083,060	24,965	5,906,280	7,772	7,127,747	6,428	1,172,095	10,193	9,096,118	18,691	3,971,004
Non-taxable returns, total	317,565	4,456,095	403,123	18,092,270	76,321	1,223,081	140,973	6,083,830	274,954	2,408,393	451,434	20,981,642

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Estate or Trust												Farm					
	Total income			Total less			Net income			Net loss			Net income			Net loss		
	Number of returns (86)	Amount (87)	Number of returns (88)	Amount (88)	Number of returns (89)	Amount (89)	Number of returns (90)	Amount (91)	Number of returns (92)	Amount (93)	Number of returns (94)	Amount (95)	Number of returns (96)	Amount (97)				
All returns, total	1,123,775	7,879,262	123,417	872,622	1,109,895	7,693,773	82,993	687,132	819,679	8,786,579	1,704,652	16,070,810						
No adjusted gross income	15,892	282,040	5,398	248,033	12,269	213,219	4,726	179,212	44,982	573,965	227,006	5,122,771						
\$1 under \$5,000	130,565	319,489	4,883	15,700	130,451	318,603	4,983	15,114	95,989	479,930	140,191	946,529						
\$5,000 under \$10,000	73,952	273,157	2,656	40,139	72,132	270,127	2,656	37,109	90,991	483,033	205,091	1,209,509						
\$10,000 under \$15,000	102,495	445,067	2,342	10,236	102,495	444,422	2,285	9,590	75,422	324,409	140,844	928,772						
\$15,000 under \$20,000	80,501	402,438	3	27	80,501	402,438	3	27	116,998	907,461	182,178	1,135,010						
\$20,000 under \$25,000	61,894	233,129	8,747	64,525	61,894	233,129	8,747	64,525	63,987	453,404	161,978	801,571						
\$25,000 under \$30,000	87,788	480,350	11,219	8,317	87,788	479,733	9,399	7,700	86,689	1,089,923	139,145	962,646						
\$30,000 under \$40,000	103,641	504,747	14,021	45,212	103,641	503,520	10,658	43,984	110,794	1,442,806	191,149	1,257,659						
\$40,000 under \$50,000	92,311	548,520	9,519	38,552	90,639	529,641	7,789	19,672	46,524	758,018	114,461	591,354						
\$50,000 under \$75,000	143,776	853,791	16,087	39,286	141,434	843,146	12,080	28,641	52,368	1,048,410	105,201	811,243						
\$75,000 under \$100,000	80,362	619,192	13,726	36,641	80,070	611,327	4,768	28,776	17,369	428,077	39,846	417,742						
\$100,000 under \$200,000	91,120	1,157,514	19,155	111,463	87,823	1,124,141	9,317	78,091	12,208	436,096	31,819	675,024						
\$200,000 under \$500,000	41,663	679,016	13,539	113,516	41,264	654,475	4,095	88,976	4,278	261,772	13,004	597,589						
\$500,000 under \$1,000,000	13,928	388,168	1,234	47,228	13,729	378,698	923	33,257	700	44,743	10,861	292,458						
\$1,000,000 or more	3,887	692,644	888	58,246	3,765	686,856	664	52,458	360	55,130	1,878	320,935						
Taxable returns, total	1,010,999	7,103,410	109,755	597,337	1,002,566	6,988,680	70,209	482,607	569,257	6,528,826	1,171,485	8,892,033						
No adjusted gross income	1,452	27,849	332	21,804	1,396	25,591	240	19,546	473	6,153	3,266	301,796						
\$1 under \$5,000	95,415	183,715	58	397	95,358	183,590	58	272	6,885	32,249	7,166	105,194						
\$5,000 under \$10,000	42,909	160,545	836	36,292	42,909	160,545	836	36,292	48,194	132,266	84,744	454,237						
\$10,000 under \$15,000	85,404	323,329	10,197	66,803	85,404	323,329	10,197	66,803	44,653	100,793	108,746	646,088						
\$15,000 under \$20,000	74,637	389,023	7,637	39,023	74,637	389,023	7,637	39,023	98,584	672,772	177,860	971,483						
\$20,000 under \$25,000	61,891	233,043	61,891	30,515	61,891	233,043	61,891	30,515	57,101	426,398	156,505	661,634						
\$25,000 under \$30,000	81,056	381,709	11,211	7,867	81,056	381,056	9,391	7,250	81,338	901,897	127,248	892,120						
\$30,000 under \$40,000	103,439	501,818	13,560	33,244	103,439	500,591	10,197	32,017	105,645	1,276,137	189,799	1,213,544						
\$40,000 under \$50,000	92,109	528,903	9,468	38,420	90,437	510,024	7,738	19,541	40,302	707,795	114,193	589,960						
\$50,000 under \$75,000	142,664	852,496	16,087	39,286	140,322	841,851	12,080	28,641	51,155	1,046,712	105,025	790,583						
\$75,000 under \$100,000	79,739	613,795	13,456	30,515	79,447	605,930	4,998	22,650	17,369	436,077	39,671	408,404						
\$100,000 under \$200,000	90,877	1,156,533	18,907	111,197	87,580	1,123,225	9,309	77,869	12,208	436,077	31,586	656,903						
\$200,000 under \$500,000	41,616	676,740	13,531	113,005	41,212	652,201	6,067	86,466	5,350	361,480	12,956	582,222						
\$500,000 under \$1,000,000	13,916	366,652	1,228	47,738	13,718	377,194	918	31,281	10,849	289,332	10,849	289,332						
\$1,000,000 or more	3,881	687,259	884	57,769	3,760	681,450	660	51,980	1,871	318,534	1,871	318,534						
Non-taxable returns, total	112,776	775,852	13,662	275,285	107,329	705,093	12,784	204,526	250,422	2,257,753	533,167	7,178,777						

Footnote(s) at end of table.

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Unemployment compensation			Social Security benefits			Other income					
	Total		In adjusted gross income	Total		Benefits in AGI	Net income		Net loss			
	Number of returns (98)	Amount (99)	Number of returns (100)	Amount (101)	Number of returns (102)	Amount (103)	Number of returns (104)	Amount (105)	Number of returns (106)	Amount (107)	Number of returns (108)	Amount (109)
All returns, total	8,242,788	14,135,053	5,106,015	6,975,196	9,167,288	70,864,596	3,174,904	10,648,112	5,194,946	12,987,297	722,311	35,548,038
No adjusted gross income	48,582	103,342	—	—	123,369	820,011	**286	**1,507	48,856	346,526	268,483	27,155,945
\$1 under \$5,000	866,626	1,914,092	—	—	837,519	5,414,293	**	**	342,310	459,829	91,427	1,625,383
\$5,000 under \$10,000	1,378,148	2,512,947	73,178	48,336	1,881,428	13,278,566	9,535	*14,275	577,771	954,592	67,213	1,594,014
\$10,000 under \$15,000	1,221,428	2,068,621	464,709	366,550	1,418,253	10,753,480	*5,015	*10,132	431,635	477,761	29,502	382,921
\$15,000 under \$20,000	997,526	1,657,379	841,014	920,567	1,014,827	7,872,157	*17,316	*42,407	529,359	895,871	39,362	315,655
\$20,000 under \$25,000	923,929	1,551,250	920,565	1,339,572	703,824	5,601,538	140,273	138,411	569,756	968,468	20,849	398,745
\$25,000 under \$30,000	763,733	1,215,515	763,733	1,195,899	587,695	4,970,382	422,000	314,076	314,076	407,397	34,579	602,448
\$30,000 under \$40,000	1,089,731	1,694,684	1,089,731	1,677,058	956,373	7,283,706	934,978	2,494,534	899,625	1,054,167	31,579	402,879
\$40,000 under \$50,000	575,586	866,862	575,586	866,858	666,195	5,186,684	648,540	2,471,880	596,525	1,423,542	39,589	454,212
\$50,000 under \$75,000	329,825	474,421	329,825	474,418	578,379	5,083,310	577,544	2,537,058	619,513	1,706,924	45,649	738,537
\$75,000 under \$100,000	33,051	52,817	33,051	52,816	191,748	1,949,254	191,748	974,717	212,542	1,153,556	22,655	458,042
\$100,000 under \$200,000	12,387	27,418	12,387	27,418	166,794	1,921,771	166,794	962,910	173,570	1,335,649	19,721	363,904
\$200,000 under \$500,000	2,042	5,300	2,042	5,300	48,178	569,011	48,178	284,689	54,826	913,981	9,048	594,781
\$500,000 under \$1,000,000	138	290	138	290	8,022	97,583	8,022	48,780	10,225	354,754	1,424	140,378
\$1,000,000 or more	56	116	56	116	4,677	62,848	4,677	31,430	14,357	534,278	1,231	320,193
Taxable returns, total	6,772,211	11,002,301	5,072,251	6,942,134	7,496,480	58,897,128	3,143,845	10,553,791	4,563,125	11,660,619	302,533	6,295,682
No adjusted gross income	*6	*24	—	—	2,491	23,207	*251	*1,279	1,734	39,031	6,064	1,238,868
\$1 under \$5,000	177,546	385,396	—	—	80,420	419,706	—	—	88,416	147,930	7,627	152,273
\$5,000 under \$10,000	734,496	1,181,738	60,167	33,885	1,224,978	8,165,920	—	—	360,481	610,586	*17,902	*288,209
\$10,000 under \$15,000	1,152,085	1,923,449	449,572	356,884	1,324,064	10,006,920	*4,768	*9,312	372,409	424,895	20,106	143,170
\$15,000 under \$20,000	983,216	1,641,969	841,014	920,567	993,821	7,737,434	*17,259	*42,129	506,689	849,958	32,340	240,367
\$20,000 under \$25,000	920,974	1,550,118	917,610	1,338,440	703,209	5,591,532	139,659	138,373	557,009	959,401	18,915	383,305
\$25,000 under \$30,000	761,913	1,212,559	761,913	1,192,943	559,967	4,916,852	414,272	613,589	304,422	332,454	32,508	542,983
\$30,000 under \$40,000	1,089,731	1,684,684	1,089,731	1,677,058	948,180	7,226,486	926,785	2,468,341	695,337	1,023,676	30,500	333,920
\$40,000 under \$50,000	574,750	862,011	574,750	862,011	666,144	5,185,558	648,489	2,471,317	374,995	1,394,444	37,495	410,099
\$50,000 under \$75,000	329,825	474,421	329,825	474,418	575,602	5,050,445	574,767	2,520,625	617,280	1,674,195	45,543	731,929
\$75,000 under \$100,000	33,051	52,817	33,051	52,816	191,033	1,932,710	191,033	966,445	211,686	1,101,886	22,343	447,502
\$100,000 under \$200,000	12,387	27,418	12,387	27,418	165,754	1,911,654	165,754	957,852	173,127	1,315,914	19,625	352,429
\$200,000 under \$500,000	**2,175	**5,578	**2,175	**5,578	48,126	568,412	48,126	284,389	54,716	904,266	8,931	579,561
\$500,000 under \$1,000,000	**	**	**	**	8,015	97,538	8,015	48,757	10,204	351,135	1,407	131,640
\$1,000,000 or more	56	116	56	116	4,676	62,755	4,669	31,383	14,343	530,851	1,227	319,428
Nontaxable returns, total	1,470,577	3,132,752	33,764	33,063	1,670,808	11,967,467	31,059	94,321	631,821	1,326,678	419,778	29,252,356

Footnotes) at end of table.

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Statutory adjustments												Forfeited interest penalty Amount (121)
	Total		Moving expense		Employee business expense		Payments to an IRA		Payments to a Keogh plan		Forfeited interest penalty		
	Number of returns (110)	Amount (111)	Number of returns (112)	Amount (113)	Number of returns (114)	Amount (115)	Number of returns (116)	Amount (117)	Number of returns (118)	Amount (119)	Number of returns (120)	Amount (121)	
All returns, total	38,034,061	99,008,229	1,790,938	4,620,721	7,168,462	19,621,831	15,535,531	37,758,393	773,296	6,194,617	823,238	137,953	
No adjusted gross income	113,354	423,687	17,729	32,938	17,677	161,029	37,039	60,234	3,755	32,343	6,433	2,593	
\$1 under \$5,000	491,431	712,725	77,160	77,160	100,548	276,013	243,698	243,698	*816	*3,376	59,506	7,051	
\$5,000 under \$10,000	1,539,403	1,883,748	173,169	208,006	297,468	707,487	435,137	704,257	*5,704	*20,092	97,312	14,352	
\$10,000 under \$15,000	2,627,734	3,459,905	204,283	318,782	487,992	1,160,296	738,610	1,382,190	30,166	84,376	72,619	8,370	
\$15,000 under \$20,000	3,336,967	4,712,652	203,448	287,800	657,233	1,495,115	1,030,570	1,894,216	25,181	34,901	74,490	6,902	
\$20,000 under \$25,000	4,037,754	6,883,311	263,838	459,862	772,320	1,930,662	1,288,043	2,495,415	43,024	99,889	90,696	8,871	
\$25,000 under \$30,000	4,297,779	7,544,903	217,493	420,671	783,874	1,730,800	1,423,249	2,878,093	39,379	103,809	78,154	17,814	
\$30,000 under \$40,000	7,699,549	16,544,239	187,651	509,045	1,345,953	3,154,185	2,856,177	6,417,511	106,262	355,382	136,172	17,546	
\$40,000 under \$50,000	5,922,366	15,984,277	169,357	496,380	1,020,862	2,542,430	2,486,702	6,273,939	79,321	295,847	85,364	17,269	
\$50,000 under \$75,000	5,484,120	22,365,283	189,558	1,025,949	1,118,303	3,423,880	3,101,528	9,107,840	170,062	972,303	88,554	18,987	
\$75,000 under \$100,000	1,290,038	7,823,656	64,417	375,659	295,160	1,429,274	971,558	3,083,499	104,698	927,378	18,889	10,181	
\$100,000 under \$200,000	919,276	7,790,819	40,520	327,965	221,530	1,170,721	763,684	2,507,101	126,588	2,316,362	12,217	3,672	
\$200,000 under \$500,000	217,410	2,139,255	7,489	73,252	42,137	333,095	190,442	582,889	30,905	691,360	2,218	2,275	
\$500,000 under \$1,000,000	40,173	432,050	463	3,016	5,264	57,226	36,151	116,376	4,791	152,317	413	1,415	
\$1,000,000 or more	16,667	287,719	221	4,224	2,141	49,599	14,032	41,174	2,704	104,884	201	655	
Taxable returns, total	36,400,864	96,534,967	1,666,701	4,419,270	6,955,902	18,698,674	15,182,319	37,072,986	753,411	6,096,599	719,162	128,264	
No adjusted gross income	4,514	37,855	*121	*580	465	8,591	2,936	7,773	806	8,237	516	223	
\$1 under \$5,000	96,406	223,170	*17,836	*44,074	53,587	111,985	29,805	48,168	*203	*535	*9,535	*1,740	
\$5,000 under \$10,000	857,717	1,326,150	113,970	92,345	225,516	559,340	331,583	537,341	*3,010	*5,218	62,491	12,255	
\$10,000 under \$15,000	2,381,183	3,010,139	197,853	311,406	443,538	910,797	692,033	1,252,226	22,885	64,795	61,932	7,109	
\$15,000 under \$20,000	3,243,114	4,551,975	198,622	286,817	643,269	1,441,587	1,004,801	1,834,362	22,745	32,545	74,490	6,902	
\$20,000 under \$25,000	4,000,066	6,694,013	263,838	459,862	761,918	1,821,026	1,277,437	2,464,883	**81,186	**197,290	90,696	8,871	
\$25,000 under \$30,000	4,266,407	7,483,015	215,673	415,821	779,922	1,717,697	1,410,213	2,854,788	**	**	76,334	17,226	
\$30,000 under \$40,000	7,679,819	16,466,945	187,651	509,045	1,345,422	3,143,029	2,847,034	6,386,013	104,591	337,518	136,172	17,546	
\$40,000 under \$50,000	5,912,574	15,932,051	168,521	489,742	1,018,894	2,539,878	2,462,877	6,260,180	78,698	291,239	85,364	17,269	
\$50,000 under \$75,000	5,477,493	22,333,888	189,558	1,025,949	1,117,868	3,416,455	3,098,412	9,097,950	169,741	968,635	87,718	18,965	
\$75,000 under \$100,000	1,288,836	7,810,167	64,417	375,659	294,497	1,419,079	971,430	3,083,013	104,629	926,190	18,889	10,181	
\$100,000 under \$200,000	918,780	7,788,780	40,520	327,965	221,527	1,170,715	793,291	2,506,304	126,533	2,316,203	12,209	3,671	
\$200,000 under \$500,000	217,149	2,136,043	**7,900	**75,782	42,085	332,178	190,300	582,540	30,892	691,055	2,209	2,247	
\$500,000 under \$1,000,000	40,139	451,683	**	**	5,260	57,165	36,132	116,294	4,788	152,255	409	1,408	
\$1,000,000 or more	16,667	287,094	221	4,224	2,134	49,149	14,025	41,153	2,704	104,884	199	652	
Nontaxable returns, total	1,633,197	2,473,262	124,237	201,451	212,560	923,158	353,212	685,407	19,885	88,018	104,076	11,689	

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Statutory adjustments—Continued										Excess itemized deductions			Unused zero bracket amount
	Alimony paid		Deduction for working married couple		Foreign housing deduction		Other adjustments		Number of returns	Amount	Number of returns	Amount		
	Number of returns (122)	Amount (123)	Number of returns (124)	Amount (125)	Number of returns (126)	Amount (127)	Number of returns (128)	Amount (129)						
All returns, total	593,144	3,893,788	25,647,221	26,672,241	*841	*243	45,721	108,441	40,169,452	313,333,998	813,754	1,645,256		
No adjusted gross income	5,785	85,786	42,571	27,470	—	—	*75	*21,295	—	—	—	—		
\$1 under \$5,000	*16,185	*75,362	186,305	30,064	—	—	—	—	384,197	1,881,213	624,081	1,349,958		
\$5,000 under \$10,000	*23,272	*72,786	740,586	156,770	—	—	—	—	1,553,876	5,047,094	115,566	167,007		
\$10,000 under \$15,000	22,703	68,543	1,448,421	463,351	—	—	*1,820	*4,028	2,395,277	8,096,933	53,783	92,723		
\$15,000 under \$20,000	27,006	98,982	1,929,272	891,369	—	—	*4,768	*3,366	3,213,173	10,577,306	*12,490	*24,616		
\$20,000 under \$25,000	85,644	270,897	2,560,110	1,615,550	—	—	*4,767	*2,145	4,005,784	14,631,254	—	—		
\$25,000 under \$30,000	30,231	147,717	2,189,422	2,244,281	—	—	*3,566	*1,716	4,434,476	18,932,890	—	—		
\$30,000 under \$40,000	105,423	514,003	5,561,952	5,532,041	—	—	*8,990	*24,525	8,642,538	46,683,371	—	—		
\$40,000 under \$50,000	58,469	281,483	4,642,393	6,067,071	—	—	*13,618	*9,856	6,528,999	46,991,181	—	—		
\$50,000 under \$75,000	95,118	673,184	4,194,473	7,122,982	*835	*175	6,662	19,984	6,055,579	64,283,135	—	—		
\$75,000 under \$100,000	49,629	506,731	828,285	1,488,257	—	—	*203	*2,679	1,496,996	26,345,892	—	—		
\$100,000 under \$200,000	49,375	621,799	497,137	827,594	*33	*25	*935	*15,600	1,092,137	30,402,930	*924	*1,657		
\$200,000 under \$500,000	19,957	315,433	94,437	139,227	**	**	266	1,705	283,704	17,690,439	*158	*272		
\$500,000 under \$1,000,000	2,635	84,204	21,243	36,066	*33	*44	32	1,400	50,992	6,238,615	*17	*22		
\$1,000,000 or more	1,712	76,878	6,614	10,146	**	**	19	142	31,724	15,531,745	*7	*9		
Taxable returns, total	570,438	3,687,483	24,578,647	26,346,539	*841	*243	45,392	86,909	38,148,382	295,805,944	788,576	1,597,093		
No adjusted gross income	305	10,475	1,543	1,977	—	—	—	—	—	—	—	—		
\$1 under \$5,000	*4,771	*11,490	*3,365	*5,178	—	—	—	—	35,869	34,896	606,823	1,311,758		
\$5,000 under \$10,000	*23,221	*72,057	212,674	47,593	—	—	—	—	702,701	966,630	115,566	167,007		
\$10,000 under \$15,000	*20,878	*59,411	1,273,909	400,368	—	—	*1,820	*4,028	1,925,603	4,309,522	45,863	82,759		
\$15,000 under \$20,000	*26,948	*97,242	1,861,207	849,155	—	—	*4,768	*3,366	3,048,592	8,556,936	*12,490	*24,616		
\$20,000 under \$25,000	84,135	249,908	2,533,184	1,593,821	—	—	*4,767	*2,145	3,942,465	13,550,516	—	—		
\$25,000 under \$30,000	29,001	142,317	2,185,233	2,229,882	—	—	*3,364	*1,490	4,386,037	17,913,624	*6,728	*8,992		
\$30,000 under \$40,000	105,347	512,486	5,545,184	5,538,782	—	—	*8,990	*24,525	8,595,331	45,489,719	—	—		
\$40,000 under \$50,000	57,607	262,332	4,636,332	6,061,624	—	—	**21,366	**48,107	6,520,219	46,590,353	—	—		
\$50,000 under \$75,000	95,032	668,295	4,188,884	7,117,481	*835	*175	—	—	6,042,355	63,237,361	—	—		
\$75,000 under \$100,000	49,577	505,279	827,924	1,488,088	—	—	**	**	1,493,666	26,018,944	—	—		
\$100,000 under \$200,000	49,356	621,038	496,998	827,286	**	**	**	**	1,089,707	30,036,192	*924	*1,657		
\$200,000 under \$500,000	19,923	314,370	94,370	139,120	**	**	266	1,705	283,247	17,537,655	*158	*272		
\$500,000 under \$1,000,000	2,629	84,130	21,234	36,052	*33	*44	32	1,400	50,910	6,164,128	*17	*22		
\$1,000,000 or more	1,708	76,742	6,606	10,132	**	**	19	142	31,680	15,399,468	*7	*9		
Nontaxable returns, total	22,706	206,305	1,068,574	325,702	—	—	*329	*21,532	2,021,070	17,528,054	*25,178	*48,163		

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Contributions deduction for nonitemizers		Exemptions		Taxable income		Income tax before credits		Tax credits			
	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Total		Total personal credits	
									(134)	(135)		(136)	(137)	(138)	(139)	(140)	(141)	(142)	(143)	(144)	(145)
All returns, total	28,041,097	13,277,865	245,752,978	265,152,112	97,358,296	1,947,024,584	86,600,724	367,591,995	16,859,281	7,020,731	15,674,042	4,101,314
No adjusted gross income	—	—	2,329,711	2,504,103	—	—	705	6,259	436	734	300	31
\$1 under \$5,000	2,598,821	446,951	23,635,537	25,485,996	11,962,121	22,454,798	3,835,507	388,299	113,700	3,589	95,094	2,761
\$5,000 under \$10,000	5,980,513	2,016,018	31,175,745	33,617,553	15,505,727	80,175,587	13,260,991	5,034,748	2,870,865	547,857	2,777,934	512,281
\$10,000 under \$15,000	6,141,485	2,562,706	30,220,131	32,604,023	13,550,911	128,124,161	13,284,608	12,044,743	2,282,272	626,136	1,125,949	569,827
\$15,000 under \$20,000	4,827,398	2,498,880	26,505,543	28,604,542	11,232,981	155,416,673	11,159,671	17,856,029	1,405,981	1,322,846	1,322,846	458,285
\$20,000 under \$25,000	3,327,911	1,834,650	23,168,666	24,999,109	9,194,660	165,356,554	9,176,055	21,408,374	1,528,540	549,629	1,434,192	462,112
\$25,000 under \$30,000	2,052,142	1,224,563	20,880,582	22,528,086	7,541,896	165,356,830	7,525,126	23,362,608	1,564,429	548,911	1,426,540	423,355
\$30,000 under \$40,000	2,043,214	1,447,322	33,775,019	36,457,371	11,474,320	313,916,976	11,468,842	49,274,924	2,443,392	829,635	2,275,178	594,826
\$40,000 under \$50,000	718,065	667,533	23,459,836	25,320,165	7,451,366	259,365,436	7,450,192	46,071,469	1,743,411	594,954	1,640,278	466,232
\$50,000 under \$75,000	290,677	407,799	20,675,613	22,317,732	6,417,415	295,296,881	6,413,661	62,632,403	1,726,378	736,349	1,597,949	436,033
\$75,000 under \$100,000	42,759	109,435	5,019,140	5,416,999	1,542,724	100,211,601	1,542,106	26,109,593	514,025	448,385	447,031	93,669
\$100,000 under \$200,000	15,200	28,088	3,679,383	3,970,810	1,111,622	112,757,958	1,110,773	36,438,503	457,738	449,924	389,851	63,565
\$200,000 under \$500,000	2,398	25,457	954,220	1,029,985	289,557	64,277,685	289,484	26,463,348	158,704	485,857	108,591	14,624
\$500,000 under \$1,000,000	440	5,463	164,562	177,643	51,267	27,327,574	51,273	12,632,950	32,797	176,366	19,509	2,350
\$1,000,000 or more	74	2,999	109,290	117,994	31,729	56,985,871	31,730	27,867,745	16,613	475,048	12,800	1,363
Taxable returns, total	24,552,601	12,008,612	203,805,919	219,933,042	83,917,711	1,916,198,235	83,929,106	366,637,278	14,187,663	6,066,014	13,244,082	3,544,490
No adjusted gross income	—	—	36,452	39,285	—	—	512	5,946	243	421	—	—
\$1 under \$5,000	805,876	121,993	3,879,836	4,185,059	3,739,445	12,119,257	3,747,394	385,450	25,587	740	17,895	705
\$5,000 under \$10,000	4,980,837	1,302,444	16,220,815	17,493,256	11,298,953	66,639,170	11,300,833	4,659,841	910,707	172,750	864,172	153,952
\$10,000 under \$15,000	5,923,322	2,382,922	26,990,380	29,120,842	12,869,710	124,696,581	12,869,659	11,856,091	1,867,323	437,484	1,795,965	413,421
\$15,000 under \$20,000	4,778,534	2,464,462	25,613,426	27,643,151	11,063,648	154,210,655	11,063,590	17,764,399	1,309,900	455,927	1,275,086	427,638
\$20,000 under \$25,000	3,316,258	1,833,410	22,850,789	24,657,542	9,137,117	164,740,813	9,137,119	21,348,652	1,489,604	489,906	1,433,577	462,050
\$25,000 under \$30,000	2,042,043	1,217,861	20,701,899	22,335,411	7,495,360	164,801,486	7,498,484	23,303,879	1,537,787	490,182	1,423,884	420,720
\$30,000 under \$40,000	2,039,181	1,440,214	33,569,282	36,235,264	11,431,536	313,125,763	11,431,031	49,186,230	2,405,581	740,941	2,260,347	588,280
\$40,000 under \$50,000	715,032	656,109	23,412,007	25,268,512	7,446,018	259,229,563	7,446,249	46,053,497	1,739,468	576,982	1,639,665	466,216
\$50,000 under \$75,000	290,677	407,799	20,628,404	22,266,894	6,410,742	295,224,191	6,409,897	62,624,288	1,722,614	728,234	1,596,218	435,977
\$75,000 under \$100,000	42,759	109,435	5,007,454	5,404,592	1,541,689	100,195,905	1,541,694	26,106,443	513,613	445,235	446,821	93,648
\$100,000 under \$200,000	15,200	28,088	3,669,389	3,960,069	1,111,183	112,749,282	1,110,387	36,437,679	457,352	449,099	389,590	63,551
\$200,000 under \$500,000	2,808	30,875	952,402	1,028,029	289,356	64,236,953	289,303	26,446,172	158,523	468,680	108,556	14,619
\$500,000 under \$1,000,000	440	5,463	164,284	177,344	51,245	27,310,614	51,245	12,624,967	32,769	166,383	19,509	2,350
\$1,000,000 or more	74	2,999	109,100	117,792	31,706	56,918,303	31,709	27,833,745	16,592	441,049	12,800	1,363
Non-taxable returns, total	3,488,496	1,269,253	41,947,059	45,219,070	13,440,585	30,826,349	2,671,618	954,717	2,671,618	954,717	2,429,960	556,824

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Total personal credits—Continued											Foreign tax credit	
	Child care credit		Credit for the elderly and disabled		Political contributions credit		Mortgage interest credit		Earned income credit used to offset income tax before credits		Number of returns	Amount	
	Number of returns (146)	Amount (147)	Number of returns (148)	Amount (149)	Number of returns (150)	Amount (151)	Number of returns (152)	Amount (153)	Number of returns (154)	Amount (155)			
All returns, total	8,949,817	3,397,090	430,469	85,763	4,804,646	241,671	*4,849	*1,790	2,507,495	327,600	423,736	(157)	773,939
No adjusted gross income	*58	*26	—	—	242	5	—	—	—	—	—	—	—
\$1 under \$5,000	*9,535	*324	*14,302	*605	*27,203	*958	—	—	44,054	873	*7,920	*40	*5,639
\$5,000 under \$10,000	723,825	169,725	256,245	41,603	222,272	9,340	—	—	1,851,444	291,456	*7,920	*13,622	*9,575
\$10,000 under \$15,000	1,134,163	473,234	116,709	36,434	403,831	15,860	—	—	611,997	35,271	*15,840	*63	*13,047
\$15,000 under \$20,000	1,003,582	429,419	*43,213	*7,120	303,937	14,075	*4,767	*1,759	—	—	—	—	*28,647
\$20,000 under \$25,000	1,057,646	442,941	—	—	403,388	15,725	—	—	—	—	—	—	*11,146
\$25,000 under \$30,000	1,110,428	395,284	—	—	353,674	18,339	—	—	—	—	—	—	50,994
\$30,000 under \$40,000	1,601,757	551,244	—	—	747,528	37,015	—	—	—	—	—	—	113,948
\$40,000 under \$50,000	1,127,572	431,440	—	—	586,330	32,419	—	—	—	—	—	—	205,223
\$50,000 under \$75,000	914,881	384,203	—	—	779,447	44,704	—	—	—	—	—	—	109,590
\$75,000 under \$100,000	171,557	73,142	—	—	316,229	19,848	—	—	—	—	—	—	144,778
\$100,000 under \$200,000	82,214	39,522	—	—	328,749	22,959	*11	*13	—	—	—	—	13,346
\$200,000 under \$500,000	11,031	5,720	—	—	100,568	7,819	*62	*8	—	—	—	—	105,273
\$500,000 under \$1,000,000	1,181	642	—	—	18,682	1,531	*4	*9	—	—	—	—	680,480
\$1,000,000 or more	387	223	—	—	12,566	1,074	*5	*1	—	—	—	—	—
Taxable returns, total	7,992,367	3,081,527	236,201	46,030	4,529,927	236,573	†	†	1,103,816	143,357	407,672	—	680,480
No adjusted gross income	—	—	—	—	*228	*4	—	—	—	—	—	—	—
\$1 under \$5,000	—	—	—	—	*17,667	*701	—	—	—	—	—	—	*40
\$5,000 under \$10,000	125,104	25,036	101,261	12,407	176,408	7,285	—	—	540,636	109,224	*7,920	*5,639	*14,176
\$10,000 under \$15,000	842,383	334,928	91,727	26,503	389,224	15,468	—	—	563,180	34,133	*63,360	—	—
\$15,000 under \$20,000	*2,018,300	*846,484	*43,213	*7,120	303,880	14,071	†	†	—	—	—	—	—
\$20,000 under \$25,000	—	—	—	—	402,774	15,663	—	—	—	—	—	—	—
\$25,000 under \$30,000	1,109,592	395,270	—	—	353,674	18,339	—	—	—	—	—	—	*13,047
\$30,000 under \$40,000	1,589,817	544,964	—	—	744,893	36,751	—	—	—	—	—	—	*443,293
\$40,000 under \$50,000	1,126,959	431,424	—	—	586,330	32,419	—	—	—	—	—	—	—
\$50,000 under \$75,000	914,045	384,175	—	—	778,560	44,678	—	—	—	—	—	—	—
\$75,000 under \$100,000	171,557	73,142	—	—	316,019	19,827	—	—	—	—	—	—	—
\$100,000 under \$200,000	*93,242	*45,240	—	—	328,489	22,946	†	†	—	—	—	—	—
\$200,000 under \$500,000	—	—	—	—	100,536	7,815	†	†	—	—	—	—	127,647
\$500,000 under \$1,000,000	1,181	642	—	—	*31,245	*2,605	†	†	—	—	—	—	5,363
\$1,000,000 or more	387	223	—	—	—	—	†	†	—	—	—	—	71,274
Non-taxable returns, total	957,450	315,563	194,268	39,733	74,719	3,099	†	†	1,403,679	184,243	16,064	—	93,459

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits—Continued												
	General business credits						Other tax credits ²						
	Total		Investment credit ¹		Jobs credit		Alcohol fuel credit		Low-income housing credit		Number of returns		Amount
Number of returns (158)	Amount (159)	Number of returns (160)	Amount (161)	Number of returns (162)	Amount (163)	Number of returns (164)	Amount (165)	Number of returns (166)	Amount (167)	Number of returns (168)	Amount (169)	Number of returns (170)	Amount (171)
All returns, total	679,820	1,115,836	706,139	1,544,174	21,062	43,241	281	119	26,561	110,946	462,771	1,029,642	
No adjusted gross income	32	193	47,112	265,131	475	4,335	—	—	**2,022	**17,282	143	509	
\$1 under \$5,000	*5,919	*745	25,127	11,692	—	—	—	—	—	—	*4,767	*43	
\$5,000 under \$10,000	49,912	15,456	60,114	64,844	—	—	—	—	*2,955	*1,129	53,499	14,281	
\$10,000 under \$15,000	43,648	6,542	42,342	10,005	*7,925	*2,095	—	—	*1,820	*20,431	72,878	36,145	
\$15,000 under \$20,000	33,967	16,363	38,863	48,880	—	—	—	—	*613	*248	57,527	63,334	
\$20,000 under \$25,000	60,047	25,635	49,121	23,429	*205	*228	—	—	*7,724	*7,760	38,572	61,819	
\$25,000 under \$30,000	54,826	10,486	47,475	13,207	—	—	—	—	*57	*304	59,139	102,022	
\$30,000 under \$40,000	92,945	65,593	85,411	184,308	*203	*46	—	—	*6,251	*9,818	66,892	140,569	
\$40,000 under \$50,000	55,645	39,537	46,237	19,528	*905	*4,727	—	—	—	—	26,436	78,039	
\$50,000 under \$75,000	90,640	94,109	80,220	123,114	4,002	7,243	—	—	*3,206	*15,825	31,144	92,259	
\$75,000 under \$100,000	56,353	78,241	56,003	113,648	1,848	2,901	*240	*54	*610	*7,600	16,887	71,253	
\$100,000 under \$200,000	78,576	186,258	74,130	165,781	2,252	4,734	*9	*9	653	12,394	17,922	90,510	
\$200,000 under \$500,000	39,948	211,428	37,723	193,124	1,745	5,707	*3	(*)	482	5,220	11,717	115,026	
\$500,000 under \$1,000,000	9,597	108,576	9,011	100,335	634	2,612	*18	*7	78	5,146	3,008	52,094	
\$1,000,000 or more	7,765	256,673	7,250	207,150	868	8,613	*11	*48	90	7,790	2,240	111,738	
Taxable returns, total	603,854	1,056,389	552,882	1,134,467	12,531	36,138	281	119	10,338	80,859	284,013	764,855	
No adjusted gross income	*19	*141	2,942	28,043	91	133	—	—	*7	*1,212	*15	*276	
\$1 under \$5,000	—	—	*103	*247	—	—	—	—	—	—	—	—	
\$5,000 under \$10,000	*26,123	*8,273	23,464	8,551	—	—	—	—	—	—	*20,214	*4,886	
\$10,000 under \$15,000	35,658	2,926	30,083	2,718	—	—	—	—	—	—	*40,868	*16,600	
\$15,000 under \$20,000	24,545	7,661	28,755	27,422	—	—	—	—	—	—	*16,751	*11,053	
\$20,000 under \$25,000	45,149	12,569	39,050	13,691	*202	*213	—	—	—	—	*14,535	*15,224	
\$25,000 under \$30,000	54,585	10,471	45,743	8,114	—	—	—	—	*57	*304	35,394	45,843	
\$30,000 under \$40,000	82,756	47,921	75,088	135,501	*203	*46	—	—	*6,199	*9,746	51,005	101,311	
\$40,000 under \$50,000	55,348	39,477	46,176	18,105	*905	*4,727	—	—	—	—	22,790	60,143	
\$50,000 under \$75,000	87,925	86,288	77,924	116,610	3,800	6,521	—	—	*2,979	*19,538	30,931	92,020	
\$75,000 under \$100,000	56,143	78,150	55,770	110,601	1,848	2,901	*240	*54	*610	*7,600	16,885	68,215	
\$100,000 under \$200,000	78,301	185,873	73,888	165,477	2,244	4,734	*9	*9	451	12,213	*29,577	*205,153	
\$200,000 under \$500,000	39,940	211,369	37,646	192,556	1,740	5,691	*3	(*)	*555	*10,056	3,008	52,094	
\$500,000 under \$1,000,000	9,597	108,576	8,992	99,853	630	2,557	*18	*7	*613	*7,790	2,240	111,738	
\$1,000,000 or more	7,765	256,673	7,238	206,977	868	8,613	*11	*48	90	7,790	2,240	111,738	
Non-taxable returns, total	75,966	59,447	153,277	409,707	8,531	7,105	—	—	18,223	50,086	178,756	244,567	

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Income tax after personal credits		Income tax after credits		Alternative minimum tax preferences (Form 6251)		Alternative minimum tax preferences for returns with alternative minimum tax		Alternative minimum tax		Total income tax	
	Number of returns (170)	Amount (171)	Number of returns (172)	Amount (173)	Number of returns (174)	Amount (175)	Number of returns (176)	Amount (177)	Number of returns (178)	Amount (178)	Number of returns (180)	Amount (181)
All returns, total	84,182,342	363,490,881	83,898,079	360,571,264	3,509,974	153,936,542	584,755	93,199,228	608,907	8,713,149	83,967,413	387,287,213
No adjusted gross income	636	6,228	489	5,525	66,880	7,065,532	14,532	3,339,915	14,775	302,408	15,388	308,483
\$1 under \$5,000	3,758,080	385,537	3,747,394	384,710	97,896	486,398	1,573	132,560	1,573	12,767	9,748,910	387,477
\$5,000 under \$10,000	11,954,952	4,522,467	11,300,833	4,487,091	91,550	399,945	2,053	130,478	2,053	14,739	11,302,273	4,501,830
\$10,000 under \$15,000	12,917,579	11,474,916	12,869,046	11,418,607	85,228	500,266	7,900	326,632	7,900	19,924	12,871,560	11,438,531
\$15,000 under \$20,000	11,113,788	17,397,744	11,063,590	17,308,472	122,391	630,129	3,558	256,120	3,566	32,186	11,064,250	17,340,658
\$20,000 under \$25,000	9,176,054	20,946,262	9,136,875	20,858,745	115,047	834,801	3,205	221,589	3,818	24,043	9,139,455	20,882,788
\$25,000 under \$30,000	7,522,470	22,939,253	7,497,653	22,813,698	166,933	1,011,706	8,766	363,341	8,766	37,264	7,499,447	22,850,962
\$30,000 under \$40,000	11,460,890	48,680,098	11,423,883	48,445,289	346,553	3,368,744	62,900	2,291,676	62,900	183,214	11,434,253	48,628,503
\$40,000 under \$50,000	7,450,192	45,605,237	7,444,139	45,476,514	489,484	4,370,997	80,645	2,772,508	80,645	267,710	7,446,963	45,744,224
\$50,000 under \$75,000	6,412,768	62,196,371	6,397,981	61,896,054	734,653	8,700,258	118,419	5,394,473	122,355	563,779	6,414,601	62,459,834
\$75,000 under \$100,000	1,541,846	26,015,924	1,536,195	25,661,208	425,275	8,628,694	98,263	5,710,901	101,868	619,757	1,543,446	26,280,965
\$100,000 under \$200,000	1,110,664	36,374,938	1,108,302	35,988,579	503,315	21,495,958	123,287	13,970,089	126,127	1,298,520	1,113,163	27,289,197
\$200,000 under \$500,000	289,423	26,448,724	286,796	25,977,492	193,500	23,179,518	46,346	13,595,264	46,874	1,089,229	290,429	27,066,736
\$500,000 under \$1,000,000	51,270	12,630,600	51,201	12,456,584	42,566	15,475,854	10,345	8,159,296	10,428	471,534	51,467	12,928,118
\$1,000,000 or more	31,730	27,866,382	31,702	27,392,697	28,703	57,787,740	15,212	36,534,387	15,259	1,776,075	31,808	29,168,908
Taxable returns, total	83,928,667	363,092,788	83,898,079	360,571,264	3,257,280	149,243,931	584,755	93,199,228	608,907	6,713,149	83,967,413	367,287,213
No adjusted gross income	504	5,942	489	5,525	14,871	3,351,986	14,532	3,339,915	14,775	302,408	15,388	308,483
\$1 under \$5,000	3,747,394	384,749	3,747,394	384,710	22,305	156,561	1,573	132,560	1,573	12,767	3,748,910	397,477
\$5,000 under \$10,000	11,300,833	4,505,889	11,300,833	4,487,091	41,771	247,393	2,053	130,478	2,053	14,739	11,302,273	4,501,830
\$10,000 under \$15,000	12,869,659	11,442,671	12,869,046	11,418,607	65,836	433,948	7,900	326,632	7,900	19,924	12,871,560	11,438,531
\$15,000 under \$20,000	11,063,590	17,336,761	11,063,590	17,308,472	104,324	537,284	3,558	256,120	3,566	32,186	11,064,250	17,340,658
\$20,000 under \$25,000	9,137,119	20,886,601	9,136,875	20,858,745	107,196	795,923	3,205	221,589	3,818	24,043	9,139,455	20,882,788
\$25,000 under \$30,000	7,498,484	22,883,159	7,497,653	22,813,698	153,907	964,800	8,766	363,341	8,766	37,264	7,499,447	22,850,962
\$30,000 under \$40,000	11,431,031	48,597,949	11,423,883	48,445,289	341,591	3,327,128	62,900	2,291,676	62,900	183,214	11,434,253	48,628,503
\$40,000 under \$50,000	7,446,249	45,587,281	7,444,139	45,476,514	486,154	4,346,960	88,396	2,772,508	80,645	267,710	7,446,963	45,744,224
\$50,000 under \$75,000	6,409,840	62,188,311	6,397,981	61,896,054	729,083	8,653,779	118,419	5,394,473	122,355	563,779	6,414,601	62,459,834
\$75,000 under \$100,000	1,541,434	26,012,795	1,536,195	25,661,208	423,677	8,587,199	98,263	5,710,901	101,868	619,757	1,543,446	26,280,965
\$100,000 under \$200,000	1,110,336	36,374,127	1,108,302	35,988,579	502,228	21,465,737	123,287	13,970,089	126,127	1,298,520	1,113,163	27,289,197
\$200,000 under \$500,000	289,243	26,431,553	288,796	25,977,492	193,167	23,161,642	46,346	13,595,264	46,874	1,089,229	290,429	27,066,736
\$500,000 under \$1,000,000	51,242	12,622,617	51,201	12,456,584	42,500	15,460,293	10,345	8,159,296	10,428	471,534	51,467	12,928,118
\$1,000,000 or more	31,709	27,832,363	31,702	27,392,697	28,670	57,753,300	15,212	36,534,387	15,259	1,776,075	31,808	29,168,908
Nontaxable returns, total	263,875	397,893	—	—	252,694	4,692,611	—	—	—	—	—	—

Footnotes(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Self-employment tax		Penalty tax on Individual Retirement Arrangements		Earned income credit used to offset all other taxes		Total tax liability		Taxpayments			Income tax withheld		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
All returns, total	10,139,954	13,529,895	428,112	142,731	667,489	200,891	85,803,688	381,223,547	95,023,937	403,872,796	87,988,908	315,084,604		
No adjusted gross income	159,637	172,992	15,226	5,998	25,330	7,446	194,257	529,396	478,008	1,379,325	305,681	648,335		
\$1 under \$5,000	912,396	316,249	20,271	2,134	244,861	74,873	4,505,941	645,556	12,327,586	2,823,105	11,911,534	2,479,200		
\$5,000 under \$10,000	1,281,466	842,371	26,982	9,879	377,754	117,057	11,823,777	5,265,379	13,540,004	9,321,581	12,260,497	8,203,127		
\$10,000 under \$15,000	1,056,875	894,140	28,163	6,977	193,544	1,516	13,045,078	12,346,534	12,952,161	16,818,230	11,839,681	15,116,154		
\$15,000 under \$20,000	1,116,072	1,218,973	31,626	7,562	—	—	11,161,509	18,610,177	10,999,146	22,916,698	9,956,153	20,209,564		
\$20,000 under \$25,000	1,036,066	1,285,566	22,590	6,441	—	—	9,184,284	22,184,482	9,028,267	26,694,545	8,369,444	23,889,933		
\$25,000 under \$30,000	849,190	1,098,286	35,798	7,843	—	—	7,524,182	23,965,482	7,497,569	28,961,076	7,068,281	26,324,103		
\$30,000 under \$40,000	1,348,367	1,960,376	77,744	20,652	—	—	11,458,931	50,648,116	11,397,796	59,401,042	10,820,308	53,998,147		
\$40,000 under \$50,000	845,097	1,546,036	64,083	26,775	—	—	7,454,677	47,360,532	7,409,802	53,129,361	7,010,613	47,765,652		
\$50,000 under \$75,000	876,538	2,083,757	76,864	31,416	—	—	6,417,850	64,609,471	6,381,999	68,777,306	5,930,662	58,425,294		
\$75,000 under \$100,000	287,685	867,859	19,528	7,467	—	—	1,545,150	27,190,258	1,531,648	26,638,617	1,331,475	19,481,875		
\$100,000 under \$200,000	285,585	950,374	8,163	8,413	—	—	1,174,129	36,301,973	1,108,324	33,949,709	910,608	21,334,694		
\$200,000 under \$500,000	62,085	196,762	835	835	—	—	290,592	27,302,807	288,676	21,998,853	220,957	10,906,381		
\$500,000 under \$1,000,000	17,514	80,881	114	76	—	—	51,501	13,032,909	51,214	10,785,389	34,096	3,109,636		
\$1,000,000 or more	5,371	15,273	95	262	—	—	31,630	29,230,475	31,737	20,277,960	18,718	3,192,509		
Taxable returns, total	8,272,969	12,177,994	373,976	126,039	667,489	200,891	83,967,413	379,981,061	80,546,106	397,351,602	74,455,392	310,087,179		
No adjusted gross income	3,963	8,450	64	74	—	—	15,388	322,122	11,662	371,922	5,725	65,211		
\$1 under \$5,000	132,426	57,752	—	—	—	—	3,748,910	457,642	2,887,361	1,091,459	2,753,060	981,610		
\$5,000 under \$10,000	706,948	454,218	21,361	5,939	—	—	11,302,273	4,969,800	9,989,400	7,325,089	9,042,910	6,538,873		
\$10,000 under \$15,000	892,196	741,201	17,266	5,161	—	—	12,871,563	12,191,499	12,305,258	16,135,068	11,254,247	14,537,769		
\$15,000 under \$20,000	1,028,258	1,081,731	29,749	7,122	—	—	11,064,250	18,469,937	10,811,481	22,573,740	9,817,931	19,960,536		
\$20,000 under \$25,000	991,551	1,192,256	22,590	6,441	—	—	9,139,455	22,091,093	8,961,068	26,504,692	6,320,090	23,790,147		
\$25,000 under \$30,000	826,369	1,051,987	35,798	7,843	—	—	7,489,447	23,917,401	7,444,110	28,799,255	7,031,004	26,218,697		
\$30,000 under \$40,000	1,324,277	1,884,863	77,542	20,412	—	—	11,434,253	50,571,693	11,360,023	59,236,802	10,791,902	53,904,252		
\$40,000 under \$50,000	837,520	1,520,734	64,085	26,767	—	—	7,446,963	47,335,185	7,398,104	53,048,801	7,001,362	47,723,029		
\$50,000 under \$75,000	873,672	2,079,859	96,331	38,799	—	—	6,414,601	64,605,187	6,371,322	68,088,384	5,922,646	58,368,023		
\$75,000 under \$100,000	266,043	863,977	33	—	—	—	1,543,446	27,185,915	1,528,945	26,616,335	1,331,076	19,476,848		
\$100,000 under \$200,000	284,903	948,498	8,155	8,403	—	—	1,113,163	38,298,250	1,106,029	33,918,664	909,990	21,320,652		
\$200,000 under \$500,000	61,991	196,407	826	739	—	—	290,429	27,302,180	286,291	21,968,127	220,700	10,902,261		
\$500,000 under \$1,000,000	17,492	80,817	114	76	—	—	51,467	13,032,770	51,147	10,781,545	34,057	3,108,335		
\$1,000,000 or more	5,360	15,245	95	262	—	—	31,808	29,230,388	31,705	20,270,901	18,692	3,190,737		
Non-taxable returns, total	1,866,985	1,351,900	54,136	14,692	667,489	200,891	1,836,275	1,242,486	14,477,831	6,521,194	13,533,516	4,997,424		

Footnote(s) at end of table.

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Taxpayments—Continued				Earned income credit, refundable portion			Advance earned income credit payments		
	Estimated tax payments		Windfall profit tax overpayment		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount						
	(194)	(195)	(196)	(197)	(198)	(199)	(200)	(201)	(202)	(203)
All returns, total	11,824,815	69,891,346	58,471	14,253	2,723,730	18,878,352	4,648,129	1,478,559	1,266	2,400
No adjusted gross income	104,885	485,579	1,747	1,859	153,089	243,519	20,827	6,031	5	47
\$1 under \$5,000	427,688	305,307	57	*1	135,908	38,492	1,865,679	549,430	—	—
\$5,000 under \$10,000	1,411,924	1,059,262	*15,447	*161	190,578	54,925	2,623,057	914,622	—	—
\$10,000 under \$15,000	1,569,052	1,644,625	*4,768	*34	106,240	57,418	138,566	8,476	—	—
\$15,000 under \$20,000	1,552,235	2,597,297	*9	(*)	165,886	109,637	—	—	—	—
\$20,000 under \$25,000	1,266,204	2,651,860	*1,023	*147	154,278	152,605	—	—	—	—
\$25,000 under \$30,000	863,222	2,489,792	*5,242	*267	150,279	146,914	—	—	—	—
\$30,000 under \$40,000	1,294,688	5,168,466	*2,023	*107	196,023	234,321	—	—	—	—
\$40,000 under \$50,000	960,957	5,046,648	*4,000	*306	284,406	316,756	—	—	—	—
\$50,000 under \$75,000	1,176,289	9,501,762	9,394	2,032	577,007	848,218	—	—	836	54
\$75,000 under \$100,000	481,898	6,175,379	2,923	690	232,159	980,672	—	—	202	503
\$100,000 under \$200,000	490,041	10,118,849	7,401	4,775	257,046	2,491,390	—	—	202	1,759
\$200,000 under \$500,000	162,482	8,348,143	3,163	1,732	91,318	2,744,597	—	—	10	32
\$500,000 under \$1,000,000	37,228	5,734,791	771	558	17,266	1,940,404	—	—	8	4
\$1,000,000 or more	26,022	8,565,585	503	1,582	12,247	8,518,284	—	—	3	2
Taxable returns, total	10,991,225	66,560,785	37,182	12,289	2,256,555	18,689,645	—	—	1,261	2,353
No adjusted gross income	6,526	141,841	166	462	4,210	164,408	—	—	—	—
\$1 under \$5,000	160,666	95,237	57	*1	26,940	14,611	—	—	—	—
\$5,000 under \$10,000	1,098,179	747,925	—	4,775	75,920	36,587	—	—	—	—
\$10,000 under \$15,000	1,509,054	1,554,464	*4,768	*34	79,480	43,421	—	—	—	—
\$15,000 under \$20,000	1,510,998	2,509,015	*9	(*)	140,131	104,189	—	—	—	—
\$20,000 under \$25,000	1,250,365	2,575,303	*204	*2	134,610	139,241	—	—	—	—
\$25,000 under \$30,000	849,120	2,435,929	*1,878	*28	139,337	144,400	—	—	—	—
\$30,000 under \$40,000	1,283,993	5,107,382	*2,023	*107	188,750	225,060	—	—	—	—
\$40,000 under \$50,000	956,698	5,018,514	*3,943	*286	281,821	306,972	—	—	—	—
\$50,000 under \$75,000	1,171,301	9,475,649	9,386	2,032	576,376	842,679	—	—	836	54
\$75,000 under \$100,000	479,641	6,159,418	2,923	690	231,969	979,378	—	—	202	503
\$100,000 under \$200,000	489,170	10,105,549	7,401	4,775	256,307	2,487,888	—	—	202	1,759
\$200,000 under \$500,000	162,320	8,340,967	*4,424	*3,871	91,218	2,743,167	—	—	10	32
\$500,000 under \$1,000,000	37,186	5,733,209	*1,251	*1,251	17,251	1,939,444	—	—	8	4
\$1,000,000 or more	26,008	8,560,383	*1,235	*1,235	12,235	8,518,199	—	—	3	2
Nontaxable returns, total	833,590	1,330,561	21,289	1,964	467,175	188,707	4,648,129	1,478,559	5	47

Footnote(s) at end of table

Table 1.4—All Returns: Sources of Income and Adjustments, by Size of Adjusted Gross Income—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Overpayment						Tax due at time of filing			Predetermined estimated tax penalty		
	Total		Refunded		Credited to 1987 estimated tax		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(204)	(205)	(206)	(207)	(208)	(209)							(210)	(211)	(212)	(213)
All returns, total	76,104,770	77,628,666	75,439,727	69,522,051	4,144,260	8,106,615	21,459,867	53,819,242	2,339,278	315,984		
No adjusted gross income	421,458	1,070,119	388,194	934,452	43,562	135,667	123,311	215,794	12,107	1,587		
\$1 under \$5,000	12,180,652	3,009,592	12,084,351	2,941,672	153,503	67,880	1,680,095	283,499	32,306	925		
\$5,000 under \$10,000	12,304,906	5,927,911	11,977,876	5,736,791	510,273	191,120	2,895,712	964,744	189,419	7,657		
\$10,000 under \$15,000	11,151,248	5,832,934	10,709,035	5,619,350	564,051	213,584	2,419,062	1,366,670	313,273	13,907		
\$15,000 under \$20,000	8,339,875	6,073,133	8,596,056	5,773,587	501,980	299,546	2,321,772	1,785,731	281,483	19,119		
\$20,000 under \$25,000	7,242,149	6,335,954	6,956,722	6,067,683	442,933	288,270	1,959,941	1,847,699	265,600	21,808		
\$25,000 under \$30,000	5,998,977	6,797,332	5,778,775	6,443,696	334,633	353,637	1,556,180	1,814,551	149,976	12,813		
\$30,000 under \$40,000	8,730,670	12,451,303	8,410,108	11,801,467	456,143	649,836	2,732,275	3,733,624	352,422	35,247		
\$40,000 under \$50,000	5,424,350	9,307,417	5,231,758	8,782,167	298,439	525,250	2,031,099	3,566,913	201,252	28,325		
\$50,000 under \$75,000	4,279,018	10,058,599	4,053,698	9,120,037	419,233	938,562	2,143,127	5,931,059	254,998	40,242		
\$75,000 under \$100,000	827,410	3,392,064	749,617	2,709,115	175,943	682,949	715,695	3,966,098	114,349	23,889		
\$100,000 under \$200,000	467,109	3,240,185	399,034	2,260,403	157,669	979,782	645,381	7,650,223	122,517	56,016		
\$200,000 under \$500,000	103,243	1,655,803	80,219	804,138	59,142	851,666	186,825	6,993,207	39,793	33,418		
\$500,000 under \$1,000,000	23,569	1,261,636	18,453	224,322	18,678	1,037,314	27,798	3,518,523	6,477	9,363		
\$1,000,000 or more	10,136	1,214,723	5,831	303,172	8,078	911,552	21,614	10,178,908	3,306	11,668		
Taxable returns, total	63,705,598	70,199,512	61,245,689	62,403,507	3,822,945	7,796,005	20,162,969	53,140,381	2,191,732	309,057		
No adjusted gross income	7,633	149,035	5,733	99,432	4,201	49,603	7,745	99,874	2,177	639		
\$1 under \$5,000	2,646,362	801,553	2,605,694	766,177	70,324	33,375	1,088,245	162,211	19,612	475		
\$5,000 under \$10,000	8,752,632	3,162,135	8,515,263	3,058,040	369,578	104,095	2,535,337	812,880	139,433	6,033		
\$10,000 under \$15,000	10,542,802	5,207,617	10,113,091	5,011,467	535,634	196,150	2,314,455	1,276,588	284,663	13,160		
\$15,000 under \$20,000	8,794,132	5,790,638	8,454,173	5,503,652	495,426	286,968	2,255,817	1,704,792	256,718	17,958		
\$20,000 under \$25,000	7,191,801	6,202,611	6,911,676	5,948,098	436,213	254,513	1,934,755	1,809,776	252,872	20,763		
\$25,000 under \$30,000	5,957,516	6,645,836	5,739,340	6,297,230	330,172	348,606	1,541,931	1,776,521	145,931	12,538		
\$30,000 under \$40,000	8,702,158	12,324,554	8,364,101	11,692,332	451,861	632,222	2,716,818	3,694,419	348,502	34,973		
\$40,000 under \$50,000	5,415,100	9,244,046	5,223,441	8,734,123	294,850	509,923	2,028,593	3,558,607	199,845	28,177		
\$50,000 under \$75,000	4,268,712	9,973,902	4,043,764	9,041,810	417,118	932,092	2,142,752	5,930,766	253,413	40,009		
\$75,000 under \$100,000	825,378	3,373,374	747,706	2,692,511	174,967	660,863	714,970	3,967,326	114,295	23,869		
\$100,000 under \$200,000	464,875	3,213,015	397,361	2,242,035	156,840	970,980	645,362	7,650,174	122,514	56,016		
\$200,000 under \$500,000	102,866	1,645,538	79,929	796,057	59,040	849,481	166,781	6,993,038	**49,557	**54,447		
\$500,000 under \$1,000,000	23,506	1,257,912	18,408	221,985	18,654	1,035,928	**49,408	**13,697,407	**	**		
\$1,000,000 or more	10,105	1,207,748	5,809	298,559	8,067	911,187	**	**	**	**		
Non taxable returns, total	14,399,172	7,429,154	14,194,038	7,118,544	321,315	310,610	1,296,898	678,862	147,546	6,927		

** Estimate should be used with caution because of the small number of sample returns on which it is based
 ** Data combined to avoid disclosure of information for specific taxpayers
 † Data deleted to avoid disclosure of information for specific taxpayers Deleted data are included in the appropriate totals
 () Less than \$500
 * Includes business energy investment credits
 ‡ One-half has Form 5600 data where we did not receive back-up schedules
 † Data deleted to avoid disclosure of information for extension of filing time, credit for tax on certain gasoline, fuel, and oil, and credit from regulated investment companies
 NOTE: Detail may not add to total because of rounding

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Adjusted gross income less deficit		Salaries and wages		Interest received		Domestic and foreign dividends received			State income tax refunds		
	Number of returns (1)	(2)	Number of returns (3)	Amount (4)	Number of returns (5)	Amount (6)	Number of returns (7)	Amount (8)	Dividends in AGI (9)		Number of returns (11)	Amount (12)
									Number of returns	Amount		
All returns, total	0.04	0.45	0.25	0.32	0.45	1.50	1.05	6.73	1.21	6.95	0.97	1.40
No adjusted gross income	5.53	1.98	8.23	7.99	6.45	4.41	10.10	7.42	11.59	7.45	15.62	13.35
\$1 under \$5,000	1.48	1.71	1.68	2.35	2.62	5.49	5.79	10.06	6.44	10.70	13.74	19.71
\$5,000 under \$10,000	1.48	1.52	1.73	1.91	2.34	4.12	5.09	9.21	5.67	9.67	8.49	12.12
\$10,000 under \$15,000	1.64	1.65	1.83	1.91	2.39	4.82	5.08	9.35	5.55	9.70	6.35	9.63
\$15,000 under \$20,000	1.84	1.84	2.02	2.10	2.46	5.29	5.02	9.40	5.62	9.70	5.31	6.98
\$20,000 under \$25,000	2.04	2.04	2.18	2.25	2.49	5.94	4.78	9.73	5.38	10.03	4.41	5.78
\$25,000 under \$30,000	1.74	1.74	1.84	1.91	2.10	6.06	4.39	9.73	5.04	10.14	3.49	4.84
\$30,000 under \$40,000	1.26	1.27	1.33	1.38	1.47	4.69	3.01	7.20	3.49	7.49	2.26	3.17
\$40,000 under \$50,000	1.67	1.66	1.74	1.76	1.78	5.65	3.01	7.97	3.53	8.30	2.53	3.87
\$50,000 under \$75,000	0.73	0.75	0.80	0.88	0.79	2.90	1.48	4.33	1.73	4.48	1.30	2.26
\$75,000 under \$100,000	2.30	2.34	2.38	2.58	2.35	7.75	3.15	11.32	3.48	11.57	3.38	5.57
\$100,000 under \$200,000	2.08	2.21	2.12	2.61	2.14	4.52	2.80	7.38	3.08	7.48	3.58	7.00
\$200,000 under \$500,000	4.85	4.78	3.89	5.26	4.93	12.96	5.81	33.60	6.11	33.75	6.24	9.87
\$500,000 under \$1,000,000	15.38	12.52	0.99	1.43	15.53	31.64	17.32	13.66	17.88	13.63	26.68	19.33
\$1,000,000 or more	24.85	12.47	0.51	0.72	25.00	4.86	26.62	43.19	27.16	43.20	0.72	0.97
Taxable returns, total	0.30	0.46	0.38	0.35	0.51	1.62	1.09	7.05	1.24	7.27	0.98	1.42
No adjusted gross income	18.29	4.43	20.91	9.87	18.59	8.21	17.42	14.94	18.07	14.98	17.96	13.22
\$1 under \$5,000	3.43	3.51	3.86	4.32	4.99	9.14	9.93	14.88	10.68	15.59	35.34	53.68
\$5,000 under \$10,000	1.84	1.88	2.11	2.22	2.76	4.93	6.23	11.41	6.81	11.96	11.62	17.60
\$10,000 under \$15,000	1.70	1.71	1.90	1.97	2.48	5.03	5.31	9.87	5.80	10.25	7.03	9.79
\$15,000 under \$20,000	1.86	1.87	2.04	2.12	2.50	5.41	5.12	9.70	5.76	10.02	5.45	7.26
\$20,000 under \$25,000	2.05	2.05	2.19	2.26	2.51	5.99	4.82	9.73	5.43	10.03	4.43	5.82
\$25,000 under \$30,000	1.75	1.75	1.85	1.91	2.11	6.14	4.43	9.72	5.09	10.13	3.52	4.91
\$30,000 under \$40,000	1.26	1.27	1.33	1.38	1.48	4.73	3.02	7.26	3.51	7.56	2.27	3.18
\$40,000 under \$50,000	1.67	1.66	1.74	1.76	1.79	5.67	3.02	7.99	3.54	8.31	2.54	3.88
\$50,000 under \$75,000	0.73	0.75	0.80	0.88	0.80	2.91	1.48	4.34	1.74	4.50	1.30	2.14
\$75,000 under \$100,000	2.30	2.35	2.39	2.59	2.36	7.84	3.16	11.33	3.48	11.59	3.39	5.59
\$100,000 under \$200,000	2.08	2.21	2.12	2.61	2.14	4.57	2.81	7.43	3.09	7.53	3.58	7.01
\$200,000 under \$500,000	4.86	4.79	3.90	5.27	4.94	13.07	5.82	33.73	6.12	33.88	6.24	9.88
\$500,000 under \$1,000,000	15.40	12.54	1.00	1.44	15.56	31.88	17.35	13.82	17.91	13.79	26.70	19.35
\$1,000,000 or more	24.89	12.50	0.51	0.72	25.04	4.95	26.62	43.41	27.20	43.42	0.73	0.98
Nontaxable returns, total	1.30	4.29	1.55	2.21	2.23	3.90	4.55	7.43	5.17	7.71	6.59	8.30

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Alimony received			Business or profession			Sales of capital assets				
	Number of returns	Net income		Net loss		Capital gain distributions reported on Form 1040		Sales of capital assets reported on Schedule D			
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Returns with short-term capital gain or loss		Total short-term loss	
								Number of returns	Amount		Number of returns	Amount
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	9.31	11.91	0.81	1.81	2.24	2.93	7.47	3.00	7.15	3.07	7.44
No adjusted gross income	80.91	31.46	13.15	8.44	7.86	5.72	64.95	21.18	12.32	20.60	22.36
\$1 under \$5,000	44.71	48.88	5.40	7.94	11.71	16.84	25.19	23.67	36.13	26.06	39.19
\$5,000 under \$10,000	25.48	30.68	4.42	5.96	10.80	15.74	24.88	23.43	37.22	18.23	35.01
\$10,000 under \$15,000	24.62	29.54	5.26	6.83	10.09	13.88	25.45	21.25	31.85	18.97	46.47
\$15,000 under \$20,000	33.33	43.27	4.99	6.64	10.24	14.00	29.14	16.65	25.72	16.57	36.62
\$20,000 under \$25,000	26.20	32.15	4.95	6.83	10.38	13.10	24.27	15.72	35.27	14.94	46.42
\$25,000 under \$30,000	24.37	35.87	4.47	6.71	8.31	12.18	25.91	12.83	35.99	12.32	46.21
\$30,000 under \$40,000	21.19	27.23	3.28	5.20	5.47	7.82	23.71	9.40	22.73	8.58	19.36
\$40,000 under \$50,000	37.72	48.52	3.93	5.84	6.97	8.78	20.05	8.98	22.73	4.76	16.99
\$50,000 under \$75,000	23.05	30.21	2.37	3.60	4.64	6.45	16.96	4.62	10.01	4.76	17.00
\$75,000 under \$100,000	37.80	50.08	3.99	5.18	6.77	8.97	27.93	6.43	11.46	7.58	13.63
\$100,000 under \$200,000	24.83	45.69	5.81	10.16	11.58	17.72	37.14	6.74	8.09	11.05	11.05
\$200,000 under \$500,000	28.12	58.00	4.47	3.50	4.47	4.92	32.36	13.31	5.63	12.35	5.86
\$500,000 under \$1,000,000	19.79	30.03	50.44	9.47	3.17	2.89	67.52	32.13	4.49	33.60	6.88
\$1,000,000 or more	14.19	41.43	1.26	0.34	71.17	18.49	40.80	39.28	27.26	41.85	11.64
Taxable returns, total	9.88	12.43	1.08	1.97	2.53	3.40	7.88	3.06	7.68	3.18	8.07
No adjusted gross income	0.00	0.00	20.12	26.48	40.69	16.19	0.00	25.19	19.00	24.38	24.45
\$1 under \$5,000	99.99	99.99	15.09	16.81	31.92	38.56	45.31	35.04	44.44	49.01	52.31
\$5,000 under \$10,000	32.22	38.17	6.41	8.34	14.32	20.13	29.16	27.18	43.24	24.21	45.18
\$10,000 under \$15,000	26.97	32.14	5.77	7.55	11.29	16.21	26.14	22.59	37.00	20.85	53.92
\$15,000 under \$20,000	33.81	43.27	5.18	6.98	10.78	15.98	29.16	17.32	28.33	17.61	32.13
\$20,000 under \$25,000	26.20	32.15	5.03	7.03	10.45	13.43	24.57	16.03	35.71	15.24	46.50
\$25,000 under \$30,000	24.37	35.87	4.51	6.80	8.45	12.47	25.91	13.14	36.27	12.64	49.66
\$30,000 under \$40,000	21.19	27.23	3.27	5.32	5.50	7.89	23.97	9.51	17.52	9.72	20.40
\$40,000 under \$50,000	37.72	48.52	3.95	5.90	4.82	8.87	20.06	9.03	23.58	8.64	17.14
\$50,000 under \$75,000	23.06	30.23	2.37	3.61	4.66	6.54	16.96	4.64	10.12	4.80	17.67
\$75,000 under \$100,000	38.21	52.08	4.01	5.20	6.79	9.11	27.93	6.48	11.65	7.60	13.67
\$100,000 under \$200,000	24.89	47.55	5.82	10.18	11.70	17.93	37.14	6.75	8.13	7.00	11.22
\$200,000 under \$500,000	28.22	58.10	14.29	3.50	4.49	5.01	32.40	13.33	5.72	12.37	6.04
\$500,000 under \$1,000,000	19.79	30.03	50.51	9.51	3.18	2.92	67.56	32.18	4.59	33.67	7.08
\$1,000,000 or more	14.19	41.43	1.26	0.34	71.26	18.71	40.80	39.33	27.37	41.93	12.01
Nontaxable returns, total	27.81	30.22	3.60	4.81	5.68	5.18	21.99	14.55	12.01	12.80	19.08

Footnote(s) at end of table.

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets—Continued											
	Returns with short-term capital gain or loss—Continued					Returns with long-term capital gain or loss						
	Net short-term gain		Net short-term loss		Total long-term gain	Total long-term loss		Net long-term gain		Net long-term loss		
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)		Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)		Number of returns (33)	Amount (34)
All returns, total	3.46	8.73	3.50	8.80	1.44	4.71	2.52	8.76	1.51	4.92	3.95	13.75
No adjusted gross income	26 80	8 15	19 81	25 24	9 83	4 16	15 28	25 09	10 30	4 11	22 32	38 56
\$1 under \$5,000	24 48	32 38	30 94	79 13	8 49	13 51	16 23	30 43	8 79	13 76	19 48	33 51
\$5,000 under \$10,000	25 37	39 11	18 84	35 45	7 71	12 64	15 67	51 03	8 00	12 98	20 46	55 54
\$10,000 under \$15,000	23 23	29 93	20 45	49 58	7 66	13 72	13 85	25 61	17 87	14 36	17 87	29 61
\$15,000 under \$20,000	18 43	31 79	18 56	37 74	6 77	11 12	13 43	63 67	6 95	10 89	19 54	74 71
\$20,000 under \$25,000	18 27	43 68	16 39	49 96	6 83	10 75	11 27	40 87	7 14	11 20	16 13	54 19
\$25,000 under \$30,000	15 13	29 13	13 98	54 70	6 06	9 73	10 95	48 69	6 32	10 26	14 53	63 85
\$30,000 under \$40,000	10 51	20 65	10 55	21 37	4 46	8 54	7 74	21 98	4 65	8 81	10 96	29 33
\$40,000 under \$50,000	10 24	29 23	9 61	19 04	4 34	8 29	7 22	26 14	4 57	8 46	9 42	33 17
\$50,000 under \$75,000	4 99	10 44	5 51	19 51	2 11	4 39	4 25	10 92	2 21	4 45	6 64	16 11
\$75,000 under \$100,000	7 78	13 97	7 85	15 64	3 80	7 81	6 01	11 04	4 02	8 12	8 03	17 72
\$100,000 under \$200,000	5 77	7 85	8 78	12 54	3 17	6 81	6 05	8 25	3 21	7 03	10 89	14 97
\$200,000 under \$500,000	13 17	7 28	13 21	7 12	6 01	2 90	10 20	28 36	5 53	2 31	5 00	18 78
\$500,000 under \$1,000,000	2 12	5 08	42 86	9 50	16 86	2 37	29 86	6 16	17 44	2 35	5 16	9 26
\$1,000,000 or more	47 79	28 20	1 12	2 93	25 90	15 40	0 74	2 93	26 54	15 63	3 54	17 75
Taxable returns, total	3.52	9.32	3.61	9.70	1.50	4.95	2.60	9.81	1.57	5.15	4.13	15.91
No adjusted gross income	28 42	23 97	30 34	27 01	18 59	6 28	20 98	20 96	19 07	6 16	84 95	1 30
\$1 under \$5,000	35 04	49 05	68 24	78 55	14 03	16 46	37 70	90 19	14 03	16 50	57 63	99 16
\$5,000 under \$10,000	28 23	45 05	25 68	45 89	9 92	15 82	21 27	39 98	10 27	16 04	28 09	47 06
\$10,000 under \$15,000	24 50	35 41	22 81	57 87	8 07	14 57	14 86	31 84	8 35	15 14	19 73	38 93
\$15,000 under \$20,000	19 10	33 19	19 80	33 31	7 10	12 12	13 88	66 18	7 29	11 67	20 47	76 11
\$20,000 under \$25,000	18 64	44 18	16 48	49 99	6 93	11 08	11 42	42 09	7 24	11 49	16 42	54 44
\$25,000 under \$30,000	15 26	29 14	14 45	59 91	6 20	10 16	11 39	51 67	6 46	10 61	65 33	99 16
\$30,000 under \$40,000	10 64	21 14	10 72	22 36	4 49	8 65	7 78	22 58	4 68	8 91	11 00	29 61
\$40,000 under \$50,000	10 31	30 76	9 66	19 21	4 35	8 31	7 24	26 38	4 58	8 48	9 46	33 53
\$50,000 under \$75,000	5 00	10 53	5 54	20 35	2 12	4 41	4 28	11 06	2 21	4 47	6 68	16 41
\$75,000 under \$100,000	7 85	14 27	7 86	15 67	3 81	7 86	6 04	10 76	4 03	8 16	8 06	17 81
\$100,000 under \$200,000	5 78	7 88	8 83	12 78	3 17	6 82	6 07	8 33	3 22	7 04	10 96	15 44
\$200,000 under \$500,000	13 19	7 35	13 25	7 35	6 02	2 90	10 22	29 02	5 53	2 31	5 03	20 18
\$500,000 under \$1,000,000	2 12	5 16	42 92	9 75	16 89	2 38	29 92	6 64	17 46	2 36	5 21	13 49
\$1,000,000 or more	47 82	28 23	1 12	3 07	25 93	15 41	0 74	3 01	26 56	15 64	3 59	18 70
Nontaxable returns, total	17.40	8.82	13.77	20.96	5.67	4.78	9.63	19.52	5.98	4.97	12.16	27.43

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount, (percent))

Size of adjusted gross income	Sales of capital assets—Continued										Sales of property other than capital assets							
	Sales of capital assets reported on Schedule D—Continued										Net capital gain		Net capital loss		Net gain		Net loss	
	Net long-term capital gain in excess of net short-term capital loss										Number of returns		Amount		Number of returns		Amount	
	Total		Excluded portion		Amount included in AGI		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount	
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)					
All returns, total	1.54	5.00	1.54	5.00	5.00	1.49	5.17	3.36	4.22	5.16	5.24	5.60	7.32					
No adjusted gross income	10.46	3.69	10.47	3.69	10.47	10.31	3.54	0.00	0.00	18.42	10.72	18.90	11.59					
\$1 under \$5,000	8.85	13.84	8.85	13.84	8.85	8.74	13.37	24.60	30.58	32.74	48.62	28.20	41.54					
\$5,000 under \$10,000	8.13	13.16	8.13	13.16	8.13	7.97	12.63	16.27	21.40	23.49	39.42	26.81	54.04					
\$10,000 under \$15,000	7.97	13.86	7.99	13.86	7.99	7.88	13.30	16.48	20.39	23.45	34.64	27.77	37.10					
\$15,000 under \$20,000	7.10	11.06	7.12	11.06	7.10	6.91	10.66	15.65	19.93	21.43	34.96	26.02	33.45					
\$20,000 under \$25,000	7.23	11.36	7.23	11.36	7.23	6.99	11.79	13.25	16.88	25.59	30.10	24.97	38.82					
\$25,000 under \$30,000	6.43	10.39	6.43	10.39	6.46	6.28	10.05	12.24	15.94	20.36	27.27	29.00	38.43					
\$30,000 under \$40,000	4.73	8.93	4.74	8.93	4.74	4.55	8.51	8.89	11.59	14.48	20.91	15.99	22.39					
\$40,000 under \$50,000	4.63	8.57	4.63	8.57	4.64	4.49	8.40	7.98	9.51	16.78	29.79	15.23	20.27					
\$50,000 under \$75,000	2.25	4.21	2.25	4.21	2.25	2.18	4.05	5.24	7.01	9.79	12.60	9.45	18.65					
\$75,000 under \$100,000	4.09	8.25	4.08	8.25	4.09	3.95	7.86	6.79	7.97	10.19	16.88	17.24	18.72					
\$100,000 under \$200,000	3.31	7.08	3.31	7.08	3.31	3.19	6.74	9.76	11.45	5.34	9.58	15.21	12.14					
\$200,000 under \$500,000	5.66	2.33	5.66	2.33	5.66	6.34	2.89	4.12	4.60	26.18	8.55	4.47	8.82					
\$500,000 under \$1,000,000	17.73	2.37	17.73	2.37	17.73	17.45	2.28	4.42	4.81	59.95	8.48	3.46	8.16					
\$1,000,000 or more	26.77	15.70	26.78	15.70	26.78	26.50	16.34	3.12	3.27	1.46	2.21	1.50	3.29					
Taxable returns, total	1.59	5.22	1.59	5.22	5.22	1.55	5.40	3.41	4.31	5.59	5.80	6.05	7.94					
No adjusted gross income	19.08	6.06	19.08	6.06	19.08	18.75	6.06	0.00	0.00	36.78	15.43	28.55	17.03					
\$1 under \$5,000	14.03	16.51	14.03	16.51	14.03	13.90	17.02	57.64	97.50	85.29	56.09	67.51	65.52					
\$5,000 under \$10,000	10.42	16.19	10.42	16.19	10.42	10.11	15.42	22.31	29.66	34.77	49.85	42.90	63.94					
\$10,000 under \$15,000	8.34	14.54	8.37	14.54	8.37	8.25	14.04	17.60	22.17	25.81	38.49	32.21	43.02					
\$15,000 under \$20,000	7.41	11.83	7.43	11.84	7.41	7.20	11.42	15.89	20.07	23.57	33.45	27.48	37.88					
\$20,000 under \$25,000	7.34	11.65	7.34	11.66	7.34	7.09	12.08	13.34	16.98	26.39	32.68	26.02	41.60					
\$25,000 under \$30,000	6.58	10.73	6.58	10.73	6.60	6.42	10.35	12.32	16.06	21.74	29.96	29.44	43.63					
\$30,000 under \$40,000	4.76	9.01	4.76	9.01	4.77	4.58	8.60	8.97	11.75	14.62	21.74	16.15	23.25					
\$40,000 under \$50,000	4.64	8.58	4.64	8.58	4.65	4.50	8.45	8.02	9.60	16.78	29.79	15.28	21.36					
\$50,000 under \$75,000	2.26	4.22	2.26	4.22	2.26	2.19	4.06	5.26	7.04	9.81	12.68	9.51	19.17					
\$75,000 under \$100,000	4.10	8.28	4.09	8.28	4.10	3.96	7.89	6.80	7.99	10.21	16.99	17.28	19.00					
\$100,000 under \$200,000	3.31	7.09	3.32	7.09	3.32	3.20	6.75	9.79	11.50	5.35	9.65	15.25	12.27					
\$200,000 under \$500,000	5.67	2.33	5.67	2.33	5.67	6.35	2.89	4.61	4.61	26.23	8.62	4.48	8.94					
\$500,000 under \$1,000,000	17.75	2.37	17.75	2.37	17.75	17.47	2.28	4.43	4.82	60.01	8.57	3.47	8.42					
\$1,000,000 or more	26.79	15.71	26.79	15.71	26.79	26.52	16.35	3.13	3.28	1.46	2.22	1.51	3.34					
Nontaxable returns, total	6.10	4.65	6.10	4.65	4.65	6.00	4.34	15.40	18.72	13.79	12.41	13.58	11.22					

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Pensions and annuities											
	Total		In adjusted gross income		Fully included in AGI		Partially included in AGI		Amount included in AGI		Not included in AGI	
	Number of returns (51)	Amount (52)	Number of returns (53)	Amount (54)	Number of returns (55)	Amount (56)	Number of returns (57)	Amount received (58)	Amount included in AGI (59)	Number of returns (60)	Amount (61)	
All returns, total	1.39	2.11	1.46	1.94	1.54	2.01	2.95	4.99	7.21	2.95	5.82	
No adjusted gross income	17.76	17.13	19.37	19.29	20.25	20.60	29.70	30.15	31.88	29.70	36.44	
\$1 under \$5,000	7.24	13.27	7.58	9.36	7.94	9.76	16.54	28.93	32.11	16.54	31.79	
\$5,000 under \$10,000	4.43	5.97	4.48	5.44	4.65	5.62	12.30	20.08	20.87	12.30	23.94	
\$10,000 under \$15,000	4.39	5.56	4.46	5.41	4.58	5.54	12.13	17.88	21.48	12.13	22.42	
\$15,000 under \$20,000	4.87	7.75	4.97	6.29	5.10	6.43	12.72	26.69	24.13	12.72	30.80	
\$20,000 under \$25,000	5.22	6.88	5.40	7.04	5.61	7.25	11.73	17.00	24.48	11.73	20.43	
\$25,000 under \$30,000	5.10	8.08	5.32	7.55	5.54	7.83	11.15	21.76	25.82	11.15	27.36	
\$30,000 under \$40,000	3.90	6.04	4.11	6.10	4.37	6.46	7.55	12.84	15.92	7.55	14.99	
\$40,000 under \$50,000	4.11	8.29	4.43	7.15	4.76	7.30	7.35	16.87	25.94	7.35	19.80	
\$50,000 under \$75,000	2.31	4.87	2.46	4.13	2.58	3.95	4.50	10.90	19.03	4.50	12.64	
\$75,000 under \$100,000	5.06	9.36	5.65	7.38	6.25	8.08	6.78	16.08	16.54	6.78	18.83	
\$100,000 under \$200,000	5.47	7.03	6.58	7.62	6.48	8.36	8.58	10.55	11.98	8.58	11.41	
\$200,000 under \$500,000	2.76	9.13	3.19	6.88	3.42	7.40	4.61	12.37	15.91	4.61	12.85	
\$500,000 under \$1,000,000	2.50	6.76	2.94	7.23	3.15	7.40	4.08	9.22	24.47	4.08	9.94	
\$1,000,000 or more	1.35	3.26	1.56	4.35	1.67	4.52	2.24	4.42	14.67	2.24	4.50	
Taxable returns, total	1.47	2.20	1.54	2.04	1.63	2.11	3.05	5.21	7.59	3.05	6.07	
No adjusted gross income	44.01	34.98	44.82	33.30	37.10	34.25	87.29	80.41	41.19	87.29	85.50	
\$1 under \$5,000	20.85	21.97	20.85	22.28	22.36	23.44	57.72	62.90	71.74	57.72	71.13	
\$5,000 under \$10,000	5.51	6.76	5.55	6.77	5.71	6.95	16.91	22.45	27.32	16.91	23.69	
\$10,000 under \$15,000	4.54	5.75	4.61	5.56	4.73	5.69	12.79	18.91	22.76	12.79	23.57	
\$15,000 under \$20,000	4.91	7.86	5.00	6.33	5.14	6.47	12.93	28.16	24.13	12.93	32.86	
\$20,000 under \$25,000	5.25	6.95	5.42	7.11	5.62	7.31	11.83	17.26	25.24	11.83	20.51	
\$25,000 under \$30,000	5.12	8.12	5.33	7.58	5.56	7.86	11.27	21.87	25.63	11.27	27.55	
\$30,000 under \$40,000	3.80	6.05	4.11	6.10	4.37	6.46	7.58	12.88	15.96	7.58	15.04	
\$40,000 under \$50,000	4.12	8.31	4.44	7.17	4.77	7.31	7.39	16.90	26.04	7.39	19.82	
\$50,000 under \$75,000	2.31	4.87	2.46	4.13	2.58	3.95	4.50	10.91	19.03	4.50	12.65	
\$75,000 under \$100,000	5.06	9.37	5.66	7.39	6.26	8.10	6.78	16.08	16.54	6.78	18.83	
\$100,000 under \$200,000	5.48	7.06	6.59	7.65	6.49	8.37	8.58	10.61	11.89	8.58	11.45	
\$200,000 under \$500,000	2.76	9.15	3.19	6.82	3.42	7.45	4.61	12.38	15.95	4.61	12.86	
\$500,000 under \$1,000,000	2.51	6.77	2.94	7.23	3.15	7.40	4.08	9.25	24.48	4.08	9.57	
\$1,000,000 or more	1.35	3.26	1.56	4.36	1.67	4.53	2.24	4.42	14.68	2.24	4.50	
Non-taxable returns, total	4.87	7.43	5.08	6.61	5.32	8.98	10.88	17.15	20.31	10.88	19.81	

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Rent			Royalty			Farm rental					
	Net income		Net loss	Net income		Net loss	Net income		Net loss			
	Number of returns (62)	Amount (63)	Number of returns (64)	Amount (65)	Number of returns (66)	Amount (67)	Number of returns (68)	Amount (69)	Number of returns (70)	Amount (71)	Number of returns (72)	Amount (73)
All returns, total	2.98	5.79	2.04	2.80	5.83	31.13	18.88	19.50	8.89	12.80	15.39	19.95
No adjusted gross income	20.18	14.40	11.99	8.38	17.56	12.00	29.13	33.57	53.30	52.02	42.00	34.36
\$1 under \$5,000	13.90	17.09	15.02	20.42	35.44	55.23	72.91	72.91	37.78	55.15	99.01	99.01
\$5,000 under \$10,000	9.91	16.77	11.88	14.63	19.60	34.31	99.10	99.10	31.76	45.31	45.31	51.10
\$10,000 under \$15,000	11.36	15.82	10.67	13.81	22.50	32.10	82.92	71.76	24.32	29.57	32.36	51.04
\$15,000 under \$20,000	11.42	20.03	9.64	12.20	22.25	32.27	93.89	93.89	28.01	39.16	60.79	84.87
\$20,000 under \$25,000	11.34	15.75	8.30	10.65	20.92	54.47	70.66	98.60	32.56	54.44	99.95	99.90
\$25,000 under \$30,000	10.93	20.06	7.23	8.91	22.28	46.38	75.67	96.14	34.98	45.81	99.97	99.97
\$30,000 under \$40,000	8.67	14.33	5.83	6.25	19.06	39.80	54.76	70.80	41.85	41.54	41.85	56.21
\$40,000 under \$50,000	9.79	22.99	4.91	5.71	17.96	34.27	58.30	97.63	41.03	88.40	32.88	35.23
\$50,000 under \$75,000	4.72	9.35	2.95	3.95	8.55	20.12	29.79	41.70	15.38	24.98	24.84	43.04
\$75,000 under \$100,000	8.53	37.01	4.27	4.76	12.26	22.09	29.03	39.22	23.76	36.07	33.98	36.06
\$100,000 under \$200,000	3.82	7.23	5.34	5.41	7.22	15.64	18.03	29.84	19.28	42.85	26.49	27.81
\$200,000 under \$500,000	2.95	5.62	9.66	3.74	5.47	12.71	15.67	26.63	15.99	45.45	20.88	27.50
\$500,000 under \$1,000,000	45.32	48.85	1.96	2.89	68.87	89.18	10.82	16.99	14.31	59.45	15.73	31.68
\$1,000,000 or more	1.23	2.34	51.92	59.41	1.84	3.85	4.62	7.52	8.55	20.69	9.28	12.74
Taxable returns, total	3.18	6.31	2.12	3.11	6.22	33.83	18.41	18.65	9.66	14.09	16.32	22.60
No adjusted gross income	31.63	37.17	23.00	11.78	47.69	26.13	49.35	64.64	83.99	73.66	25.47	40.28
\$1 under \$5,000	37.82	42.04	56.01	60.45	98.61	70.05	99.99	99.99	33.62	45.80	0.00	0.00
\$5,000 under \$10,000	13.16	18.18	15.79	21.43	26.80	43.08	0.00	0.00	33.62	45.80	70.70	71.92
\$10,000 under \$15,000	12.47	17.39	11.57	16.29	24.29	32.00	99.94	99.94	25.69	32.23	34.17	52.84
\$15,000 under \$20,000	11.85	20.68	10.12	13.27	22.75	34.37	0.00	0.00	28.01	39.16	60.79	84.87
\$20,000 under \$25,000	11.51	16.19	8.44	11.34	21.48	61.92	70.68	99.08	32.56	54.44	99.98	99.98
\$25,000 under \$30,000	11.06	20.77	7.37	9.12	23.67	53.56	85.96	96.90	34.98	45.81	99.97	99.97
\$30,000 under \$40,000	8.78	15.01	5.89	6.38	19.44	40.68	54.76	70.80	22.76	41.54	42.03	56.33
\$40,000 under \$50,000	9.87	23.61	4.92	5.75	17.97	34.30	58.33	97.75	41.53	88.40	32.88	35.23
\$50,000 under \$75,000	4.74	9.41	2.96	3.96	8.58	20.14	29.79	41.70	15.40	25.13	24.84	43.04
\$75,000 under \$100,000	8.57	37.13	4.28	4.79	12.29	22.49	29.03	39.40	23.76	36.07	33.98	36.06
\$100,000 under \$200,000	3.83	7.27	5.37	5.46	7.23	15.64	18.03	29.84	19.28	42.85	26.57	29.12
\$200,000 under \$500,000	2.96	5.63	9.69	3.77	5.49	12.79	15.74	26.94	15.99	45.45	20.91	27.72
\$500,000 under \$1,000,000	45.39	49.12	1.96	2.90	68.98	89.33	10.82	16.99	14.31	59.45	15.73	31.68
\$1,000,000 or more	1.24	2.37	51.98	59.54	1.84	3.85	4.63	7.82	8.55	20.69	9.28	12.74
Nontaxable returns, total	8.43	11.22	7.44	6.59	16.68	17.56	52.17	53.89	22.53	27.85	44.94	27.83

Footnote(s) at end of table.

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Partnership				Small Business Corporation				Partnership and S Corporation			
	Total income		Total loss		Total income		Total loss		Total income		Total loss	
	Number of returns (74)	Amount (75)	Number of returns (76)	Amount (77)	Number of returns (78)	Amount (79)	Number of returns (80)	Amount (81)	Number of returns (82)	Amount (83)	Number of returns (84)	Amount (85)
All returns, total	2.73	2.72	2.30	2.15	5.74	2.52	5.36	3.76	3.08	2.38	2.44	1.97
No adjusted gross income	14.47	4.86	11.34	2.53	12.97	4.43	16.39	6.39	28.25	9.82	10.56	2.71
\$1 under \$5,000	16.63	28.47	18.52	23.63	51.26	43.33	37.28	41.60	17.62	27.02	18.13	22.13
\$5,000 under \$10,000	17.86	22.15	20.62	22.59	27.02	33.22	29.73	41.89	15.94	20.51	18.04	26.20
\$10,000 under \$15,000	18.02	25.33	18.05	18.53	61.31	59.50	31.35	37.83	19.22	27.78	16.75	18.25
\$15,000 under \$20,000	16.35	24.28	13.97	18.37	36.33	31.63	29.72	29.72	16.43	25.06	13.23	16.35
\$20,000 under \$25,000	14.04	22.47	13.54	14.44	30.38	34.74	28.66	26.65	14.49	20.88	13.20	13.97
\$25,000 under \$30,000	12.53	17.07	12.08	13.73	30.81	43.98	29.22	29.91	13.19	20.92	12.21	13.94
\$30,000 under \$40,000	9.63	17.45	8.04	8.74	18.26	27.83	19.00	19.10	10.02	16.16	7.98	8.64
\$40,000 under \$50,000	8.50	14.56	7.13	17.74	18.77	26.80	15.71	16.91	8.70	14.29	7.13	16.98
\$50,000 under \$75,000	4.52	7.67	3.88	4.68	9.11	13.38	9.74	11.79	4.45	7.44	4.18	4.85
\$75,000 under \$100,000	6.55	7.81	5.13	11.56	9.69	14.03	9.86	10.40	6.58	7.80	5.62	12.83
\$100,000 under \$200,000	4.92	4.35	4.17	2.74	5.38	8.04	5.48	6.22	5.96	4.34	4.54	2.85
\$200,000 under \$500,000	8.24	3.48	8.15	2.92	3.46	4.80	3.78	4.34	2.19	3.44	10.71	3.08
\$500,000 under \$1,000,000	24.73	20.24	22.24	3.20	44.59	3.51	2.50	3.29	32.15	14.51	1.57	1.78
\$1,000,000 or more	34.90	8.01	31.68	15.66	0.98	0.83	1.03	1.20	0.86	0.71	42.28	13.09
Taxable returns, total	2.80	2.88	2.36	2.82	5.95	2.62	5.74	3.29	3.14	2.41	2.55	2.55
No adjusted gross income	20.88	7.01	16.87	5.51	23.89	15.77	38.41	10.95	49.72	32.48	21.35	5.51
\$1 under \$5,000	31.58	48.19	54.85	41.82	79.60	57.77	66.84	76.78	35.15	50.87	48.64	39.60
\$5,000 under \$10,000	22.01	28.45	27.91	33.31	35.64	44.12	49.96	58.30	19.12	24.51	25.92	31.45
\$10,000 under \$15,000	20.35	29.19	21.63	24.17	72.04	56.44	49.05	52.37	21.97	31.18	20.17	23.23
\$15,000 under \$20,000	18.14	30.90	15.20	23.06	38.99	39.85	34.30	36.59	18.12	30.98	14.04	19.43
\$20,000 under \$25,000	14.55	24.60	14.15	16.09	32.75	38.53	31.28	31.35	14.91	22.10	13.80	15.77
\$25,000 under \$30,000	12.78	21.96	12.59	14.65	35.66	56.52	34.08	36.23	13.60	22.29	12.69	15.54
\$30,000 under \$40,000	9.87	18.30	8.20	9.18	19.28	28.16	19.28	21.05	10.16	16.55	8.14	9.20
\$40,000 under \$50,000	8.59	14.81	7.19	18.75	19.03	27.53	16.14	17.69	8.75	14.40	7.20	17.92
\$50,000 under \$75,000	4.55	7.77	3.90	4.79	9.25	13.65	9.89	12.82	4.46	7.50	4.20	4.99
\$75,000 under \$100,000	6.57	7.83	5.15	11.75	9.74	14.14	9.96	10.84	6.60	7.81	5.64	13.17
\$100,000 under \$200,000	4.93	4.35	4.18	2.76	5.40	8.11	5.50	6.30	5.97	4.34	4.55	2.87
\$200,000 under \$500,000	8.25	3.50	8.16	2.94	3.47	4.82	3.79	4.45	2.19	3.45	10.73	3.11
\$500,000 under \$1,000,000	24.76	20.34	22.28	3.23	44.63	3.51	2.51	3.36	32.17	14.55	1.58	1.81
\$1,000,000 or more	34.95	8.06	31.72	15.71	0.98	0.83	1.03	1.21	0.87	0.72	42.33	13.15
Non-taxable returns, total	10.33	8.12	8.37	2.90	19.37	8.69	12.88	7.22	11.97	13.41	7.93	3.15

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Estate or trust										Firm										
	Total income		Total loss		Net income		Net loss		Net income		Net loss										
	Number of returns (88)	Amount (87)	Number of returns (88)	Amount (89)	Number of returns (89)	Amount (90)	Number of returns (90)	Amount (91)	Number of returns (91)	Amount (92)	Number of returns (92)	Amount (93)	Number of returns (93)	Amount (94)	Number of returns (94)	Amount (95)	Number of returns (95)	Amount (96)	Number of returns (96)	Amount (97)	
All returns, total	5.32	5.25	15.17	12.64	5.37	5.29	14.72	12.32	6.09	7.80	3.26	3.93									
No adjusted gross income	29.79	25.48	62.67	28.07	27.13	18.33	71.38	14.23	26.31	22.05	13.20	9.03									
\$1 under \$5,000	18.92	28.12	97.63	75.87	18.94	28.17	97.63	75.95	24.20	36.00	18.77	24.68									
\$5,000 under \$10,000	25.09	28.60	75.39	90.86	25.60	28.90	75.39	97.76	24.48	41.16	15.47	19.38									
\$10,000 under \$15,000	21.88	29.14	56.86	73.73	21.88	29.17	58.24	78.45	27.96	37.58	19.47	21.44									
\$15,000 under \$20,000	23.38	33.22	43.39	57.48	23.38	33.22	43.39	57.48	21.53	25.30	15.73	17.82									
\$20,000 under \$25,000	26.34	35.81	67.07	94.32	26.34	35.81	67.07	94.32	28.82	44.33	16.55	17.64									
\$25,000 under \$30,000	20.05	31.73	48.77	60.13	20.05	31.77	64.44	84.44	19.62	26.29	14.71	18.26									
\$30,000 under \$40,000	17.71	26.95	44.21	49.96	17.71	26.98	48.86	51.28	17.18	24.96	11.82	12.65									
\$40,000 under \$50,000	16.74	23.00	32.54	57.80	17.00	23.59	36.76	72.48	21.88	30.17	13.52	15.28									
\$50,000 under \$75,000	10.35	13.99	21.19	29.13	10.48	14.14	24.79	33.54	13.09	19.07	11.22	12.18									
\$75,000 under \$100,000	18.43	21.12	59.08	35.82	18.50	21.31	31.74	37.60	22.88	36.41	13.51	13.74									
\$100,000 under \$200,000	12.92	10.71	42.02	16.94	13.37	10.96	14.17	16.80	14.77	24.05	7.90	9.45									
\$200,000 under \$500,000	26.77	10.64	58.59	17.85	27.03	10.03	10.36	17.10	10.31	18.69	5.33	6.54									
\$500,000 under \$1,000,000	56.88	7.63	6.74	11.60	57.70	7.77	7.68	13.11	8.94	18.95	72.93	23.67									
\$1,000,000 or more	1.44	2.69	3.00	4.11	1.47	2.68	3.44	4.16	3.95	5.89	1.72	1.77									
Taxable returns, total	5.53	5.32	16.10	14.01	5.57	5.38	15.01	16.36	7.62	9.28	4.42	4.43									
No adjusted gross income	30.74	15.88	33.84	31.10	31.79	15.97	39.94	31.07	82.25	36.85	42.74	31.09									
\$1 under \$5,000	22.33	25.23	97.43	66.87	22.34	25.25	97.43	52.08	99.99	99.99	70.94	79.76									
\$5,000 under \$10,000	33.32	37.65	99.94	99.94	33.32	37.65	99.94	99.94	36.94	52.28	25.06	31.77									
\$10,000 under \$15,000	23.71	31.35	71.49	76.19	23.71	31.35	71.49	76.19	37.66	50.94	22.65	25.30									
\$15,000 under \$20,000	24.36	34.28	43.39	57.48	24.36	34.28	43.39	57.48	23.52	28.87	16.06	19.51									
\$20,000 under \$25,000	26.34	35.83	67.09	94.33	26.34	35.83	67.09	94.33	30.13	46.78	17.05	19.38									
\$25,000 under \$30,000	20.91	32.48	48.80	63.51	20.91	32.53	54.95	68.39	20.36	28.35	15.53	19.30									
\$30,000 under \$40,000	17.75	27.10	45.66	61.26	17.75	27.13	50.99	63.50	18.16	27.26	11.89	12.93									
\$40,000 under \$50,000	16.78	23.56	37.00	58.00	17.04	24.20	37.00	52.32	22.33	31.57	13.55	15.32									
\$50,000 under \$75,000	10.42	14.01	21.19	29.13	10.55	14.16	24.79	33.54	13.25	19.10	11.24	12.40									
\$75,000 under \$100,000	18.56	21.33	60.24	40.59	18.63	21.53	33.32	43.76	22.88	36.41	13.57	14.04									
\$100,000 under \$200,000	12.95	10.72	42.55	16.98	13.41	10.97	14.18	16.85	14.77	24.05	7.94	9.47									
\$200,000 under \$500,000	26.80	10.68	58.62	17.93	27.06	10.06	10.38	17.20	10.32	18.70	5.35	6.60									
\$500,000 under \$1,000,000	56.92	7.66	6.78	12.17	57.75	7.70	7.72	13.93	8.96	18.95	73.01	23.92									
\$1,000,000 or more	1.44	2.71	3.02	4.15	1.47	2.80	3.46	4.20	3.96	5.89	1.72	1.78									
Non-taxable returns, total	19.01	21.66	45.35	26.13	19.65	22.23	48.38	14.83	13.33	16.21	8.19	7.54									

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Unemployment compensation				In adjusted gross income				Social Security benefits				Other income			
	Total		In adjusted gross income		Total		Benefits in AGI		Net income		Net loss					
	Number of returns (98)	Amount (99)	Number of returns (100)	Amount (101)	Number of returns (102)	Amount (103)	Number of returns (104)	Amount (105)	Number of returns (106)	Amount (107)	Number of returns (108)	Amount (109)				
All returns, total	2.10	2.97	2.56	3.39	1.96	2.17	2.73	2.95	2.39	3.95	5.03	2.85				
No adjusted gross income	25.98	30.30	0.00	0.00	19.20	20.39	84.20	80.56	23.27	17.18	9.31	3.21				
\$1 under \$5,000	7.35	9.58	0.00	0.00	7.32	8.11	67.19	67.19	11.38	16.24	18.98	25.92				
\$5,000 under \$10,000	5.75	7.57	25.15	32.59	4.91	5.36	70.70	89.62	8.92	15.30	22.98	32.15				
\$10,000 under \$15,000	6.06	8.40	9.90	12.49	5.71	6.43	95.16	92.20	10.14	18.94	34.98	42.71				
\$15,000 under \$20,000	6.71	9.57	7.34	9.80	6.69	7.47	50.64	92.81	9.05	19.03	29.97	27.71				
\$20,000 under \$25,000	6.77	9.78	6.78	8.85	7.95	8.96	17.75	23.62	8.45	17.72	37.07	65.96				
\$25,000 under \$30,000	6.39	9.00	6.39	8.83	7.65	8.63	8.99	12.81	9.65	22.05	29.50	53.41				
\$30,000 under \$40,000	5.31	7.11	5.31	7.11	5.75	6.66	5.82	6.67	6.48	15.08	25.88	22.28				
\$40,000 under \$50,000	6.80	9.04	6.80	9.04	6.74	7.54	6.30	7.54	6.30	18.18	22.23	31.25				
\$50,000 under \$75,000	5.35	7.06	5.35	7.06	3.86	4.25	3.86	4.25	3.66	9.40	17.81	37.78				
\$75,000 under \$100,000	14.19	18.73	14.19	18.73	7.31	7.94	7.31	7.94	6.39	13.35	24.95	61.14				
\$100,000 under \$200,000	13.58	18.33	13.58	18.33	5.86	12.37	5.86	12.34	3.27	8.57	19.59	12.90				
\$200,000 under \$500,000	15.66	19.12	15.66	19.12	3.09	3.60	3.09	3.60	2.75	7.44	38.71	62.01				
\$500,000 under \$1,000,000	21.62	26.30	21.62	26.30	2.74	3.19	2.74	3.19	2.31	7.07	5.84	5.35				
\$1,000,000 or more	16.40	22.93	16.40	22.93	1.38	1.55	1.39	1.55	55.15	2.06	2.36	1.42				
Taxable returns, total	2.29	3.26	2.56	3.40	2.15	2.36	2.74	2.97	2.49	4.21	8.14	10.48				
No adjusted gross income	57.20	64.61	0.00	0.00	74.40	75.87	95.35	94.63	23.02	24.54	33.36	10.42				
\$1 under \$5,000	16.26	21.17	0.00	0.00	24.25	25.77	0.00	0.00	22.57	31.10	64.25	61.16				
\$5,000 under \$10,000	7.93	10.45	27.87	38.97	6.12	6.51	0.00	0.00	11.35	19.12	46.93	52.37				
\$10,000 under \$15,000	6.25	8.73	10.07	12.72	5.91	6.65	99.99	99.99	10.89	20.67	44.67	44.11				
\$15,000 under \$20,000	6.77	9.64	7.34	9.80	6.76	7.55	50.81	93.43	9.28	19.79	32.88	34.24				
\$20,000 under \$25,000	6.78	9.79	6.80	8.86	7.95	8.98	17.82	23.63	8.54	17.88	39.71	68.58				
\$25,000 under \$30,000	6.40	9.01	6.40	8.85	7.71	8.69	9.09	12.96	9.81	20.66	31.09	58.48				
\$30,000 under \$40,000	5.31	7.11	5.31	7.11	5.78	6.70	5.85	7.54	6.52	15.47	26.75	25.41				
\$40,000 under \$50,000	6.80	9.07	6.80	9.07	6.74	7.60	6.31	7.54	6.31	18.51	23.18	33.85				
\$50,000 under \$75,000	5.35	7.06	5.35	7.06	3.87	4.26	3.87	4.26	3.67	9.47	17.85	38.11				
\$75,000 under \$100,000	14.19	18.73	14.19	18.73	7.33	7.97	7.33	7.97	6.41	13.30	25.27	62.61				
\$100,000 under \$200,000	13.58	18.33	13.58	18.33	5.89	12.43	5.89	12.40	3.28	8.68	19.68	13.26				
\$200,000 under \$500,000	15.69	19.16	15.69	19.16	3.10	3.60	3.10	3.60	2.76	7.52	39.22	63.64				
\$500,000 under \$1,000,000	21.78	26.36	21.78	26.36	2.74	3.19	2.74	3.19	2.31	7.14	5.91	5.69				
\$1,000,000 or more	16.40	22.93	16.40	22.93	1.39	1.55	1.39	1.55	55.21	2.07	2.37	1.42				
Non-taxable returns, total	5.54	7.21	34.93	36.16	5.15	5.76	31.52	32.32	8.18	11.38	7.60	3.41				

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Statutory adjustments												Forfeited interest penalty Amount (121)
	Total		Moving expense		Employee business expense		Payments to an IRA		Payments to a Keogh plan		Forfeited interest penalty		
	Number of returns (110)	Amount (111)	Number of returns (112)	Amount (113)	Number of returns (114)	Amount (115)	Number of returns (116)	Amount (117)	Number of returns (118)	Amount (119)	Number of returns (120)	Amount (121)	
All returns, total	0.63	1.05	4.14	4.42	1.87	2.55	1.10	1.07	3.87	10.82	6.25	9.84	
No adjusted gross income	12.00	15.12	38.25	41.65	27.33	29.48	20.10	15.87	51.82	27.50	29.82	29.32	
\$1 under \$5,000	9.23	17.35	29.10	47.47	20.44	31.60	16.96	18.78	18.78	85.40	26.64	49.09	
\$5,000 under \$10,000	5.20	8.87	15.41	21.40	11.90	16.62	9.88	10.61	61.91	49.39	21.76	31.27	
\$10,000 under \$15,000	4.01	6.53	14.74	21.26	9.34	13.49	7.65	8.53	29.91	30.07	24.08	33.32	
\$15,000 under \$20,000	3.50	5.21	14.99	17.72	8.06	11.17	6.36	6.97	33.01	35.05	23.91	45.29	
\$20,000 under \$25,000	3.05	4.29	12.09	15.53	6.96	10.09	5.29	5.61	23.79	26.18	21.57	34.61	
\$25,000 under \$30,000	2.46	3.55	12.05	15.40	6.21	9.26	4.48	4.86	25.04	24.67	19.55	31.20	
\$30,000 under \$40,000	1.69	2.49	12.39	15.66	4.82	6.99	3.10	3.39	14.07	15.43	14.91	25.27	
\$40,000 under \$50,000	1.88	2.11	10.37	10.52	4.54	6.20	2.86	2.90	12.56	12.82	17.59	32.31	
\$50,000 under \$75,000	0.87	1.37	6.96	8.58	2.59	4.63	1.43	1.61	5.97	7.21	9.40	25.41	
\$75,000 under \$100,000	2.42	3.23	10.81	11.46	5.82	7.95	2.78	2.95	6.22	6.66	18.87	41.94	
\$100,000 under \$200,000	2.42	9.32	11.04	16.56	4.55	5.26	2.65	2.74	7.14	28.43	13.40	26.11	
\$200,000 under \$500,000	4.11	4.82	46.75	49.58	3.19	5.74	4.32	3.38	3.66	4.49	14.19	38.34	
\$500,000 under \$1,000,000	19.73	10.65	11.75	16.24	3.37	7.11	21.94	27.25	3.26	4.60	11.66	37.58	
\$1,000,000 or more	0.60	1.29	7.57	3.75	2.13	3.23	0.70	0.84	1.79	2.47	6.95	4.54	
Taxable returns, total	0.64	1.06	4.28	4.53	1.89	2.54	1.11	1.07	3.92	10.99	6.57	10.39	
No adjusted gross income	18.88	20.21	63.11	55.15	24.81	37.08	26.23	23.70	76.57	48.51	51.10	29.64	
\$1 under \$5,000	21.16	33.45	50.22	77.93	29.18	51.99	35.88	40.86	98.26	94.16	70.70	99.17	
\$5,000 under \$10,000	7.10	10.94	19.30	24.50	13.88	19.25	11.47	12.26	98.21	77.30	26.98	35.34	
\$10,000 under \$15,000	4.24	6.55	15.04	21.68	9.87	13.08	7.96	8.83	36.09	35.79	26.32	36.32	
\$15,000 under \$20,000	3.57	5.34	15.17	17.78	8.18	11.47	6.48	7.11	35.56	37.16	23.91	45.29	
\$20,000 under \$25,000	3.07	4.26	12.09	15.53	7.03	10.00	5.32	5.66	24.31	27.21	21.57	34.61	
\$25,000 under \$30,000	2.48	3.57	12.12	15.54	6.24	9.32	4.51	4.89	25.04	24.67	19.88	32.08	
\$30,000 under \$40,000	1.70	2.49	12.39	15.66	4.62	7.01	3.10	3.40	14.27	15.92	14.91	25.27	
\$40,000 under \$50,000	1.89	2.11	10.41	10.58	4.55	6.20	2.86	2.90	12.64	12.94	17.59	32.31	
\$50,000 under \$75,000	0.88	1.37	6.96	8.58	2.59	4.84	1.43	1.61	5.98	7.23	9.44	25.44	
\$75,000 under \$100,000	2.42	3.24	10.81	11.46	5.83	7.98	2.78	2.95	6.23	6.66	18.87	41.94	
\$100,000 under \$200,000	2.42	9.32	11.04	16.56	4.55	5.26	2.65	2.74	7.14	28.43	13.41	26.12	
\$200,000 under \$500,000	4.12	4.83	47.07	49.86	3.19	5.76	4.33	3.39	3.66	4.49	14.24	38.82	
\$500,000 under \$1,000,000	19.75	10.66	11.77	16.61	3.38	7.12	21.95	27.27	3.27	4.60	11.77	37.77	
\$1,000,000 or more	0.60	1.29	7.57	3.75	2.14	3.26	0.70	0.84	1.79	2.47	7.06	4.56	
Non-taxable returns, total	4.73	8.25	17.24	21.71	12.54	17.00	9.56	10.30	26.19	21.57	19.64	30.23	

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount, (percent))

Size of adjusted gross income	Alimony paid						Deduction for working married couple				Foreign housing deduction				Other adjustments				Excess itemized deductions			Unused zero bracket amount		
	Number of returns		Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount	
	(122)	(123)	(124)	(125)	(126)	(127)	(128)	(129)	(130)	(131)	(132)	(133)												
All returns, total	6.38	6.23	0.84	0.85	99.23	71.70	28.26	29.49	0.59	1.46	7.61	7.95												
No adjusted gross income	28.92	26.46	17.81	14.22	0.00	0.00	78.20	98.26	0.00	0.00	0.00	0.00												
\$1 under \$5,000	52.24	57.52	15.26	23.58	0.00	0.00	0.00	0.00	10.38	18.80	8.72	0.00												
\$5,000 under \$10,000	41.74	56.86	7.50	9.02	0.00	0.00	0.00	0.00	5.21	7.82	20.09	8.95												
\$10,000 under \$15,000	41.28	37.62	5.44	6.39	0.00	0.00	99.97	99.97	4.20	6.15	30.88	22.76												
\$15,000 under \$20,000	36.57	47.03	4.62	5.51	0.00	0.00	99.99	99.99	3.59	4.84	58.93	31.23												
\$20,000 under \$25,000	20.03	23.35	3.86	4.46	0.00	0.00	99.99	99.99	3.14	3.94	0.00	59.70												
\$25,000 under \$30,000	30.11	33.65	3.07	3.61	0.00	0.00	94.49	87.83	2.43	3.23	70.69	0.00												
\$30,000 under \$40,000	17.60	20.58	2.09	2.45	0.00	0.00	56.75	70.95	1.57	2.09	0.00	93.05												
\$40,000 under \$50,000	16.05	17.27	1.11	1.28	0.00	0.00	63.93	48.56	1.81	2.17	0.00	0.00												
\$50,000 under \$75,000	8.87	11.54	1.11	1.28	99.94	99.94	32.72	35.72	0.78	1.15	0.00	0.00												
\$75,000 under \$100,000	18.45	27.57	2.84	3.54	0.00	0.00	99.26	90.27	2.31	3.10	0.00	0.00												
\$100,000 under \$200,000	16.99	8.18	3.54	5.14	0.97	0.97	47.60	84.40	2.12	2.52	50.01	50.27												
\$200,000 under \$500,000	39.85	22.20	1.99	2.66	0.49	0.65	38.14	54.32	4.82	8.26	57.29	60.58												
\$500,000 under \$1,000,000	4.65	5.75	37.33	42.69	0.97	0.97	36.24	80.74	15.55	9.73	66.38	77.62												
\$1,000,000 or more	2.24	2.44	1.16	1.50	0.00	0.00	24.95	5.66	24.96	25.83	46.06	49.20												
Taxable returns, total	6.51	6.42	0.85	0.86	99.23	71.70	28.45	27.96	0.60	1.51	7.71	8.07												
No adjusted gross income	30.71	40.69	24.10	31.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
\$1 under \$5,000	99.93	99.98	99.96	99.98	0.00	0.00	0.00	0.00	34.87	30.71	8.85	9.09												
\$5,000 under \$10,000	41.83	57.43	14.43	17.12	0.00	0.00	0.00	0.00	7.92	9.92	20.09	22.76												
\$10,000 under \$15,000	44.42	41.97	5.84	6.95	0.00	0.00	99.97	99.97	4.74	5.92	31.83	32.85												
\$15,000 under \$20,000	36.65	47.83	4.72	5.65	0.00	0.00	99.99	99.99	3.71	4.70	58.93	59.70												
\$20,000 under \$25,000	20.35	24.38	3.88	4.49	0.00	0.00	99.99	99.99	3.17	3.91	0.00	0.00												
\$25,000 under \$30,000	31.25	34.81	3.09	3.62	0.00	0.00	99.99	99.99	2.44	3.16	70.69	93.05												
\$30,000 under \$40,000	17.61	20.64	2.09	2.45	0.00	0.00	56.75	70.95	1.57	2.03	0.00	0.00												
\$40,000 under \$50,000	16.25	17.29	2.17	2.40	0.00	0.00	64.17	48.57	1.81	2.18	0.00	0.00												
\$50,000 under \$75,000	8.88	11.61	1.11	1.28	99.94	99.94	32.72	35.72	0.79	1.07	0.00	0.00												
\$75,000 under \$100,000	18.47	27.65	2.84	3.54	0.00	0.00	99.26	90.27	2.31	3.12	0.00	0.00												
\$100,000 under \$200,000	17.00	8.19	3.54	5.14	0.97	0.97	47.65	84.44	2.13	2.54	50.01	50.27												
\$200,000 under \$500,000	39.91	22.27	1.99	2.66	0.49	0.65	38.14	54.32	4.83	8.33	57.29	60.58												
\$500,000 under \$1,000,000	4.66	5.76	37.34	42.71	0.97	0.97	36.24	80.74	15.57	9.84	66.38	77.62												
\$1,000,000 or more	2.25	2.44	1.16	1.50	0.00	0.00	24.95	5.66	24.99	26.06	46.06	49.20												
Nontaxable returns, total	32.85	26.19	5.97	6.93	0.00	0.00	65.82	97.18	4.36	5.42	46.93	45.80												

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Contributions deduction for nonitemizers		Exemptions		Taxable income		Income tax before credits		Total		Tax credits	
	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(134)	(135)	(136)	(137)	(138)	(139)	(140)	(141)	(142)	(143)	(144)	(145)
All returns, total	1.02	2.08	0.35	0.35	0.16	0.39	0.27	0.84	1.28	4.02	1.36	1.96
No adjusted gross income	0.00	0.00	6.04	6.05	0.00	0.00	43.38	62.52	51.10	33.07	70.16	83.03
\$1 under \$5,000	4.13	6.71	1.88	1.88	1.78	2.16	3.39	9.35	20.44	25.54	21.99	25.30
\$5,000 under \$10,000	2.65	4.50	1.82	1.82	4.50	1.64	1.67	2.01	3.92	5.01	3.99	4.96
\$10,000 under \$15,000	2.62	4.57	1.99	1.99	1.65	1.72	1.67	1.87	4.45	6.21	4.59	6.33
\$15,000 under \$20,000	2.98	5.94	2.20	2.20	1.84	1.90	1.85	2.01	5.62	7.59	5.79	7.78
\$20,000 under \$25,000	3.57	5.97	2.37	2.37	2.04	2.09	2.05	2.19	5.26	8.05	5.43	7.76
\$25,000 under \$30,000	3.83	6.59	2.07	2.07	1.74	1.79	1.75	1.88	4.41	7.11	4.57	6.15
\$30,000 under \$40,000	3.82	6.84	1.48	1.48	1.26	1.30	1.26	1.37	3.43	6.86	3.52	4.88
\$40,000 under \$50,000	6.12	10.31	1.85	1.85	1.67	1.68	1.67	1.73	3.83	7.37	3.90	5.39
\$50,000 under \$75,000	5.23	10.43	0.86	0.86	0.73	0.78	0.73	0.86	2.20	13.12	2.08	3.06
\$75,000 under \$100,000	22.10	39.16	2.51	2.51	2.30	2.35	2.31	2.48	4.68	45.25	4.41	6.92
\$100,000 under \$200,000	11.96	28.54	2.15	2.15	2.09	2.28	2.09	2.44	4.48	15.06	4.51	4.21
\$200,000 under \$500,000	14.21	49.40	4.61	4.62	4.87	4.30	4.87	4.54	8.87	25.91	1.82	4.01
\$500,000 under \$1,000,000	12.35	31.38	14.47	14.47	15.46	13.12	15.46	12.93	24.16	4.12	1.56	3.18
\$1,000,000 or more	13.23	16.12	28.98	28.99	24.96	8.78	24.96	8.40	0.59	1.03	0.72	1.28
Taxable returns, total	1.12	2.21	0.43	0.43	0.30	0.40	0.30	0.84	1.36	4.56	1.44	2.11
No adjusted gross income	0.00	0.00	15.15	15.17	0.00	0.00	56.83	65.82	83.05	47.39	88.73	57.84
\$1 under \$5,000	7.53	12.12	3.48	3.48	3.44	3.51	3.43	9.42	46.60	51.66	50.46	54.28
\$5,000 under \$10,000	3.07	4.71	2.11	2.10	1.84	1.91	1.84	2.14	7.07	9.19	7.26	8.81
\$10,000 under \$15,000	2.68	4.57	2.05	2.05	1.70	1.76	1.70	1.89	4.95	7.04	5.07	7.23
\$15,000 under \$20,000	2.99	6.00	2.23	2.23	1.86	1.91	1.86	2.02	5.84	7.86	5.91	7.97
\$20,000 under \$25,000	3.58	5.98	2.38	2.38	2.05	2.09	2.05	2.20	5.33	7.67	5.43	7.76
\$25,000 under \$30,000	3.84	6.61	2.08	2.08	1.75	1.79	1.75	1.89	4.46	6.71	4.57	6.16
\$30,000 under \$40,000	3.82	6.86	1.48	1.48	1.26	1.30	1.26	1.38	3.45	6.02	3.53	4.89
\$40,000 under \$50,000	6.14	10.33	1.86	1.85	1.67	1.68	1.67	1.74	3.84	7.22	3.90	5.39
\$50,000 under \$75,000	5.23	10.43	0.86	0.86	0.73	0.78	0.73	0.86	2.21	13.25	2.09	3.06
\$75,000 under \$100,000	22.10	39.16	2.51	2.51	2.31	2.36	2.31	2.48	4.68	45.56	4.41	6.92
\$100,000 under \$200,000	11.96	28.54	2.16	2.16	2.09	2.28	2.09	2.44	4.48	15.09	4.51	4.21
\$200,000 under \$500,000	14.38	49.49	4.62	4.62	4.87	4.30	4.87	4.55	8.88	26.86	1.82	4.01
\$500,000 under \$1,000,000	12.41	31.40	14.49	14.50	15.47	13.12	15.47	12.94	24.18	4.31	1.56	3.18
\$1,000,000 or more	13.23	16.12	29.04	29.04	24.98	8.79	24.97	8.41	0.59	1.10	0.72	1.28
Nontaxable returns, total	3.53	6.77	1.63	1.63	1.65	2.50	4.04	6.62	4.04	6.62	4.26	5.70

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits—Continued												
	Total personal credits—Continued						Foreign tax credit			Earned income credit used to offset income tax before credits			
	Child care credit		Credit for the elderly and disabled		Political contributions credit		Mortgage interest credit		Amount		Number of returns		Amount
(146)	(147)	(148)	(149)	(150)	(151)	(152)	(153)	(154)	(155)	(156)	(157)	(158)	(159)
All returns, total	1.85	2.27	10.49	13.11	2.34	2.52	98.34	98.31	4.20	5.23	5.00	33.38	
No adjusted gross income	99 13	99 13	0 00	0 00	83 58	52 64	0 00	0 00	0 00	0 00	0 00	0 00	
\$1 under \$5,000	70 70	70 98	57 72	64 00	41 09	45 25	0 00	0 00	32 03	35 73	0 00	99 99	
\$5,000 under \$10,000	8 00	9 63	13 68	17 45	14 51	15 96	0 00	0 00	4 90	5 77	99 99	99 99	
\$10,000 under \$15,000	6 34	7 27	19 80	21 99	10 70	12 46	0 00	0 00	8 66	10 23	38 99	71 57	
\$15,000 under \$20,000	6 69	8 18	33 94	43 89	11 90	13 91	99 99	99 99	0 00	0 00	70 08	78 44	
\$20,000 under \$25,000	6 35	8 04	0 00	0 00	10 31	12 53	0 00	0 00	0 00	0 00	99 98	99 99	
\$25,000 under \$30,000	5 23	6 43	0 00	0 00	9 31	11 03	0 00	0 00	0 00	0 00	44 95	59 94	
\$30,000 under \$40,000	4 24	5 16	0 00	0 00	6 32	7 52	0 00	0 00	0 00	0 00	35 75	68 09	
\$40,000 under \$50,000	4 72	5 73	0 00	0 00	6 60	7 83	0 00	0 00	0 00	0 00	31 82	69 47	
\$50,000 under \$75,000	2 79	3 35	0 00	0 00	3 19	3 89	0 00	0 00	0 00	0 00	36 96	80 89	
\$75,000 under \$100,000	8 64	8 40	0 00	0 00	5 05	5 20	0 00	0 00	0 00	0 00	43 12	98 30	
\$100,000 under \$200,000	4 90	5 71	0 00	0 00	5 27	5 81	71 21	88 16	0 00	0 00	36 96	57 95	
\$200,000 under \$500,000	6 49	7 56	0 00	0 00	1 91	2 09	83 13	75 37	0 00	0 00	50 30	85 98	
\$500,000 under \$1,000,000	7 10	7 96	0 00	0 00	1 60	1 71	58 54	0 72	0 00	0 00	97 52	14 95	
\$1,000,000 or more	5 22	5 83	0 00	0 00	0 72	0 76	20 33	27 01	0 00	0 00	0 04	0 48	
Taxable returns, total	1.91	2.36	14.10	17.77	2.35	2.53	†	†	6.40	7.88	5.70	37.91	
No adjusted gross income	0 00	0 00	0 00	0 00	88 73	61 48	0 00	0 00	0 00	0 00	0 00	0 00	
\$1 under \$5,000	0 00	0 00	0 00	0 00	50 46	54 28	0 00	0 00	0 00	0 00	99 99	99 99	
\$5,000 under \$10,000	19 32	24 05	21 44	28 20	16 31	17 64	0 00	0 00	9 15	9 83	99 99	99 99	
\$10,000 under \$15,000	7 40	8 50	22 50	25 31	10 87	12 66	0 00	0 00	9 04	10 51	43 12	82 43	
\$15,000 under \$20,000	6 85	8 35	33 94	43 89	11 90	13 92	†	†	0 00	0 00	70 08	78 44	
\$20,000 under \$25,000	6 35	8 04	0 00	0 00	10 32	12 58	0 00	0 00	0 00	0 00	99 99	99 99	
\$25,000 under \$30,000	5 23	6 43	0 00	0 00	9 31	11 03	0 00	0 00	0 00	0 00	44 95	59 94	
\$30,000 under \$40,000	4 25	5 18	0 00	0 00	6 34	7 55	0 00	0 00	0 00	0 00	38 99	58 54	
\$40,000 under \$50,000	4 72	5 73	0 00	0 00	6 60	7 83	0 00	0 00	0 00	0 00	31 82	69 47	
\$50,000 under \$75,000	2 79	3 35	0 00	0 00	3 19	3 89	0 00	0 00	0 00	0 00	36 96	80 89	
\$75,000 under \$100,000	8 64	8 40	0 00	0 00	5 05	5 20	0 00	0 00	0 00	0 00	43 12	98 30	
\$100,000 under \$200,000	4 90	5 71	0 00	0 00	5 28	5 82	†	†	0 00	0 00	36 96	57 97	
\$200,000 under \$500,000	6 49	7 56	0 00	0 00	1 91	2 09	†	†	0 00	0 00	50 62	97 54	
\$500,000 under \$1,000,000	7 10	7 96	0 00	0 00	1 60	1 71	†	†	0 00	0 00	97 86	37 21	
\$1,000,000 or more	5 22	5 83	0 00	0 00	0 72	0 76	†	†	0 00	0 00	0 04	0 05	
Non-taxable returns, total	6.88	8.52	15.75	19.47	24.76	27.58	†	†	5.65	7.08	69.10	28.49	

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits—Continued													
	General business credits													
	Total		Investment credit 1		Jobs credit		Alcohol fuel credit		Low-income housing credit		Other tax credits 2			
Number of returns (1986)	Amount (1989)	Number of returns (1980)	Amount (1981)	Number of returns (1982)	Amount (1983)	Number of returns (1984)	Amount (1985)	Number of returns (1986)	Amount (1987)	Number of returns (1988)	Amount (1989)			
All returns, total	5.18	3.91	5.25	8.88	28.18	85.36	51.76	31.51	26.06	8.15	6.82			
No adjusted gross income	28.49	36.17	24.06	18.25	20.09	0.00	0.00	90.22	79.08	52.61	44.42			
\$1 under \$5,000	70.58	79.24	36.58	42.31	0.00	0.00	0.00	0.69	0.73	99.99	99.99			
\$5,000 under \$10,000	27.39	44.78	23.90	53.78	0.00	0.00	0.00	99.98	99.98	27.38	37.42			
\$10,000 under \$15,000	28.36	43.19	31.09	52.83	70.82	0.00	0.00	99.97	99.97	26.42	28.89			
\$15,000 under \$20,000	30.98	42.12	29.09	48.36	0.00	0.00	0.00	99.92	99.92	27.32	29.34			
\$20,000 under \$25,000	22.93	35.41	25.23	41.60	98.61	0.00	0.00	72.61	93.41	34.16	39.03			
\$25,000 under \$30,000	23.32	39.09	24.98	36.73	0.00	0.00	0.00	99.13	99.13	22.27	27.17			
\$30,000 under \$40,000	16.48	30.76	17.00	59.77	99.26	0.00	0.00	72.41	81.14	20.98	25.91			
\$40,000 under \$50,000	17.91	47.09	17.78	29.81	72.89	0.00	0.00	0.00	0.00	25.50	37.96			
\$50,000 under \$75,000	8.87	17.65	9.49	27.39	38.43	0.00	0.00	46.16	51.29	14.19	21.18			
\$75,000 under \$100,000	9.63	15.97	9.72	24.02	32.72	99.79	99.79	53.65	61.87	17.07	23.09			
\$100,000 under \$200,000	4.69	8.87	4.85	10.50	26.44	83.94	83.47	38.58	44.87	9.72	16.81			
\$200,000 under \$500,000	3.29	6.87	3.41	7.35	14.20	81.66	0.00	28.69	26.11	5.94	10.72			
\$500,000 under \$1,000,000	2.33	5.15	2.41	7.11	9.12	59.02	65.51	24.52	19.67	4.15	7.61			
\$1,000,000 or more	0.95	1.44	0.99	1.86	2.65	27.01	27.32	9.50	12.73	1.79	2.62			
Taxable returns, total	5.27	3.73	5.44	10.29	15.22	85.36	51.76	45.50	21.25	9.78	7.13			
No adjusted gross income	27.90	46.63	42.66	13.88	55.86	0.00	0.00	56.42	79.65	49.00	68.83			
\$1 under \$5,000	0.00	0.00	67.99	53.52	0.00	0.00	0.00	0.69	0.73	0.00	0.00			
\$5,000 under \$10,000	38.86	65.70	41.40	63.63	0.00	0.00	0.00	0.00	0.00	45.78	53.59			
\$10,000 under \$15,000	32.29	60.31	35.72	65.66	0.00	0.00	0.00	0.00	0.00	36.76	37.16			
\$15,000 under \$20,000	37.92	46.11	35.35	71.96	0.00	0.00	0.00	0.00	0.00	51.38	60.22			
\$20,000 under \$25,000	25.99	39.60	27.79	42.88	99.75	0.00	0.00	0.00	0.00	54.70	63.26			
\$25,000 under \$30,000	23.41	39.14	25.84	46.53	0.00	0.00	0.00	99.13	99.13	29.13	39.62			
\$30,000 under \$40,000	17.22	29.59	17.82	76.50	99.26	0.00	0.00	73.01	81.73	24.38	30.47			
\$40,000 under \$50,000	18.00	47.16	17.80	31.20	72.89	0.00	0.00	51.55	59.69	27.67	43.73			
\$50,000 under \$75,000	8.99	18.22	9.65	28.84	40.13	0.00	0.00	0.00	0.00	14.28	21.23			
\$75,000 under \$100,000	9.66	15.99	9.75	24.61	32.72	99.79	99.79	53.74	61.88	17.24	23.71			
\$100,000 under \$200,000	4.70	8.89	4.86	10.52	26.54	83.94	83.47	33.62	45.51	9.75	16.88			
\$200,000 under \$500,000	3.29	6.87	3.41	7.37	14.24	81.66	0.00	28.87	26.83	5.94	10.72			
\$500,000 under \$1,000,000	2.33	5.15	2.41	7.15	9.18	59.02	65.51	25.16	20.32	4.15	7.61			
\$1,000,000 or more	0.95	1.44	0.99	1.86	2.65	27.01	27.32	9.50	12.73	1.79	2.62			
Non taxable returns, total	20.06	31.52	14.21	17.63	65.83	0.00	0.00	42.67	52.12	14.73	17.78			

Footnote(s) at end of table.

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Income tax after personal credits		Income tax after credits		Alternative minimum tax preferences (Form 6251)		Alternative minimum tax preferences for returns with alternative minimum tax		Alternative minimum tax		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(170)	(171)	(172)	(173)	(174)	(175)	(176)	(177)	(178)	(179)	(180)	(181)
All returns, total	0.30	0.85	0.30	0.86	2.10	6.46	4.95	10.65	4.89	12.68	0.30	1.02
No adjusted gross income	47	62.79	59.41	70.69	10.31	3.38	19.21	6.00	18.94	5.67	18.29	5.70
\$1 under \$5,000	3.43	9.41	3.43	9.43	20.05	27.58	46.16	33.67	46.16	35.01	3.43	9.20
\$5,000 under \$10,000	1.84	2.17	1.84	2.17	20.70	26.89	53.23	46.23	53.23	49.98	1.84	2.17
\$10,000 under \$15,000	1.70	1.93	1.70	1.93	20.26	31.73	50.85	45.33	50.85	34.33	1.70	1.93
\$15,000 under \$20,000	1.85	2.04	1.86	2.04	17.47	24.21	42.22	47.37	42.12	60.19	1.86	2.04
\$20,000 under \$25,000	2.05	2.21	2.05	2.22	15.69	19.98	36.94	31.61	34.91	28.81	2.05	2.22
\$25,000 under \$30,000	1.75	1.90	1.75	1.90	13.26	18.22	35.72	31.49	35.72	28.92	1.75	1.90
\$30,000 under \$40,000	1.26	1.38	1.26	1.38	8.88	13.88	20.20	18.96	20.20	20.78	1.26	1.38
\$40,000 under \$50,000	1.67	1.74	1.67	1.74	6.67	13.14	19.47	19.28	18.52	20.00	1.67	1.74
\$50,000 under \$75,000	0.73	0.86	0.73	0.84	3.28	6.11	9.82	9.11	9.60	9.25	0.73	0.84
\$75,000 under \$100,000	2.31	2.48	2.31	2.40	4.96	8.74	13.13	12.69	12.71	12.52	2.30	2.42
\$100,000 under \$200,000	2.09	2.44	2.09	2.42	3.55	8.47	9.64	12.88	9.44	11.25	2.08	2.52
\$200,000 under \$500,000	4.87	4.55	4.88	4.48	6.12	2.53	2.93	3.15	2.92	3.40	4.86	4.30
\$500,000 under \$1,000,000	15.46	12.93	15.48	13.09	18.63	5.51	2.26	2.72	2.25	2.72	15.40	12.62
\$1,000,000 or more	24.96	8.40	24.98	8.55	27.59	16.87	51.99	26.65	51.83	46.89	24.89	10.89
Taxable returns, total	0.30	0.85	0.30	0.86	2.13	6.66	4.95	10.65	4.89	12.68	0.30	1.02
No adjusted gross income	57.69	65.83	59.41	70.69	18.82	5.98	19.21	6.00	18.94	5.67	18.29	5.70
\$1 under \$5,000	3.43	9.43	3.43	9.43	42.41	31.75	46.16	33.67	46.16	35.01	3.43	9.20
\$5,000 under \$10,000	1.84	2.18	1.84	2.17	30.04	34.14	53.23	46.23	53.23	49.98	1.84	2.17
\$10,000 under \$15,000	1.70	1.93	1.70	1.93	24.09	35.11	50.85	45.33	50.85	34.33	1.70	1.93
\$15,000 under \$20,000	1.86	2.04	1.86	2.04	19.49	27.73	42.22	47.37	42.12	60.19	1.86	2.04
\$20,000 under \$25,000	2.05	2.22	2.05	2.22	16.47	20.83	36.94	31.61	34.91	28.81	2.05	2.22
\$25,000 under \$30,000	1.75	1.90	1.75	1.90	13.89	19.01	35.72	31.49	35.72	28.92	1.75	1.90
\$30,000 under \$40,000	1.26	1.38	1.26	1.38	9.00	14.05	20.20	18.96	20.20	20.78	1.26	1.38
\$40,000 under \$50,000	1.67	1.74	1.67	1.74	6.71	13.21	19.47	19.28	18.52	20.00	1.67	1.74
\$50,000 under \$75,000	0.73	0.86	0.73	0.84	3.30	6.14	9.82	9.11	9.60	9.25	0.73	0.84
\$75,000 under \$100,000	2.31	2.48	2.31	2.40	4.98	8.77	13.13	12.69	12.71	12.52	2.30	2.42
\$100,000 under \$200,000	2.09	2.44	2.09	2.42	3.56	8.49	9.64	12.88	9.44	11.25	2.08	2.52
\$200,000 under \$500,000	4.88	4.55	4.88	4.48	6.13	2.53	2.93	3.15	2.92	3.40	4.86	4.30
\$500,000 under \$1,000,000	15.47	12.94	15.48	13.09	18.66	5.51	2.26	2.72	2.25	2.72	15.40	12.62
\$1,000,000 or more	24.97	8.41	24.98	8.55	27.62	16.88	51.99	26.65	51.83	46.89	24.89	10.89
Non taxable returns, total	12.12	13.71	0.00	0.00	10.34	4.37	0.00	0.00	0.00	0.00	0.00	0.00

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Self-employment tax		Penalty tax on Individual Retirement Arrangements		Earned income credit used to offset all other taxes		Total tax liability		Taxpayments			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Total		Income tax withheld	
									(1982)	(1983)	(1984)	(1985)	(1986)	(1987)	(1988)	(1989)	(1990)	(1991)	(1992)	(1993)
All returns, total	1.10	1.66	7.86	8.83	6.74	7.72	0.28	0.99	0.19	0.68	0.25	0.42
No adjusted gross income	12.61	11.89	43.38	38.79	25.84	31.23	11.06	6.06	7.82	5.46	9.37	7.61
\$1 under \$5,000	5.84	7.41	45.65	50.37	11.79	13.02	3.05	6.63	1.75	3.14	1.79	2.98
\$5,000 under \$10,000	4.69	5.73	37.70	39.19	9.04	10.35	1.78	2.15	1.65	1.98	1.75	2.08
\$10,000 under \$15,000	5.35	6.60	36.60	43.74	41.66	45.42	1.69	1.89	1.69	1.88	1.79	1.98
\$15,000 under \$20,000	5.20	6.44	36.65	47.09	0.00	0.00	1.85	2.00	1.87	2.00	1.98	2.16
\$20,000 under \$25,000	5.15	6.89	38.95	47.52	0.00	0.00	2.05	2.17	2.07	2.19	2.16	2.32
\$25,000 under \$30,000	4.65	6.68	29.32	32.53	0.00	0.00	1.82	1.87	1.75	1.87	1.82	1.97
\$30,000 under \$40,000	3.55	5.28	19.79	25.29	0.00	0.00	1.26	1.37	1.27	1.44	1.32	1.44
\$40,000 under \$50,000	4.26	5.57	20.06	24.78	0.00	0.00	1.67	1.72	1.68	1.74	1.73	1.82
\$50,000 under \$75,000	2.68	3.36	9.96	11.95	0.00	0.00	0.73	0.84	0.74	0.81	0.80	0.88
\$75,000 under \$100,000	4.11	4.92	19.22	22.38	0.00	0.00	2.30	2.38	2.31	2.63	2.38	2.62
\$100,000 under \$200,000	5.81	9.27	16.65	40.27	0.00	0.00	2.08	2.52	2.09	2.79	2.17	3.38
\$200,000 under \$500,000	2.52	3.22	23.05	34.79	0.00	0.00	4.85	4.26	4.88	4.70	4.05	5.56
\$500,000 under \$1,000,000	45.20	66.07	23.38	44.52	0.00	0.00	15.39	12.97	15.48	21.78	1.03	1.62
\$1,000,000 or more	1.24	1.57	11.57	61.72	0.00	0.00	24.88	10.87	24.95	3.14	0.54	0.83
Taxable returns, total	1.31	1.81	8.19	9.31	0.00	0.00	0.30	0.99	0.32	0.70	0.37	0.43
No adjusted gross income	29.97	32.29	80.67	43.14	0.00	0.00	18.29	5.76	17.45	7.35	23.67	12.24
\$1 under \$5,000	15.67	16.73	0.00	0.00	0.00	0.00	3.43	8.41	3.94	5.50	4.04	5.44
\$5,000 under \$10,000	6.63	7.84	41.96	43.77	0.00	0.00	1.84	2.19	1.98	2.24	2.10	2.37
\$10,000 under \$15,000	5.84	7.23	47.13	52.46	0.00	0.00	1.70	1.91	1.85	1.92	1.85	2.03
\$15,000 under \$20,000	5.42	6.76	38.48	49.67	0.00	0.00	1.86	2.01	1.89	2.03	2.00	2.18
\$20,000 under \$25,000	5.25	7.14	38.95	47.52	0.00	0.00	2.05	2.18	2.08	2.20	2.17	2.32
\$25,000 under \$30,000	4.71	6.75	29.32	32.53	0.00	0.00	1.75	1.88	1.76	1.88	1.83	1.97
\$30,000 under \$40,000	3.58	5.38	19.84	25.56	0.00	0.00	1.26	1.37	1.27	1.44	1.32	1.44
\$40,000 under \$50,000	4.29	5.63	20.07	24.79	0.00	0.00	1.67	1.72	1.68	1.74	1.74	1.82
\$50,000 under \$75,000	2.68	3.37	9.97	11.98	0.00	0.00	0.73	0.84	0.74	0.81	0.80	0.88
\$75,000 under \$100,000	4.13	4.93	19.23	22.38	0.00	0.00	2.30	2.38	2.31	2.63	2.38	2.62
\$100,000 under \$200,000	5.83	9.29	16.66	40.31	0.00	0.00	2.08	2.52	2.10	2.79	2.17	3.38
\$200,000 under \$500,000	2.52	3.23	23.30	39.19	0.00	0.00	4.86	4.26	4.89	4.70	4.05	5.56
\$500,000 under \$1,000,000	45.26	66.12	23.38	44.52	0.00	0.00	15.40	12.97	15.50	21.79	1.04	1.62
\$1,000,000 or more	1.25	1.57	11.57	61.72	0.00	0.00	24.89	10.87	24.98	3.14	0.54	0.83
Non-taxable returns, total	3.82	5.23	25.85	28.04	6.74	7.72	3.90	5.80	1.57	2.68	1.64	2.76

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Taxpayments—Continued										Earned income credit, refundable portion			Advance earned income credit payments		
	Estimated tax payments		Windfall profit tax overpayment		All other taxpayments ³		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(194)	(195)	(196)	(197)	(198)	(199)											(200)	(201)	(202)	(203)
All returns, total	1.52	3.74	18.73	23.71	2.78	2.10	3.06	3.50	69.81	76.30						
No adjusted gross income	15.48	10.43	29.10	23.07	15.97	6.90	33.45	35.44	15.50	20.50						
\$1 under \$5,000	9.81	15.18	99.13	99.13	18.81	22.41	4.95	5.59	0.00	0.00						
\$5,000 under \$10,000	5.43	6.59	51.35	68.10	15.48	25.89	4.13	4.64	0.00	0.00						
\$10,000 under \$15,000	5.23	6.16	99.97	99.08	20.20	24.92	18.66	20.81	0.00	0.00						
\$15,000 under \$20,000	5.20	5.80	93.89	0.00	16.07	22.39	0.00	0.00	0.00	0.00						
\$20,000 under \$25,000	5.55	6.46	65.93	92.68	16.22	32.72	0.00	0.00	0.00	0.00						
\$25,000 under \$30,000	5.67	6.92	72.97	89.76	13.82	20.83	0.00	0.00	0.00	0.00						
\$30,000 under \$40,000	4.56	5.68	90.49	91.67	11.91	15.95	0.00	0.00	0.00	0.00						
\$40,000 under \$50,000	4.98	6.34	54.58	88.86	8.45	13.15	0.00	0.00	0.00	0.00						
\$50,000 under \$75,000	2.62	3.10	30.03	56.48	3.82	6.77	0.00	0.00	99.94	99.94						
\$75,000 under \$100,000	4.65	6.37	39.89	45.71	5.99	17.76	0.00	0.00	99.75	99.75						
\$100,000 under \$200,000	3.65	3.67	16.15	63.30	7.20	13.11	0.00	0.00	99.75	99.75						
\$200,000 under \$500,000	6.96	9.98	12.03	34.79	9.66	3.65	0.00	0.00	83.94	5.09						
\$500,000 under \$1,000,000	21.29	40.95	8.52	10.92	1.67	2.41	0.00	0.00	93.40	93.40						
\$1,000,000 or more	30.45	7.41	3.89	3.15	0.73	0.47	0.00	0.00	0.46	0.80						
Taxable returns, total	1.58	3.81	18.05	27.18	2.89	2.12	0.00	0.00	70.05	77.58						
No adjusted gross income	23.41	14.66	49.40	8.82	24.59	8.63	0.00	0.00	0.00	0.00						
\$1 under \$5,000	16.64	26.91	99.13	99.13	41.06	41.21	0.00	0.00	0.00	0.00						
\$5,000 under \$10,000	6.26	7.28	0.00	0.00	24.43	35.75	0.00	0.00	0.00	0.00						
\$10,000 under \$15,000	5.36	6.29	99.97	99.08	22.62	29.01	0.00	0.00	0.00	0.00						
\$15,000 under \$20,000	5.28	5.92	93.89	0.00	17.56	23.51	0.00	0.00	0.00	0.00						
\$20,000 under \$25,000	5.60	6.51	98.30	72.65	17.26	35.58	0.00	0.00	0.00	0.00						
\$25,000 under \$30,000	5.72	6.98	96.96	74.50	14.35	21.18	0.00	0.00	0.00	0.00						
\$30,000 under \$40,000	4.59	5.74	90.49	91.67	12.18	16.50	0.00	0.00	0.00	0.00						
\$40,000 under \$50,000	4.99	6.37	55.35	94.83	8.51	13.46	0.00	0.00	0.00	0.00						
\$50,000 under \$75,000	2.63	3.11	30.05	56.49	3.82	6.80	0.00	0.00	99.94	99.94						
\$75,000 under \$100,000	4.67	6.39	39.89	45.71	6.00	17.78	0.00	0.00	99.75	99.75						
\$100,000 under \$200,000	3.66	3.67	16.15	63.30	7.22	13.13	0.00	0.00	99.75	99.75						
\$200,000 under \$500,000	6.97	9.98	12.08	34.81	9.67	3.66	0.00	0.00	83.94	5.09						
\$500,000 under \$1,000,000	21.32	40.96	8.53	10.93	1.68	2.41	0.00	0.00	93.40	93.40						
\$1,000,000 or more	30.46	7.41	3.90	3.15	0.73	0.47	0.00	0.00	0.46	0.80						
Nontaxable returns, total	6.48	7.53	40.65	26.46	9.18	9.23	3.06	3.50	15.50	20.50						

Footnote(s) at end of table

Table 1.4CV.—Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Overpayment						Tax due at time of filing		Predetermined estimated tax penalty	
	Total		Refunded		Credited to 1987 estimated tax		Amount		Number of returns	
	(204)	(205)	(206)	(207)	(208)	(209)	(210)	(211)	(212)	(213)
All returns, total	0.32	1.08	0.35	0.71	2.70	8.53	1.08	4.81	3.23	4.67
No adjusted gross income	8.35	6.54	8.76	7.22	21.63	10.70	14.70	9.93	25.64	18.74
\$1 under \$5,000	1.76	2.94	1.77	2.90	16.12	29.42	4.94	11.46	31.17	39.36
\$5,000 under \$10,000	1.75	2.37	1.78	2.40	9.12	14.19	3.76	5.24	13.43	15.79
\$10,000 under \$15,000	1.86	2.52	1.91	2.54	8.71	13.76	4.15	5.75	11.13	13.18
\$15,000 under \$20,000	2.12	2.73	2.16	2.79	9.32	12.44	4.21	6.15	11.47	14.99
\$20,000 under \$25,000	2.35	3.06	2.41	3.10	9.36	13.41	4.46	6.48	11.48	16.18
\$25,000 under \$30,000	2.03	2.73	2.08	2.77	9.48	12.35	4.27	6.57	12.61	17.16
\$30,000 under \$40,000	1.56	2.20	1.60	2.17	7.66	14.17	3.16	8.44	11.17	11.17
\$40,000 under \$50,000	2.04	2.72	2.08	2.66	9.23	18.14	3.41	5.31	9.25	15.35
\$50,000 under \$75,000	1.04	1.60	1.09	1.66	4.14	5.96	1.89	3.01	5.99	8.37
\$75,000 under \$100,000	3.46	6.26	3.48	5.90	9.36	17.30	3.18	5.00	9.62	10.75
\$100,000 under \$200,000	3.46	5.65	3.51	7.76	7.74	5.27	3.01	3.80	4.00	20.49
\$200,000 under \$500,000	7.88	5.94	10.09	4.01	13.62	10.76	6.34	3.65	3.30	6.79
\$500,000 under \$1,000,000	33.62	52.30	42.92	4.26	42.39	63.56	1.23	1.76	2.96	5.37
\$1,000,000 or more	0.82	0.85	1.17	1.74	0.94	0.88	36.66	24.98	1.69	4.57
Taxable returns, total	0.47	1.18	0.49	0.77	2.81	8.86	1.13	4.87	3.33	4.77
No adjusted gross income	24.72	12.93	29.32	16.43	32.66	12.39	26.96	10.78	25.40	15.63
\$1 under \$5,000	4.13	5.84	4.16	5.54	25.27	53.35	6.49	17.94	41.52	41.00
\$5,000 under \$10,000	2.15	2.75	2.18	2.78	10.87	16.83	4.12	5.81	16.04	18.73
\$10,000 under \$15,000	1.93	2.56	1.98	2.59	9.01	14.53	4.26	5.95	11.73	13.62
\$15,000 under \$20,000	2.14	2.78	2.19	2.84	9.42	12.74	4.29	6.33	12.08	15.75
\$20,000 under \$25,000	2.36	3.07	2.42	3.11	9.48	13.89	4.49	6.54	11.79	16.82
\$25,000 under \$30,000	2.04	2.73	2.09	2.77	9.58	12.50	4.29	6.64	12.84	17.49
\$30,000 under \$40,000	1.56	2.21	1.60	2.18	7.73	14.49	3.17	5.17	8.51	11.24
\$40,000 under \$50,000	2.04	2.72	2.08	2.66	9.32	18.58	3.41	5.32	9.31	15.42
\$50,000 under \$75,000	1.04	1.60	1.09	1.66	4.15	5.98	1.89	3.01	6.01	8.41
\$75,000 under \$100,000	3.46	6.29	3.49	5.92	9.41	17.35	3.18	5.00	9.63	10.76
\$100,000 under \$200,000	3.47	5.69	3.52	7.77	7.77	5.29	3.01	3.80	4.00	20.49
\$200,000 under \$500,000	7.91	5.98	10.13	4.05	13.64	10.79	6.34	3.65	3.30	6.79
\$500,000 under \$1,000,000	33.71	52.46	43.02	4.31	42.45	63.65	1.23	1.76	2.96	5.37
\$1,000,000 or more	0.83	0.86	1.17	1.78	0.94	0.88	36.66	24.98	1.69	4.58
Nontaxable returns, total	1.58	2.47	1.60	2.50	10.15	10.46	4.81	7.78	13.84	14.52

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

1 Includes business energy investment credits.

2 This field has Form 3800 data where we did not receive back-up schedules.

3 Consists of excess social security tax withheld, payments with request for extension of filing time, credit for tax on certain gasoline, fuel, and oil, and credit from regulated investment companies.

Table 1.5—Form 1040EZ Returns: Sources of Income and Tax Items, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Salaries and wages		Interest received		Contributions deduction for nonitemizers	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	16,550,653	133,925,890	16,507,742	133,516,060	5,123,099	409,831	4,931,275	1,059,323
Under \$5,000	7,227,657	18,064,893	7,184,746	17,930,819	1,830,752	134,075	1,082,231	112,086
\$5,000 under \$10,000	4,023,851	29,973,992	4,023,851	29,888,591	1,129,917	85,401	1,392,135	302,492
\$10,000 under \$15,000	2,636,474	32,381,449	2,636,474	32,310,564	967,828	70,886	1,120,388	266,183
\$15,000 under \$20,000	1,663,890	28,671,481	1,663,890	28,614,909	648,394	56,572	796,188	213,170
\$20,000 under \$25,000	638,867	14,289,395	638,867	14,252,546	324,203	36,849	338,510	97,857
\$25,000 under \$30,000	242,184	6,529,456	242,184	6,512,977	161,458	16,479	124,455	34,213
\$30,000 under \$40,000	107,639	3,573,284	107,639	3,565,682	50,456	7,602	70,641	31,796
\$40,000 or more	*10,091	*441,940	*10,091	*439,973	*10,091	*1,968	*6,727	*1,527
Taxable returns, total	11,077,470	123,404,047	11,077,470	123,085,920	3,869,232	318,127	4,235,216	978,195
Under \$5,000	1,764,010	7,600,362	1,764,010	7,557,991	576,885	42,371	395,708	56,706
\$5,000 under \$10,000	4,014,315	29,916,680	4,014,315	29,831,280	1,129,917	85,401	1,382,599	276,744
\$10,000 under \$15,000	2,636,474	32,381,449	2,636,474	32,310,564	967,828	70,886	1,120,388	266,183
\$15,000 under \$20,000	1,663,890	28,671,481	1,663,890	28,614,909	648,394	56,572	796,188	213,170
\$20,000 under \$25,000	638,867	14,289,395	638,867	14,252,546	324,203	36,849	338,510	97,857
\$25,000 under \$30,000	242,184	6,529,456	242,184	6,512,977	161,458	16,479	124,455	34,213
\$30,000 under \$40,000	107,639	3,573,284	107,639	3,565,682	50,456	7,602	70,641	31,796
\$40,000 or more	*10,091	*441,940	*10,091	*439,973	*10,091	*1,968	*6,727	*1,527
Nontaxable returns, total	5,473,183	10,521,843	5,430,272	10,430,139	1,253,867	91,704	696,059	81,128

Size of adjusted gross income	Taxable income		Total income tax		Income tax withheld		Overpayment refunded		Tax due at time of filing	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All returns, total	15,187,117	115,601,418	11,077,470	12,898,872	16,021,455	16,909,033	15,467,583	4,164,644	711,199	154,484
Under \$5,000	5,864,121	10,754,586	1,764,010	139,181	6,760,437	1,258,018	6,707,992	1,126,689	157,329	7,852
\$5,000 under \$10,000	4,023,851	25,326,504	4,014,315	1,945,232	3,971,407	3,048,888	3,790,227	1,149,771	233,624	46,115
\$10,000 under \$15,000	2,636,474	29,268,256	2,636,474	3,208,314	2,631,707	3,983,917	2,469,610	816,250	166,864	40,647
\$15,000 under \$20,000	1,663,890	26,661,691	1,663,890	3,565,346	1,659,123	4,184,863	1,587,610	642,643	71,513	23,126
\$20,000 under \$25,000	638,867	13,501,943	638,867	2,137,687	638,867	2,406,299	595,958	275,687	*38,141	*7,075
\$25,000 under \$30,000	242,184	6,233,684	242,184	1,106,453	242,184	1,207,244	218,637	107,678	*23,547	*6,886
\$30,000 under \$40,000	107,639	3,425,238	107,639	692,446	107,639	710,020	87,458	40,356	*20,181	*22,782
\$40,000 or more	*10,091	*429,515	*10,091	*104,214	*10,091	*109,785	*10,091	*5,571	—	—
Taxable returns, total	11,077,470	110,464,092	11,077,470	12,898,872	10,905,840	16,230,563	10,351,968	3,486,174	711,199	154,484
Under \$5,000	1,764,010	5,638,525	1,764,010	139,181	1,654,358	583,476	1,601,913	452,148	157,329	7,852
\$5,000 under \$10,000	4,014,315	25,305,238	4,014,315	1,945,232	3,961,871	3,044,959	3,780,691	1,145,842	233,624	46,115
\$10,000 under \$15,000	2,636,474	29,268,256	2,636,474	3,208,314	2,631,707	3,983,917	2,469,610	816,250	166,864	40,647
\$15,000 under \$20,000	1,663,890	26,661,691	1,663,890	3,565,346	1,659,123	4,184,863	1,587,610	642,643	71,513	23,126
\$20,000 under \$25,000	638,867	13,501,943	638,867	2,137,687	638,867	2,406,299	595,958	275,687	*38,141	*7,075
\$25,000 under \$30,000	242,184	6,233,684	242,184	1,106,453	242,184	1,207,244	218,637	107,678	*23,547	*6,886
\$30,000 under \$40,000	107,639	3,425,238	107,639	692,446	107,639	710,020	87,458	40,356	*20,181	*22,782
\$40,000 or more	*10,091	*429,515	*10,091	*104,214	*10,091	*109,785	*10,091	*5,571	—	—
Nontaxable returns, total	4,109,647	5,137,326	—	—	5,115,615	678,470	5,115,615	678,470	—	—

* Estimate should be used with caution because of the small number of sample returns on which it is based
NOTE: Detail may not add to total because of rounding

Table 1.6—Form 1040A Returns: Sources of Income, Deductions, and Tax Items, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Adjusted gross income	Salaries and wages		Interest received		Dividends in AGI		Unemployment compensation in AGI	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns, total	17,584,689	234,589,878	17,270,020	232,549,922	5,971,913	4,166,010	663,416	403,436	1,054,629	1,036,046
Under \$5,000	3,394,516	9,493,751	3,184,737	8,692,872	915,377	774,243	138,258	73,301	—	—
\$5,000 under \$10,000	4,200,260	31,488,206	4,100,138	30,345,326	1,010,730	1,181,321	147,797	128,846	47,676	23,586
\$10,000 under \$15,000	3,837,924	47,631,916	3,833,156	47,223,716	1,110,854	550,919	100,119	34,737	247,911	192,053
\$15,000 under \$20,000	2,331,359	40,435,933	2,331,359	40,198,284	891,546	376,209	57,209	31,350	300,359	290,456
\$20,000 under \$25,000	1,689,911	37,836,800	1,689,911	37,677,252	826,718	460,224	68,708	35,818	230,804	300,244
\$25,000 under \$30,000	1,049,476	28,719,905	1,049,476	28,944,419	538,193	246,266	43,725	67,027	131,186	133,718
\$30,000 under \$40,000	861,115	29,260,328	861,115	29,573,153	531,473	390,728	87,461	24,553	77,368	85,066
\$40,000 or more	220,128	9,723,039	220,128	9,894,900	147,022	186,100	20,139	7,804	*19,325	*10,923
Taxable returns, total	12,364,175	209,657,114	12,240,215	208,216,057	5,037,461	3,523,843	544,228	340,077	1,040,326	1,025,385
Under \$5,000	448,152	1,945,025	424,314	1,664,019	214,539	258,764	*38,140	*22,242	—	—
\$5,000 under \$10,000	2,145,417	16,737,669	2,050,063	15,678,949	786,651	1,055,725	128,727	116,545	*38,140	*14,903
\$10,000 under \$15,000	3,632,919	45,238,829	3,628,151	44,825,495	1,101,319	549,828	100,119	34,737	243,144	190,075
\$15,000 under \$20,000	2,317,057	40,195,520	2,317,057	39,957,870	891,546	376,209	57,209	31,350	300,359	290,456
\$20,000 under \$25,000	1,689,911	37,836,800	1,689,911	37,677,252	826,718	460,224	68,708	35,818	230,804	300,244
\$25,000 under \$30,000	1,049,476	28,719,905	1,049,476	28,944,419	538,193	246,266	43,725	67,027	131,186	133,718
\$30,000 under \$40,000	861,115	29,260,328	861,115	29,573,153	531,473	390,728	87,461	24,553	77,368	85,066
\$40,000 or more	220,128	9,723,039	220,128	9,894,900	147,022	186,100	20,139	7,804	*19,325	*10,923
Nontaxable returns, total	5,220,514	24,932,764	5,029,805	24,333,865	934,452	642,167	119,188	63,359	*14,303	*10,661

Size of adjusted gross income	Statutory adjustments						Contributions deduction for nonitemizers		Zero bracket amount	
	Total		Payments to an IRA		Deduction for working married couple		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns, total	4,042,850	3,565,536	903,312	1,443,212	3,345,245	2,122,325	7,489,054	2,946,971	16,287,911	44,451,738
Under \$5,000	119,187	46,665	*23,837	*35,795	95,350	10,870	486,291	79,151	2,159,715	3,246,047
\$5,000 under \$10,000	410,012	190,873	100,117	132,579	314,662	58,294	1,539,936	463,635	4,138,283	10,604,553
\$10,000 under \$15,000	691,303	369,510	176,402	206,314	533,971	163,196	1,897,501	681,205	3,837,924	10,897,472
\$15,000 under \$20,000	686,534	460,364	128,724	193,252	562,577	267,112	1,268,183	521,245	2,331,359	6,985,827
\$20,000 under \$25,000	760,247	636,739	132,910	197,070	663,224	439,669	971,153	468,831	1,689,911	5,452,559
\$25,000 under \$30,000	625,639	671,524	107,632	203,283	541,552	468,241	649,194	341,462	1,049,476	3,520,253
\$30,000 under \$40,000	581,924	813,173	154,733	291,393	501,192	521,779	504,555	286,657	861,115	2,972,076
\$40,000 or more	168,004	376,689	78,957	183,526	132,717	193,163	172,241	104,785	220,128	772,950
Taxable returns, total	3,656,684	3,448,248	855,639	1,384,287	3,001,985	2,063,961	6,373,443	2,598,480	12,364,175	36,718,818
Under \$5,000	—	—	—	—	—	—	119,188	15,442	448,152	1,087,865
\$5,000 under \$10,000	166,869	128,454	81,048	111,475	85,821	16,978	920,152	271,187	2,145,417	5,605,650
\$10,000 under \$15,000	667,467	361,305	171,635	204,288	514,902	157,018	1,778,312	606,130	3,632,919	10,362,565
\$15,000 under \$20,000	686,534	460,364	128,724	193,252	562,577	267,112	1,258,648	503,987	2,317,057	6,944,900
\$20,000 under \$25,000	760,247	636,739	132,910	197,070	663,224	439,669	971,153	468,831	1,689,911	5,452,559
\$25,000 under \$30,000	625,639	671,524	107,632	203,283	541,552	468,241	649,194	341,462	1,049,476	3,520,253
\$30,000 under \$40,000	581,924	813,173	154,733	291,393	501,192	521,779	504,555	286,657	861,115	2,972,076
\$40,000 or more	168,004	376,689	78,957	183,526	132,717	193,163	172,241	104,785	220,128	772,950
Nontaxable returns, total	386,166	117,288	47,673	58,925	343,260	58,363	1,115,611	348,491	3,923,736	7,732,920

Footnote(s) at end of table.

Table 1.6—Form 1040A Returns: Sources of Income, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Exemptions		Taxable income		Child care credit		Political contributions credit		Earned income credit used to offset income tax before credits	
	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All returns, total	45,220,564	48,787,856	16,287,911	184,708,551	2,435,723	957,156	448,354	21,185	1,654,377	221,571
Under \$5,000	7,084,575	7,633,034	2,159,715	3,578,579	*9,535	*324	*9,535	*224	*33,374	*672
\$5,000 under \$10,000	10,312,330	11,127,591	4,138,283	19,953,468	553,049	125,394	95,353	4,124	1,225,285	196,341
\$10,000 under \$15,000	9,878,493	10,659,618	3,837,924	36,291,093	724,675	328,268	123,952	5,254	395,718	24,558
\$15,000 under \$20,000	6,445,785	6,960,304	2,331,359	32,954,384	414,775	196,708	66,746	2,813	—	—
\$20,000 under \$25,000	4,876,805	5,263,135	1,689,911	32,104,834	319,978	140,356	47,678	2,622	—	—
\$25,000 under \$30,000	3,282,989	3,541,995	1,049,476	24,836,447	242,188	94,231	53,821	2,842	—	—
\$30,000 under \$40,000	2,637,178	2,845,730	861,115	26,127,940	141,271	55,479	33,637	1,968	—	—
\$40,000 or more	702,409	756,449	220,128	8,861,805	30,252	16,396	*17,632	*1,338	—	—
Taxable returns, total	30,717,604	33,147,544	12,364,175	173,911,090	1,773,027	746,644	414,979	19,769	667,476	85,475
Under \$5,000	481,525	518,903	448,152	1,410,681	—	—	*4,767	*167	—	—
\$5,000 under \$10,000	3,432,676	3,702,523	2,145,417	12,763,959	81,053	16,849	71,513	3,004	295,597	61,446
\$10,000 under \$15,000	8,967,883	9,676,922	3,632,919	34,955,777	553,045	234,753	119,185	5,015	371,879	24,029
\$15,000 under \$20,000	6,336,139	6,841,886	2,317,057	32,849,647	405,240	188,579	66,746	2,813	—	—
\$20,000 under \$25,000	4,876,805	5,263,135	1,689,911	32,104,834	319,978	140,356	47,678	2,622	—	—
\$25,000 under \$30,000	3,282,989	3,541,995	1,049,476	24,836,447	242,188	94,231	53,821	2,842	—	—
\$30,000 under \$40,000	2,637,178	2,845,730	861,115	26,127,940	141,271	55,479	33,637	1,968	—	—
\$40,000 or more	702,409	756,449	220,128	8,861,805	30,252	16,396	*17,632	*1,338	—	—
Nontaxable returns, total	14,502,960	15,640,313	3,923,736	10,797,461	662,696	210,513	*33,375	*1,416	988,901	136,097

Size of adjusted gross income	Income tax after credits		Taxpayments				Overpayment refunded		Tax due at time of filing	
	Number of returns	Amount	Total		Income tax withheld		Number of returns	Amount	Number of returns	Amount
			Number of returns	Amount	Number of returns	Amount				
(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	
All returns, total	12,364,175	20,592,300	16,688,381	27,668,542	16,688,381	27,668,542	15,662,851	8,754,504	1,540,428	552,718
Under \$5,000	448,152	35,494	2,836,711	527,348	2,836,711	527,348	2,974,966	938,672	85,817	5,335
\$5,000 under \$10,000	2,145,417	795,124	3,923,739	2,404,628	3,923,739	2,404,628	3,876,065	2,354,276	286,053	64,386
\$10,000 under \$15,000	3,632,919	2,964,148	3,790,246	4,776,126	3,790,246	4,776,126	3,566,170	1,903,689	262,219	88,034
\$15,000 under \$20,000	2,317,057	3,533,363	2,321,823	4,797,654	2,321,823	4,797,654	2,135,886	1,318,910	195,473	54,620
\$20,000 under \$25,000	1,689,911	3,961,588	1,685,143	4,798,169	1,685,143	4,798,169	1,470,049	931,167	219,862	94,586
\$25,000 under \$30,000	1,049,476	3,410,160	1,049,476	4,039,255	1,049,476	4,039,255	891,385	689,467	158,091	60,372
\$30,000 under \$40,000	861,115	4,194,709	861,115	4,609,149	861,115	4,609,149	625,652	517,939	235,463	103,499
\$40,000 or more	220,128	1,697,714	220,128	1,716,213	220,128	1,716,213	122,678	100,384	97,450	81,885
Taxable returns, total	12,364,175	20,592,300	12,097,187	26,116,586	12,097,187	26,116,586	10,814,212	6,077,002	1,540,428	552,718
Under \$5,000	448,152	35,494	386,174	131,485	386,174	131,485	362,335	101,326	85,817	5,335
\$5,000 under \$10,000	2,145,417	795,124	2,002,389	1,461,999	2,002,389	1,461,999	1,859,364	731,261	286,053	64,386
\$10,000 under \$15,000	3,632,919	2,964,148	3,585,241	4,582,022	3,585,241	4,582,022	3,361,165	1,705,908	262,219	88,034
\$15,000 under \$20,000	2,317,057	3,533,363	2,307,521	4,778,293	2,307,521	4,778,293	2,121,584	1,299,549	195,473	54,620
\$20,000 under \$25,000	1,689,911	3,961,588	1,685,143	4,798,169	1,685,143	4,798,169	1,470,049	931,167	219,862	94,586
\$25,000 under \$30,000	1,049,476	3,410,160	1,049,476	4,039,255	1,049,476	4,039,255	891,385	689,467	158,091	60,372
\$30,000 under \$40,000	861,115	4,194,709	861,115	4,609,149	861,115	4,609,149	625,652	517,939	235,463	103,499
\$40,000 or more	220,128	1,697,714	220,128	1,716,213	220,128	1,716,213	122,678	100,384	97,450	81,885
Nontaxable returns, total	—	—	4,591,194	1,551,956	4,591,194	1,551,956	4,848,639	2,677,502	—	—

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

NOTE Detail may not add to total because of rounding

Individual Returns/1986

Table 2.1—Returns With Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Table with 12 columns: Size of adjusted gross income, Unemployment compensation in AGI, Social Security benefits in AGI, Other income less loss, Total statutory adjustments, Itemized deductions (Total, Medical and dental expense deduction), and sub-columns for Number of returns and Amount for each category.

Table with 11 columns: Size of adjusted gross income, Itemized deductions—Continued (Total, State and local income taxes, Real estate taxes, General sales taxes, Sales taxes on motor vehicles), and sub-columns for Number of returns and Amount for each category.

Table with 13 columns: Size of adjusted gross income, Taxes paid deduction—Continued (Personal property taxes, Other taxes), Interest paid deduction (Total, Home mortgage interest), and sub-columns for Number of returns and Amount for each category.

Footnote(s) at end of table

Table 2.1—Returns With Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Table with 11 columns: Size of adjusted gross income, Interest paid deduction (Credit card interest, Other interest), Total, Contribution deduction (Cash contributions, Under \$3,000 to a single organization, \$3,000 or more to a single organization), and Total taxable/non-taxable returns.

Table with 11 columns: Size of adjusted gross income, Contribution deduction (Other than cash contributions, Carryover from previous years), Net casualty or theft loss, Miscellaneous deductions, and Excess itemized deductions (Number of returns, Amount).

Table with 9 columns: Size of adjusted gross income, Unused zero bracket amount, Exemptions, Taxable income, and Zero bracket amount (Number of returns, Amount).

Footnote(s) at end of table.

Table 2.1—Returns With Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Income tax before credits		Total credits		Income tax after credits		Alternative minimum tax		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(92)	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)	(101)
Total	38,958,497	284,177,211	9,080,299	4,193,931	38,582,174	279,983,280	523,450	6,108,625	38,628,679	286,094,154
Under \$5,000	392,551	63,235	* 12,900	* 534	392,551	62,701	943	10,680	393,437	73,381
\$5,000 under \$10,000	883,397	254,256	220,749	31,990	766,196	222,266	1,440	13,260	767,636	235,526
\$10,000 under \$15,000	2,094,479	1,405,025	420,978	82,500	1,968,951	1,322,526	6,080	18,275	1,971,465	1,340,801
\$15,000 under \$20,000	3,095,084	3,948,597	443,459	134,200	3,055,655	3,814,397	2,109	28,622	3,056,315	3,843,019
\$20,000 under \$25,000	3,960,408	7,995,301	737,963	218,862	3,939,885	7,776,439	3,818	24,043	3,942,465	7,800,482
\$25,000 under \$30,000	4,403,965	12,459,283	937,626	283,672	4,388,422	12,175,610	5,467	27,970	4,389,401	12,203,581
\$30,000 under \$35,000	4,580,287	16,645,218	972,075	288,289	4,560,543	16,356,930	17,288	84,801	4,563,611	16,441,731
\$35,000 under \$40,000	4,041,464	18,233,314	943,801	308,291	4,029,790	17,925,024	23,713	70,572	4,031,720	17,995,596
\$40,000 under \$45,000	3,676,806	20,286,678	805,027	233,920	3,675,896	20,052,757	22,709	55,575	3,677,119	20,108,332
\$45,000 under \$50,000	2,843,609	18,543,703	759,693	238,115	2,842,315	18,305,587	35,244	127,089	2,843,100	18,432,676
\$50,000 under \$55,000	2,023,614	15,764,873	528,044	168,523	2,022,565	15,596,350	16,663	55,746	2,024,133	15,652,095
\$55,000 under \$60,000	1,484,209	13,393,393	399,229	165,063	1,478,568	13,228,330	23,772	129,747	1,483,374	13,358,077
\$60,000 under \$75,000	2,533,592	28,811,638	743,590	381,722	2,524,779	28,429,916	75,040	341,633	2,534,848	28,771,549
\$75,000 under \$100,000	1,492,326	24,962,047	499,133	243,994	1,486,470	24,718,052	96,998	574,120	1,493,666	25,292,173
\$100,000 under \$200,000	1,088,039	35,528,511	452,859	432,422	1,085,633	35,096,090	120,745	1,237,689	1,090,429	36,335,876
\$200,000 under \$500,000	282,349	25,645,974	153,970	347,976	281,721	25,297,998	45,950	1,068,781	283,354	26,366,795
\$500,000 under \$1,000,000	50,716	12,470,969	32,629	172,220	50,653	12,298,748	10,262	466,197	50,919	12,764,945
\$1,000,000 or more	31,602	27,765,194	16,574	461,637	31,581	27,303,556	15,209	1,773,824	31,687	29,077,518
Total taxable returns	38,605,878	283,931,858	8,727,680	3,948,578	38,582,174	279,983,280	523,450	6,108,625	38,628,679	286,094,154
Total nontaxable returns	352,619	245,353	352,619	245,353	—	—	—	—	—	—

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

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

NOTE: Detail may not add to total because of rounding

Table 2.2—Returns With Itemized Deductions, Deductions and Tax Items, by Marital Status

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	All returns			Joint returns of husbands and wives			Separate returns of husbands and wives			Returns of heads of households			Returns of surviving spouses			Returns of single persons													
	Number of returns	Amount	(2)	Number of returns	Amount	(4)	Number of returns	Amount	(5)	Number of returns	Amount	(6)	Number of returns	Amount	(7)	Number of returns	Amount	(8)	Number of returns	Amount	(9)	Number of returns	Amount	(10)	Number of returns	Amount	(11)	Number of returns	Amount	(12)
Adjusted gross income less deficit	40,667,008	1,725,713,762	28,247,663	1,367,194,877	315,040	10,697,306	3,083,410	84,526,290	50,655	1,626,525	8,970,240	261,638,764																	
Salaries and wages	35,620,895	1,375,709,353	25,910,365	1,115,394,941	259,901	6,432,030	2,859,884	71,012,285	46,575	1,172,780	181,697,317																		
Interest received	34,558,705	99,825,403	24,512,238	67,733,025	209,688	828,512	2,249,550	50,655	149,422	7,536,574	27,371,032																		
Dividends in AGI	10,842,336	49,476,066	7,336,698	30,722,949	79,155	679,473	549,686	13,647	50,879	50,879	16,521,367																		
State income tax refunds	19,480,920	9,367,626	14,438,508	7,294,595	124,066	64,954	1,462,526	29,949	19,726	3,426,276	1,452,402																		
Alimony received	285,761	2,966,338	†	†	†	†	157,221	†	†	†	78,774	806,906																	
Business or profession:																													
Net income	5,367,820	84,242,163	4,506,920	71,906,392	29,038	761,313	230,438	2,677,906	4,509	72,757	8,823,794																		
Net loss	1,926,245	10,476,515	1,579,341	8,613,052	9,042	107,531	84,584	277,370	*1.3	*2,348	1,476,214																		
Sales of capital assets:																													
Net gain	8,800,414	119,910,126	6,263,462	94,793,347	68,374	1,811,577	424,938	3,312,835	3,637	63,959	18,928,408																		
Net loss	1,721,826	2,864,391	1,270,965	1,957,000	7,255	3,557	47,916	81,880	*5,703	*10,083	611,870																		
Sales of property other than capital assets	1,109,427	1,232,473	900,688	1,152,974	12,871	60,890	27,899	-80,994	*206	*-1,108	167,763																		
Pensions and annuities in AGI	7,433,556	61,161,563	5,381,711	47,687,362	49,283	406,916	400,984	2,031,408	9,790	109,145	10,926,732																		
Rent net income less loss	6,101,688	-17,118,295	4,643,590	-14,478,937	31,133	-8,399	252,632	-574,758	5,642	*-1,723	1,168,691																		
Royalty net income less loss	566,485	3,835,599	399,478	3,274,903	1,679	39,965	24,899	58,665	*1,327	*1,470	460,596																		
Farm rental income less loss	291,286	848,467	189,140	468,698	*4,770	*-661	22,863	7,757	74,493	372,673	1,354,444																		
Partnership and S Corporation net income less loss	4,395,093	10,034,794	3,470,396	8,962,987	28,362	-91,459	127,967	66,557	5,596	-40,734	762,772																		
Estate or trust net income less loss	860,553	5,779,131	443,864	2,569,540	3,451	113,110	45,848	282,092	*303	*7,964	2,806,424																		
Farm net income less loss	989,895	-3,878,893	866,382	-3,570,193	316	-33,328	22,601	76,984	2,569	*-2,784	99,327																		
Unemployment compensation in AGI	2,928,825	4,329,334	2,375,272	3,572,104	*9,535	*12,261	161,922	256,189	*12,909	*29,299	369,187																		
Social Security benefits in AGI	2,230,848	7,964,726	1,477,099	5,665,802	45,877	100,956	71,412	201,775	6,802	*20,929	1,975,264																		
Other income less loss	3,487,605	4,540,847	2,727,672	3,673,074	37,052	-44,789	196,247	444,638	5,330	50,068	417,872																		
Total statutory adjustments	25,762,898	80,009,029	21,851,113	69,163,268	99,893	326,903	850,706	2,303,616	29,599	56,088	81,591,155																		
Payments to an IRA	11,718,118	5,866,914	9,016,456	25,047,067	50,442	93,136	649,144	1,159,511	16,458	32,916	3,592,845																		
Alimony paid	443,767	3,342,496	276,846	1,913,324	3,293	59,504	31,715	287,499	*621	*1,673	614,458																		
Deduction for a working married couple	17,770,060	21,523,855	17,770,060	21,523,855	—	—	—	—	—	—	—	1,082,168																	
Total itemized deductions	40,667,008	447,057,972	28,247,663	349,093,755	315,040	3,030,317	3,083,410	23,535,184	50,655	479,091	8,970,240																		
Medical and dental expense deduction	10,541,784	25,112,007	7,193,944	14,700,535	86,537	244,803	979,251	1,393,292	23,163	42,309	2,258,889																		
Taxes paid deduction	40,419,958	143,446,005	28,214,019	112,056,515	310,271	952,523	3,069,103	7,594,395	50,655	169,326	8,731,068																		
Interest paid deduction	37,261,499	196,566,331	26,980,221	159,844,317	258,217	1,135,785	2,924,013	10,666,606	46,652	206,200	22,673,247																		
Contributions deduction	36,714,257	53,815,979	26,337,573	42,677,028	263,164	422,791	2,761,266	2,187,995	50,647	37,140	24,713,423																		
Net casualty or theft loss	244,375	1,331,081	136,121	1,057,855	*894	*5,654	*19,309	*35,046	—	—	8,491,025																		
Miscellaneous deductions	33,453,767	26,786,568	23,741,028	18,757,505	249,830	266,761	1,657,850	2,332,526	88,051	24,117	6,078,336																		
Excess itemized deductions	40,169,452	313,333,998	28,244,707	245,430,207	307,318	2,460,353	3,083,410	15,889,049	50,655	293,197	49,261,191																		
Unused zero bracket amount	489,833	969,602	—	—	*2,955	*4,814	—	—	—	—	8,895,026																		
Taxable income	39,844,323	1,293,200,112	27,769,404	1,019,867,005	292,143	7,854,735	3,040,485	60,738,004	50,655	1,193,159	964,788																		
Total tax credits	9,080,299	4,193,931	7,141,598	3,537,569	33,937	30,480	1,022,698	374,295	13,718	4,722	203,547,210																		
Child care credit	4,990,491	1,852,563	4,232,561	1,535,892	*5,861	*5,114	716,747	299,822	*7,070	*1,910	246,865																		
Credit for the elderly and disabled	64,265	111,612	*20,215	3,679	—	—	—	—	—	—	9,825																		
Political contributions credit	3,445,041	191,112	2,579,338	158,076	24,141	1,053	204,738	7,648	3,598	52	7,933																		
Foreign tax credit	313,739	383,656	218,310	344,915	†	†	23,813	6,533	3,998	52	633,226																		
Earned income credit used to offset income tax before credits	203,485	19,638	66,371	4,599	—	—	132,158	14,938	*2,956	*101	44,050																		
Mortgage interest credit	4,849	1,790	*67	*28	—	—	—	—	—	—	71,549																		
General business credit	484,580	1,024,252	386,103	874,496	1,030	11,862	17,279	26,719	*500	*2,389	*1,762																		
Income tax after credits	38,582,174	279,983,280	27,071,835	223,085,835	279,520	2,277,510	2,866,003	10,364,989	47,697	219,537	108,785																		
Alternative minimum tax	523,450	6,108,625	366,514	4,924,824	3,121	81,288	34,997	188,747	*564	*2,865	44,030,409																		
Total income tax	38,628,679	286,094,154	27,109,206	228,012,764	279,985	2,358,878	2,866,395	10,563,736	47,697	222,402	8,323,396																		
Total tax liability	39,150,048	295,811,311	27,505,500	236,302,528	287,770	2,436,809	2,894,844	10,871,442	50,655	229,283	44,946,374																		
Total tax payments	39,067,052	306,499,100	27,658,357	241,112,002	294,292	2,427,636	2,869,546	13,365,024	50,655	229,283	8,411,279																		
Income tax withheld	35,863,398	230,683,279	25,924,425	184,119,099	260,333	1,073,086	2,869,349	11,401,271	46,412	198,669	49,520,706																		
Estimated tax payments	6,293,265	57,868,734	4,146,331	42,374,714	58,102	832,650	2,532,327	1,482,847	8,106	36,420	33,691,144																		
Overpayment refunded	28,617,664	46,817,789	19,983,049	34,739,533	167,898	235,333	3,515,999	3,622,173	27,524	49,415	12,943,103																		
Tax due at time of filing	10,099,074	43,324,977	7,212,523	35,340,717	1,215,977	534,873	479,362	1,267,806	19,755	28,213	6,153,969																		

*Estimate should be used with caution because of the small number of sample returns on which it is based
 †Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals
 NOTE: Detail may not add to total because of rounding

Table 2.3—All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for age 65 or over				
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
							Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Total	103,045,170	245,752,978	150,973,571	12,951,451	17,395,776	303,598,379	10,200,961	51,006,241
Under \$5,000	16,945,160	25,965,248	19,044,986	1,435,508	1,746,856	481,601	82,133	34,351
\$5,000 under \$10,000	15,910,313	31,175,745	19,529,124	3,198,436	3,957,143	24,046,951	2,041,216	521,683
\$10,000 under \$15,000	13,706,052	30,220,131	18,199,243	2,416,273	3,252,111	29,757,604	2,251,099	1,473,895
\$15,000 under \$20,000	11,290,251	26,505,543	15,955,459	1,724,317	2,446,227	30,035,224	1,686,054	2,224,048
\$20,000 under \$25,000	9,221,431	23,168,666	14,096,285	1,049,451	1,575,058	23,238,494	1,043,454	2,074,813
\$25,000 under \$30,000	7,559,001	20,880,582	12,354,185	622,044	880,416	17,100,970	614,688	1,868,729
\$30,000 under \$35,000	6,407,992	18,287,061	10,926,736	490,800	647,380	15,888,625	479,306	1,932,433
\$35,000 under \$40,000	5,081,637	15,487,958	9,093,568	381,622	533,796	14,333,274	377,435	2,018,708
\$40,000 under \$45,000	4,259,298	13,278,895	7,872,322	352,455	472,820	15,031,018	351,418	2,114,582
\$45,000 under \$50,000	3,199,478	10,180,941	5,997,023	237,262	348,440	11,268,294	237,211	1,764,626
\$50,000 under \$55,000	2,175,830	6,929,024	4,115,034	168,030	238,931	8,787,491	168,022	1,575,093
\$55,000 under \$60,000	1,587,094	5,109,847	3,020,886	136,200	195,445	7,788,186	135,587	1,457,625
\$60,000 under \$75,000	2,664,901	8,636,742	5,069,793	259,362	382,882	17,199,916	256,427	3,435,604
\$75,000 under \$100,000	1,546,776	5,019,140	2,919,748	203,020	302,797	17,431,139	201,633	4,114,878
\$100,000 under \$200,000	1,115,593	3,679,383	2,094,423	189,248	291,461	25,871,788	187,946	7,530,115
\$200,000 under \$500,000	290,946	954,220	528,438	63,312	91,744	17,794,619	63,245	5,845,542
\$500,000 under \$1,000,000	51,558	164,562	96,342	17,891	22,889	10,915,566	17,879	4,258,773
\$1,000,000 or more	31,859	109,290	59,976	6,220	9,380	16,627,619	6,208	6,700,742
Total taxable returns	83,967,413	203,805,919	126,595,101	10,200,961	13,703,151	291,182,295	10,200,961	51,006,241
Total nontaxable returns	19,077,757	41,947,059	24,378,470	2,750,490	3,692,625	12,416,084	—	—

Size of adjusted gross income	Exemptions for blindness			Total income tax		Exemptions for dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Number of returns	Amount	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
									Number of returns	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Total	319,443	321,264	7,049,624	252,457	953,675	39,548,392	77,062,367	1,240,729,324	32,832,937	174,975,966
Under \$5,000	32,779	32,779	77,208	*3	*479	2,763,375	5,140,627	-15,518,613	39,185	168,586
\$5,000 under \$10,000	74,469	74,469	575,757	*41,097	*12,543	4,086,284	7,615,009	31,066,367	987,846	235,028
\$10,000 under \$15,000	61,980	61,980	748,315	61,980	34,313	4,487,566	8,706,797	56,323,548	3,896,501	2,322,618
\$15,000 under \$20,000	*33,372	*33,372	*596,810	*33,372	*33,178	4,094,767	8,070,485	71,405,118	3,936,852	4,521,133
\$20,000 under \$25,000	*33,374	*33,374	*741,982	*33,374	*54,319	3,877,831	7,463,949	87,068,103	3,816,983	6,871,586
\$25,000 under \$30,000	*10,092	*10,092	*269,107	*10,092	*21,577	3,777,903	7,635,889	104,004,327	3,745,894	9,494,557
\$30,000 under \$35,000	*20,183	*20,183	*665,476	*20,183	*78,081	3,423,188	6,692,762	111,282,971	3,406,698	11,442,205
\$35,000 under \$40,000	*15,551	*15,551	*582,922	*15,551	*80,535	2,959,856	5,845,043	110,487,933	2,945,095	12,275,538
\$40,000 under \$45,000	*12,683	*14,503	*556,613	*12,683	*72,922	2,507,869	4,919,250	106,334,033	2,500,761	12,897,489
\$45,000 under \$50,000	*5,034	*5,034	*248,548	*5,034	*43,733	1,954,155	3,830,444	92,513,596	1,952,041	12,095,231
\$50,000 under \$55,000	*4,566	*4,566	*243,058	*4,566	*39,907	1,328,194	2,570,493	69,569,067	1,326,936	9,628,864
\$55,000 under \$60,000	*2,508	*2,508	*140,782	*2,508	*27,223	961,584	1,891,008	55,151,977	958,099	8,226,773
\$60,000 under \$75,000	*7,078	*7,078	*466,721	*6,242	*70,806	1,621,416	3,176,989	107,491,041	1,618,550	17,210,350
\$75,000 under \$100,000	*836	*836	*68,284	*836	*14,853	888,995	1,795,759	75,849,573	887,742	13,972,530
\$100,000 under \$200,000	3,624	3,624	473,961	3,622	136,261	622,058	1,289,875	81,716,391	620,795	19,358,370
\$200,000 under \$500,000	1,102	1,102	319,430	1,102	128,189	152,454	332,936	43,047,256	152,142	13,719,887
\$500,000 under \$1,000,000	136	136	88,121	136	32,745	21,549	45,195	14,540,050	21,500	5,464,641
\$1,000,000 or more	76	77	186,529	76	72,012	19,348	39,857	38,396,584	19,317	15,070,580
Total taxable returns	252,457	254,278	6,713,075	252,457	953,675	32,832,937	63,253,389	1,218,704,485	32,832,937	174,975,966
Total nontaxable returns	66,986	66,986	336,549	—	—	6,715,455	13,808,978	22,024,839	—	—

Footnote(s) at end of table

Table 2.3—All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Exemptions for dependents—Continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
Total	36,904,724	70,612,630	1,172,055,572	30,546,466	164,212,530	1,546,937	2,342,558	53,311,272	1,383,150	8,948,794
Under \$5,000	2,543,117	4,645,716	- 15,130,311	34,244	153,706	107,120	147,392	- 676,798	4,931	11,789
\$5,000 under \$10,000	3,680,123	6,742,429	27,891,236	704,986	148,816	119,138	200,802	957,715	71,461	26,046
\$10,000 under \$15,000	4,013,947	7,624,383	50,284,354	3,434,231	1,927,668	188,471	315,447	2,431,081	178,055	149,835
\$15,000 under \$20,000	3,773,347	7,311,688	65,816,047	3,620,814	4,038,760	152,260	236,617	2,692,568	151,646	221,210
\$20,000 under \$25,000	3,602,599	6,851,827	80,885,488	3,541,751	6,198,198	199,273	286,069	4,513,267	199,272	446,566
\$25,000 under \$30,000	3,550,862	6,991,121	97,694,019	3,519,297	8,768,274	133,891	212,364	3,700,044	133,688	418,209
\$30,000 under \$35,000	3,251,995	6,270,151	105,752,433	3,235,563	10,727,666	117,600	147,165	3,813,200	115,779	449,796
\$35,000 under \$40,000	2,835,275	5,528,873	105,802,993	2,821,329	11,627,531	101,490	174,065	3,790,604	101,482	487,858
\$40,000 under \$45,000	2,428,793	4,653,281	102,976,909	2,421,686	12,391,615	75,759	122,103	3,234,364	75,145	478,753
\$45,000 under \$50,000	1,866,667	3,613,607	88,344,560	1,864,553	11,374,629	69,103	88,217	3,290,190	69,103	558,452
\$50,000 under \$55,000	1,276,764	2,408,836	66,877,685	1,275,506	9,204,724	58,101	84,174	3,039,052	58,101	443,065
\$55,000 under \$60,000	919,813	1,764,086	52,746,645	916,339	7,815,871	39,045	61,032	2,249,105	39,043	375,409
\$60,000 under \$75,000	1,551,177	2,968,357	102,820,743	1,548,363	16,361,743	80,250	118,582	5,397,129	80,232	937,271
\$75,000 under \$100,000	844,267	1,662,380	72,020,757	843,255	13,179,038	52,208	76,022	4,434,767	52,207	835,261
\$100,000 under \$200,000	582,737	1,186,554	76,688,402	581,677	18,034,925	43,365	57,277	5,453,215	43,163	1,328,410
\$200,000 under \$500,000	144,630	310,312	40,803,176	144,336	12,986,800	7,851	12,166	2,207,168	7,837	691,114
\$500,000 under \$1,000,000	20,142	41,506	13,572,608	20,097	5,093,759	1,228	1,864	842,395	1,223	306,456
\$1,000,000 or more	18,469	37,523	36,207,829	18,439	14,178,809	784	1,200	1,942,207	782	783,293
Total taxable returns	30,546,466	57,934,360	1,150,851,923	30,546,466	164,212,530	1,383,150	2,068,146	53,314,827	1,383,150	8,948,794
Total nontaxable returns	6,358,258	12,678,270	21,203,649	—	—	163,787	274,412	- 3,555	—	—

Size of adjusted gross income	Exemptions for dependents—Continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
Total	1,527,512	1,744,066	43,408,641	1,274,123	6,205,239	1,773,079	2,363,113	38,714,274	1,371,627	4,343,723
Under \$5,000	105,051	133,757	- 420,820	97	6,215	158,960	213,762	112,192	* 16	* 3,653
\$5,000 under \$10,000	190,426	217,220	1,448,284	94,022	26,022	329,452	454,558	2,510,156	141,217	40,238
\$10,000 under \$15,000	253,403	299,266	3,152,952	209,112	150,553	371,211	467,701	4,701,201	330,116	215,866
\$15,000 under \$20,000	210,257	238,864	3,597,678	205,488	266,019	232,687	283,316	4,041,013	223,151	265,978
\$20,000 under \$25,000	145,509	159,813	3,255,190	145,507	288,131	125,144	166,240	2,830,757	122,189	231,188
\$25,000 under \$30,000	148,198	185,199	4,093,119	147,957	369,683	171,379	247,205	4,781,837	171,379	423,819
\$30,000 under \$35,000	105,320	113,868	3,405,602	105,319	362,135	112,941	161,578	3,682,749	112,882	372,466
\$35,000 under \$40,000	89,329	90,165	3,388,565	88,311	387,433	42,780	51,940	1,594,802	42,780	182,329
\$40,000 under \$45,000	48,799	52,163	2,060,450	47,907	226,862	69,741	91,703	2,965,335	69,128	352,965
\$45,000 under \$50,000	54,064	59,839	2,589,232	54,064	326,573	45,381	68,781	2,173,115	45,381	288,217
\$50,000 under \$55,000	33,241	36,139	1,740,311	33,039	247,803	32,430	41,344	1,712,029	32,429	236,728
\$55,000 under \$60,000	28,644	29,257	1,643,809	28,634	248,576	25,989	36,633	1,502,662	25,988	245,771
\$60,000 under \$75,000	50,746	56,137	3,391,397	50,695	513,776	25,554	33,913	1,675,631	25,554	275,731
\$75,000 under \$100,000	32,705	36,912	2,775,742	32,414	505,724	14,770	20,445	1,245,227	14,770	256,749
\$100,000 under \$200,000	24,916	27,493	3,278,917	24,674	810,504	10,890	18,551	1,417,012	10,890	328,937
\$200,000 under \$500,000	5,118	5,994	1,506,889	5,099	477,040	3,048	4,464	881,047	3,036	279,798
\$500,000 under \$1,000,000	1,111	1,224	752,722	1,110	288,950	466	601	315,120	465	116,799
\$1,000,000 or more	675	756	1,748,603	674	703,240	256	378	572,389	256	226,491
Total taxable returns	1,274,123	1,442,904	42,335,009	1,274,123	6,205,239	1,371,627	1,807,979	36,528,642	1,371,627	4,343,723
Total nontaxable returns	253,389	301,162	1,073,632	—	—	401,452	555,134	2,185,632	—	—

Footnote(s) at end of table

Table 2.3—All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of exemptions other than age or blindness								
	Total					One			
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount			Number of returns	Amount
(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	
Total	103,045,170	228,035,938	2,481,681,046	83,967,413	367,287,213	43,989,308	590,970,969	33,886,622	81,706,675
Under \$5,000	16,945,160	24,185,613	747,860	3,764,298	705,959	13,072,125	25,693,304	3,706,870	390,027
\$5,000 under \$10,000	15,910,313	27,144,133	119,228,053	11,302,273	4,501,830	9,840,264	72,774,791	9,257,745	4,071,332
\$10,000 under \$15,000	13,706,052	26,906,040	170,367,883	12,871,560	11,438,531	6,943,908	85,484,888	6,850,192	7,827,195
\$15,000 under \$20,000	11,290,251	24,025,944	196,731,308	11,064,250	17,340,658	5,081,234	88,276,505	5,048,179	10,234,196
\$20,000 under \$25,000	9,221,431	21,560,234	206,549,084	9,139,455	20,882,788	3,205,826	71,611,190	3,196,376	9,699,401
\$25,000 under \$30,000	7,559,001	19,990,074	207,876,373	7,499,447	22,850,962	2,037,675	55,922,769	2,027,662	8,218,648
\$30,000 under \$35,000	6,407,992	17,619,498	208,147,859	6,373,949	24,763,865	1,435,582	46,579,880	1,431,605	7,384,344
\$35,000 under \$40,000	5,081,637	14,938,611	190,013,309	5,060,304	23,864,638	791,303	29,603,476	791,243	5,075,771
\$40,000 under \$45,000	4,259,298	12,791,572	180,738,954	4,249,907	24,113,000	492,108	20,828,207	492,049	3,632,302
\$45,000 under \$50,000	3,199,478	9,827,467	151,471,909	3,197,056	21,631,224	294,779	13,877,400	294,770	2,678,970
\$50,000 under \$55,000	2,175,830	6,685,527	114,016,861	2,173,058	17,214,281	182,140	9,532,372	181,527	1,876,771
\$55,000 under \$60,000	1,587,094	4,911,894	90,974,023	1,582,994	14,572,167	121,227	6,918,058	121,226	1,459,167
\$60,000 under \$75,000	2,664,901	8,246,782	176,840,884	2,658,549	30,673,386	191,504	12,771,962	188,562	2,894,521
\$75,000 under \$100,000	1,546,776	4,715,507	131,926,730	1,543,446	26,280,965	136,076	11,750,272	135,453	2,902,221
\$100,000 under \$200,000	1,115,593	3,384,298	146,973,805	1,113,163	37,289,197	109,398	14,125,260	109,084	4,260,369
\$200,000 under \$500,000	290,946	861,374	82,840,607	290,429	27,066,736	46,002	13,272,799	45,946	4,262,781
\$500,000 under \$1,000,000	51,558	141,537	33,670,463	51,467	12,928,118	5,307	3,564,871	5,287	1,405,488
\$1,000,000 or more	31,859	99,833	72,565,082	31,808	29,168,908	2,850	8,382,967	2,846	3,433,170
Total taxable returns	83,967,413	189,848,490	2,440,231,669	83,967,413	367,287,213	33,886,622	573,391,953	33,886,622	81,706,675
Total nontaxable returns	19,077,757	38,187,448	41,449,377	—	—	10,102,686	17,579,017	—	—

Size of adjusted gross income	Number of exemptions other than age or blindness—Continued							
	Two				Three			
	Number of returns	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax	
			Number of returns	Amount			Number of returns	Amount
(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	
Total	25,629,703	751,289,275	21,571,763	122,309,949	13,047,814	406,802,085	10,955,101	59,028,422
Under \$5,000	2,125,484	-7,954,465	50,091	155,013	890,969	-4,381,245	4,369	53,484
\$5,000 under \$10,000	3,288,683	25,159,712	1,597,353	347,705	1,328,355	10,243,352	347,727	67,173
\$10,000 under \$15,000	3,451,254	43,347,329	3,254,454	2,203,944	1,418,539	17,959,883	1,267,523	807,741
\$15,000 under \$20,000	2,920,923	51,060,663	2,885,279	3,821,540	1,389,385	24,270,735	1,345,942	1,632,879
\$20,000 under \$25,000	2,771,656	62,078,484	2,759,977	5,838,211	1,277,479	28,551,955	1,270,023	2,343,463
\$25,000 under \$30,000	2,161,992	59,500,976	2,142,398	6,509,205	1,216,914	33,463,727	1,205,792	3,320,472
\$30,000 under \$35,000	1,844,724	59,789,786	1,831,148	7,159,521	1,138,448	37,001,186	1,130,682	3,983,476
\$35,000 under \$40,000	1,514,762	56,806,410	1,508,250	7,531,647	946,514	35,334,665	944,352	4,274,041
\$40,000 under \$45,000	1,347,313	57,294,810	1,345,088	8,139,181	890,779	37,757,946	890,759	4,875,756
\$45,000 under \$50,000	1,016,803	48,237,169	1,016,303	7,429,903	671,037	31,671,554	670,201	4,423,939
\$50,000 under \$55,000	696,533	36,542,277	695,632	5,985,371	466,119	24,403,292	465,862	3,614,373
\$55,000 under \$60,000	522,654	29,963,834	522,039	5,089,856	337,190	19,307,531	337,113	3,024,680
\$60,000 under \$75,000	890,215	59,065,800	889,612	11,031,431	561,616	37,323,976	560,660	6,294,936
\$75,000 under \$100,000	544,745	46,279,787	543,291	9,841,096	267,204	22,755,551	266,959	4,460,052
\$100,000 under \$200,000	399,648	53,223,333	398,735	14,270,897	194,924	25,301,022	194,899	6,359,277
\$200,000 under \$500,000	96,704	27,768,773	96,545	9,515,935	41,989	11,971,657	41,903	3,918,552
\$500,000 under \$1,000,000	25,484	16,107,726	25,459	6,270,592	6,802	4,622,591	6,790	1,775,919
\$1,000,000 or more	10,126	27,016,872	10,109	11,168,898	3,551	9,242,708	3,545	3,798,208
Total taxable returns	21,571,763	742,199,654	21,571,763	122,309,949	10,955,101	400,345,625	10,955,101	59,028,422
Total nontaxable returns	4,057,940	9,089,621	—	—	2,092,713	6,456,461	—	—

Footnote(s) at end of table

Table 2.3—All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of exemptions other than age or blindness—Continued							
	Four				Five or more			
	Number of returns	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax	
			Number of returns	Amount			Number of returns	Amount
(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	
Total	12,484,539	457,613,190	10,963,952	66,776,637	7,893,806	275,005,526	6,589,975	37,465,530
Under \$5,000	441,054	-7,000,119	1,890	55,142	415,528	-5,609,615	1,078	52,293
\$5,000 under \$10,000	858,452	6,424,194	84,000	10,109	594,559	4,626,004	*15,448	*5,511
\$10,000 under \$15,000	1,162,619	14,454,981	976,382	436,690	729,732	9,120,802	523,009	162,962
\$15,000 under \$20,000	1,074,779	18,627,315	1,019,144	1,061,879	823,930	14,496,091	765,706	590,163
\$20,000 under \$25,000	1,222,186	27,539,182	1,189,179	1,991,289	744,284	16,768,273	723,900	1,010,424
\$25,000 under \$30,000	1,265,925	34,789,878	1,253,831	2,973,452	876,495	24,199,023	869,764	1,829,185
\$30,000 under \$35,000	1,217,608	39,529,973	1,212,249	3,994,915	771,630	25,247,033	768,265	2,241,609
\$35,000 under \$40,000	1,167,003	43,529,098	1,161,351	4,651,153	662,055	24,739,660	655,108	2,332,024
\$40,000 under \$45,000	966,917	41,038,997	962,991	4,874,652	562,181	23,818,994	559,020	2,591,109
\$45,000 under \$50,000	798,946	37,802,858	798,110	4,750,481	417,913	19,882,928	417,672	2,347,931
\$50,000 under \$55,000	546,593	28,645,313	546,123	3,857,381	284,445	14,893,607	283,914	1,880,386
\$55,000 under \$60,000	376,604	21,592,404	374,924	3,167,001	229,419	13,192,196	227,692	1,831,462
\$60,000 under \$75,000	671,868	44,485,195	670,756	7,023,899	349,698	23,193,952	348,959	3,428,598
\$75,000 under \$100,000	397,926	34,025,404	397,547	6,279,067	200,825	17,115,716	200,196	2,798,530
\$100,000 under \$200,000	241,199	31,591,239	240,755	7,293,410	170,424	22,732,950	169,690	5,105,243
\$200,000 under \$500,000	55,025	15,727,105	54,915	4,966,561	51,226	14,100,274	51,120	4,402,906
\$500,000 under \$1,000,000	7,751	5,212,883	7,732	1,951,742	6,214	4,162,392	6,199	1,524,378
\$1,000,000 or more	12,084	19,597,291	12,073	7,437,815	3,248	8,325,243	3,235	3,330,818
Total taxable returns	10,963,952	453,517,792	10,963,952	66,776,637	6,589,975	270,776,645	6,589,975	37,465,530
Total nontaxable returns	1,520,587	4,095,399	—	—	1,303,831	4,228,880	—	—

* Estimate should be used with caution because of the small number of sample returns on which it is based
NOTE: Detail may not add to total because of rounding

Table 2.4—All Returns: Exemptions by Type, and Number of Exemptions, by Marital Status

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Marital status	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for age 65 or over				
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
							Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Number of returns	103,045,170	245,752,978	150,973,571	12,951,451	17,395,776	303,598,379	10,200,961	51,006,241
Joint returns of husbands and wives	47,870,191	165,336,336	95,740,382	6,995,023	11,439,348	202,351,829	5,634,766	35,795,858
Separate returns of husbands and wives								
Total	1,015,006	1,779,484	1,073,216	109,796	109,796	2,914,756	90,642	726,008
Spouse filing	956,796	1,604,636	956,796	†	†	†	†	†
Spouse not filing	58,210	174,848	116,420	†	†	†	†	†
Returns of heads of households	10,278,531	27,015,116	10,278,531	278,542	278,542	5,370,824	224,586	767,939
Returns of surviving spouses	81,926	238,443	81,926	*18,503	*18,503	*281,916	*13,735	*30,048
Returns of single persons	43,799,516	51,383,599	43,799,516	5,549,587	5,549,587	92,679,054	4,237,232	13,686,388

Marital status	Exemptions for blindness					Exemptions for dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Number of returns	319,443	321,264	7,049,624	252,457	953,675	39,548,392	77,062,367	1,240,729,324	32,832,937	174,975,966
Joint returns of husbands and wives	167,672	169,493	4,694,067	142,667	678,526	28,398,897	57,987,113	1,061,014,813	25,366,042	155,898,903
Separate returns of husbands and wives										
Total	*58	*58	*21,313	*58	*8,538	357,776	596,414	4,622,734	291,959	777,315
Spouse filing	†	†	†	†	†	335,742	537,987	4,418,913	278,167	759,245
Spouse not filing	†	†	†	†	†	*22,034	*58,427	*203,821	*13,792	*18,070
Returns of heads of households	*5,384	*5,384	*87,893	*5,384	*12,665	9,413,418	16,452,659	146,521,541	6,014,173	13,917,602
Returns of surviving spouses	—	—	—	—	—	81,926	138,014	1,870,685	64,578	249,756
Returns of single persons	146,329	146,329	2,246,351	104,348	253,945	1,296,375	1,888,167	26,699,551	1,096,185	4,132,391

Marital status	Exemptions for dependents—Continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
Number of returns				Amount	Number of returns				Amount	
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
Number of returns	36,904,724	70,612,630	1,172,055,572	30,546,466	164,212,530	1,546,937	2,342,558	53,311,272	1,383,150	8,948,794
Joint returns of husbands and wives	27,631,073	55,026,916	1,030,101,608	24,682,113	150,389,567	697,906	1,058,585	32,958,737	659,148	5,686,058
Separate returns of husbands and wives										
Total	298,212	492,789	3,847,332	237,859	659,889	45,320	82,411	660,271	44,610	107,092
Spouse filing	276,178	434,362	3,643,511	224,067	641,819	45,320	82,411	660,271	44,610	107,092
Spouse not filing	*22,034	*58,427	*203,821	*13,792	*18,070	—	—	—	—	—
Returns of heads of households	8,412,641	14,279,713	128,996,662	5,198,024	11,899,043	248,048	400,754	4,646,367	170,400	606,357
Returns of surviving spouses	81,926	132,172	1,870,685	64,578	249,756	*1,075	*1,075	*101,315	*1,075	*17,425
Returns of single persons	480,872	681,040	7,239,286	363,892	1,014,275	554,588	799,733	14,944,582	507,917	2,531,861

Marital status	Exemptions for dependents—Continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
Number of returns				Amount	Number of returns				Amount	
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
Number of returns	1,527,512	1,744,066	43,408,641	1,274,123	6,205,239	1,773,079	2,363,113	38,714,274	1,371,627	4,343,723
Joint returns of husbands and wives	697,613	808,376	28,375,846	614,886	4,499,837	767,539	1,093,236	23,678,621	642,632	2,943,657
Separate returns of husbands and wives										
Total	6,601	6,602	95,082	1,830	16,367	14,586	14,612	152,064	9,813	27,713
Spouse filing	6,601	6,602	95,082	1,830	16,367	14,586	14,612	152,064	9,813	27,713
Spouse not filing	—	—	—	—	—	—	—	—	—	—
Returns of heads of households	701,600	772,181	12,949,072	553,510	1,433,550	793,933	1,000,011	11,542,190	564,075	930,130
Returns of surviving spouses	—	—	—	—	—	*4,767	*4,767	()	—	—
Returns of single persons	121,698	156,907	1,988,642	103,897	255,485	192,254	250,487	3,341,399	155,107	442,223

Footnote(s) at end of table

Table 2.4—All Returns: Exemptions by Type, and Number of Exemptions, by Marital Status—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Marital status	Number of exemptions other than age or blindness:								
	Total					One			
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount			Number of returns	Amount
(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	
Number of returns	103,045,170	228,035,938	2,481,681,046	83,967,413	367,287,213	43,989,308	590,970,969	33,886,622	81,706,675
Joint returns of husbands and wives	47,870,191	153,727,495	1,710,618,197	42,590,214	266,460,002	—	—	—	—
Separate returns of husbands and wives:									
Total	1,015,006	1,669,630	15,231,848	835,487	3,029,020	621,054	10,231,745	519,846	2,208,232
Spouse filing	956,796	1,494,783	14,650,658	798,013	2,967,477	621,054	10,231,745	519,846	2,208,232
Spouse not filing	58,210	174,847	581,190	37,474	61,543	—	—	—	—
Returns of heads of households	10,278,531	26,731,190	162,224,864	6,726,837	15,853,019	865,113	15,703,323	712,664	1,935,417
Returns of surviving spouses	81,926	219,940	1,870,685	64,578	249,756	—	—	—	—
Returns of single persons	43,799,516	45,687,683	591,735,452	33,750,297	81,695,416	42,503,141	565,035,902	32,654,112	77,563,026

Marital status	Number of exemptions other than age or blindness—Continued								
	Two				Three				
	Number of returns	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax		
			Number of returns	Amount			Number of returns	Amount	
(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)		
Number of returns	25,629,703	751,289,275	21,571,763	122,309,949	13,047,814	406,802,085	10,955,101	59,028,422	
Joint returns of husbands and wives	19,471,294	649,603,384	17,224,172	110,561,099	9,942,000	358,059,995	8,994,025	54,059,498	
Separate returns of husbands and wives:									
Total	230,870	2,946,339	181,928	452,445	94,280	1,262,998	79,186	246,788	
Spouse filing	194,694	2,568,970	158,246	408,972	†	†	†	†	
Spouse not filing	36,176	377,369	23,682	43,473	†	†	†	†	
Returns of heads of households	5,023,592	80,192,587	3,387,348	8,467,034	2,658,919	39,991,040	1,587,559	3,542,011	
Returns of surviving spouses	41,209	867,340	33,469	117,848	28,714	752,459	23,877	101,459	
Returns of single persons	862,738	17,679,625	744,846	2,711,523	323,901	6,735,594	270,454	1,078,667	

Marital status	Number of exemptions other than age or blindness—Continued								
	Four				Five or more				
	Number of returns	Adjusted gross income less deficit	Total income tax		Number of returns	Adjusted gross income less deficit	Total income tax		
			Number of returns	Amount			Number of returns	Amount	
(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)		
Number of returns	12,484,539	457,613,190	10,963,952	66,776,637	7,893,806	275,005,526	6,589,975	37,465,530	
Joint returns of husbands and wives	11,215,842	437,745,997	10,147,761	65,051,733	7,241,055	265,208,821	6,224,256	36,787,672	
Separate returns of husbands and wives:									
Total	59,130	703,794	49,634	99,479	9,672	86,972	4,893	22,076	
Spouse filing	41,921	543,356	40,667	82,400	†	†	†	†	
Spouse not filing	*17,209	*160,438	*8,967	*17,079	†	†	†	†	
Returns of heads of households	1,120,429	17,240,990	706,251	1,322,407	610,478	9,096,923	333,015	586,150	
Returns of surviving spouses	*8,635	*159,977	*3,866	*20,890	*3,368	*90,910	*3,366	*9,558	
Returns of single persons	80,503	1,762,433	56,440	282,127	29,233	521,900	24,445	60,074	

* Estimate should be used with caution because of the small number of sample returns on which it is based.
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
 () Less than \$500.
 NOTE: Detail may not add to total because of rounding.

Table 2.5—Returns of Taxpayers Age 65 or Over: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Table with 9 columns: Size of adjusted gross income, Royalty net income less loss (Number of returns, Amount), Estate or trust net income less loss (Number of returns, Amount), Social Security benefits (Total: Number of returns, Amount; In adjusted gross income: Number of returns, Amount). Rows include All returns, total; No adjusted gross income; Taxable returns, total; and Nontaxable returns, total, with various income brackets.

Footnote(s) at end of table.

Table 2.5—Returns of Taxpayers Age 65 or Over: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with itemized deductions—Continued		Taxable income		Income tax before credits		Tax credits			
	Excess itemized deductions		Number of returns	Amount	Number of returns	Amount	Total		Credit for the elderly and disabled	
	Number of returns	Amount					Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(39)	(40)	(41)	(42)							(43)	(44)	(45)	(48)	(47)	(48)
All returns, total	4,579,330	37,147,740	12,068,572	228,490,040	10,408,987	49,965,148	1,520,709	403,952	379,840	72,963
No adjusted gross income	—	—	—	—	'16	'121	'15	'119	—	—
\$1 under \$5,000	117,911	585,241	811,689	1,146,251	88,140	1,876	*9,535	*267	*9,535	*267
\$5,000 under \$10,000	632,542	2,342,961	3,051,164	12,494,099	2,200,969	567,506	343,405	45,823	222,874	31,873
\$10,000 under \$15,000	694,653	2,543,839	2,360,175	19,061,808	2,286,895	1,527,934	295,053	54,038	108,986	34,051
\$15,000 under \$20,000	557,908	1,980,825	1,695,381	21,628,817	1,687,658	2,236,671	134,701	15,663	*38,445	*6,772
\$20,000 under \$25,000	439,193	1,628,517	1,044,674	17,465,407	1,044,061	2,080,544	116,862	6,405	—	—
\$25,000 under \$30,000	308,304	1,777,110	614,687	12,999,019	614,687	1,879,898	90,863	12,132	—	—
\$30,000 under \$40,000	531,031	3,056,208	865,004	24,115,477	864,801	3,963,523	119,191	33,067	—	—
\$40,000 under \$50,000	409,313	2,981,760	589,097	21,091,877	588,211	3,896,529	120,633	52,968	—	—
\$50,000 under \$75,000	440,276	4,216,846	560,933	27,504,235	558,271	6,335,389	107,647	21,818	—	—
\$75,000 under \$100,000	182,769	2,472,513	201,249	14,174,962	201,249	4,000,706	63,539	9,634	—	—
\$100,000 under \$200,000	180,006	4,245,588	187,450	20,998,373	187,006	7,164,715	67,218	28,127	—	—
\$200,000 under \$500,000	61,599	4,098,589	63,071	13,527,309	63,026	5,615,614	34,678	28,874	—	—
\$500,000 under \$1,000,000	17,645	1,849,769	17,818	9,020,424	17,818	4,172,706	13,117	20,770	—	—
\$1,000,000 or more	6,180	3,367,972	6,180	13,261,982	6,179	6,521,416	4,252	74,247	—	—
Taxable returns, total	3,870,273	30,848,513	10,190,967	224,404,640	10,193,017	49,893,070	1,304,739	331,875	217,131	40,695
No adjusted gross income	—	—	—	—	'9	'21	'8	'19	—	—
\$1 under \$5,000	*4,768	*482	78,605	206,476	78,605	1,609	—	—	—	—
\$5,000 under \$10,000	242,778	280,258	2,041,216	10,020,553	2,041,216	543,196	183,652	21,513	91,726	9,460
\$10,000 under \$15,000	561,346	1,141,032	2,251,099	18,644,354	2,251,099	1,510,378	259,257	36,483	86,960	24,463
\$15,000 under \$20,000	521,522	1,384,490	1,685,781	21,587,811	1,685,781	2,234,799	132,824	13,790	*38,445	*6,772
\$20,000 under \$25,000	433,196	1,492,118	1,043,446	17,459,759	1,043,446	2,080,271	116,247	6,131	—	—
\$25,000 under \$30,000	300,948	1,548,324	611,323	12,997,993	614,687	1,879,898	90,863	12,132	—	—
\$30,000 under \$40,000	515,350	2,552,138	856,680	23,923,986	856,679	3,938,275	111,069	7,819	—	—
\$40,000 under \$50,000	408,225	2,937,001	588,211	21,089,481	588,211	3,896,529	120,633	52,968	—	—
\$50,000 under \$75,000	436,720	3,914,119	559,057	27,500,559	558,221	6,335,378	107,597	21,807	—	—
\$75,000 under \$100,000	181,382	2,350,055	201,249	14,174,962	201,249	4,000,706	63,539	9,634	—	—
\$100,000 under \$200,000	178,704	4,039,609	187,248	20,993,881	186,804	7,164,522	67,016	27,934	—	—
\$200,000 under \$500,000	61,532	4,076,980	63,059	13,525,474	63,017	5,614,827	34,669	28,088	—	—
\$500,000 under \$1,000,000	17,634	1,835,574	**23,993	**22,279,351	**23,993	**10,692,660	**17,365	**93,555	—	—
\$1,000,000 or more	6,168	3,296,334	..	..	..	..	..	..	—	—
Nontaxable returns, total	709,057	6,299,227	1,877,605	4,085,400	215,970	72,077	215,970	72,077	162,709	32,267

Size of adjusted gross income	Tax credits—Continued		Income tax after credits		Alternative minimum tax		Total income tax		Total tax liability	
	Earned income credit used to offset income tax before credits		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount								
			(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)					(57)	(58)
All returns, total	57,210	6,260	10,190,991	49,561,195	175,209	1,444,978	10,200,961	51,006,241	10,400,962	52,179,218
No adjusted gross income	—	—	..	..	3,526	32,736	3,528	32,742	15,202	40,321
\$1 under \$5,000	—	—	**78,606	**1,611	—	—	78,605	1,609	176,861	23,497
\$5,000 under \$10,000	*38,140	*4,939	2,041,216	521,683	—	—	2,041,216	521,683	2,108,047	599,809
\$10,000 under \$15,000	*19,070	*1,321	2,251,099	1,473,895	—	—	2,251,099	1,473,895	2,269,812	1,562,704
\$15,000 under \$20,000	—	—	1,685,781	2,221,008	*1,109	*3,039	1,686,054	2,224,048	1,686,110	2,330,074
\$20,000 under \$25,000	—	—	1,043,445	2,074,140	'9	*674	1,043,454	2,074,813	1,044,683	2,142,345
\$25,000 under \$30,000	—	—	614,678	1,867,767	*1,222	*962	614,688	1,868,729	614,688	1,914,102
\$30,000 under \$40,000	—	—	856,679	3,930,456	22,123	20,686	856,741	3,951,142	856,749	4,048,453
\$40,000 under \$50,000	—	—	588,196	3,843,560	30,789	95,647	588,629	3,939,208	588,882	4,093,211
\$50,000 under \$75,000	—	—	556,415	6,313,571	35,799	154,751	560,036	6,468,322	561,249	6,629,919
\$75,000 under \$100,000	—	—	201,197	3,991,072	24,959	123,807	201,633	4,114,878	202,918	4,209,108
\$100,000 under \$200,000	—	—	186,743	7,136,588	37,417	393,463	187,946	7,530,115	188,397	7,659,847
\$200,000 under \$500,000	—	—	62,943	5,586,739	13,510	258,802	63,245	5,845,542	63,269	5,885,482
\$500,000 under \$1,000,000	—	—	17,815	4,151,936	2,746	106,838	17,879	4,258,773	17,882	4,327,125
\$1,000,000 or more	—	—	6,178	6,447,168	2,000	253,574	6,208	6,700,742	6,213	6,713,221
Taxable returns, total	*38,140	*5,120	10,190,991	49,561,195	175,209	1,444,978	10,200,961	51,006,241	10,200,961	52,097,223
No adjusted gross income	—	—	..	..	3,526	32,736	3,528	32,742	3,528	33,171
\$1 under \$5,000	—	—	**78,606	**1,611	—	—	78,605	1,609	78,605	1,609
\$5,000 under \$10,000	*19,070	*3,800	2,041,216	521,683	—	—	2,041,216	521,683	2,041,216	567,677
\$10,000 under \$15,000	*19,070	*1,321	2,251,099	1,473,895	—	—	2,251,099	1,473,895	2,251,099	1,550,101
\$15,000 under \$20,000	—	—	1,685,781	2,221,008	*1,109	*3,039	1,686,054	2,224,048	1,686,054	2,329,785
\$20,000 under \$25,000	—	—	1,043,445	2,074,140	'9	*674	1,043,454	2,074,813	1,043,454	2,139,886
\$25,000 under \$30,000	—	—	614,678	1,867,767	*1,222	*962	614,688	1,868,729	614,688	1,914,102
\$30,000 under \$40,000	—	—	856,679	3,930,456	22,123	20,686	856,741	3,951,142	856,741	4,048,412
\$40,000 under \$50,000	—	—	588,196	3,843,560	30,789	95,647	588,629	3,939,208	588,629	4,092,332
\$50,000 under \$75,000	—	—	556,415	6,313,571	35,799	154,751	560,036	6,468,322	560,036	6,629,710
\$75,000 under \$100,000	—	—	201,197	3,991,072	24,959	123,807	201,633	4,114,878	201,633	4,205,688
\$100,000 under \$200,000	—	—	186,743	7,136,588	37,417	393,463	187,946	7,530,115	187,946	7,659,090
\$200,000 under \$500,000	—	—	62,943	5,586,739	13,510	258,802	63,245	5,845,542	63,245	5,885,362
\$500,000 under \$1,000,000	—	—	17,815	4,151,936	2,746	106,838	17,879	4,258,773	17,879	4,327,107
\$1,000,000 or more	—	—	6,178	6,447,168	2,000	253,574	6,208	6,700,742	6,208	6,713,191
Nontaxable returns, total	*19,070	*1,139	—	—	—	—	—	—	200,001	81,895

* Estimate should be used with caution because of the small number of sample returns on which it is based
 ** Data combined to avoid disclosure of information for specific taxpayers
 † Consists of business or profession, farm, partnership, and Small Business Corporations net income less loss
 NOTE: Detail may not add to total because of rounding

Table 2.6—Returns of Taxpayers Age 65 or Over: Selected Tax Items by Marital Status of Taxpayer

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Marital status of taxpayer	All returns, total	Joint returns of husbands and wives				Separate returns of husbands and wives, total	Returns of heads of households, total	Returns of surviving spouses, total	Returns of single persons, total
		Total	Both taxpayers age 65 or over	Primary taxpayer age 65 or over; secondary taxpayer under 65	Secondary taxpayer age 65 or over; primary taxpayer under 65				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	12,951,451	6,995,023	4,444,325	2,159,320	391,378	109,796	278,542	*18,503	5,549,587
Adjusted gross income less deficit	303,598,379	202,351,829	126,024,815	65,185,070	11,141,944	2,914,756	5,370,824	*281,916	92,679,054
Exemptions									
Number of exemptions	38,408,219	26,115,256	18,005,519	6,902,559	1,207,178	228,665	739,570	*58,873	11,265,855
Amount	41,466,088	28,195,579	19,440,299	7,451,628	1,303,652	245,812	798,735	*63,583	12,162,380
Returns with zero bracket amount only									
Number of returns	7,809,672	3,956,880	2,558,581	1,189,827	208,472	55,810	148,946	*17,667	3,630,369
Zero bracket amount	22,358,599	13,481,895	8,707,791	4,041,480	732,624	100,523	344,729	*64,032	8,367,420
With nonitemizers contribution deduction									
Number of returns	*5,486,333	*2,895,257	*1,954,360	*803,450	*137,447	*27,202	*105,277	*12,899	*2,445,698
Amount	*3,884,358	*2,330,876	*1,683,505	*550,696	*96,675	*13,183	*39,771	*3,545	*1,496,982
Returns with itemized deductions									
Number of returns	4,579,330	2,696,009	1,627,982	888,501	179,526	49,192	111,968	*836	1,721,325
Total itemized deductions	52,200,047	32,272,865	19,033,608	11,421,078	1,818,179	603,800	978,254	*6,161	18,338,967
Zero bracket amount									
Number of returns	4,258,900	2,574,513	1,540,246	854,985	179,282	44,338	111,968	*836	1,527,245
Amount	13,089,580	9,151,438	5,476,364	3,035,328	639,746	76,158	277,680	*3,068	3,581,236
Excess itemized deductions									
Number of returns	4,579,330	2,696,009	1,627,982	888,501	179,526	49,192	111,968	*836	1,721,325
Amount	37,147,740	22,297,869	12,985,629	8,152,804	1,159,437	513,177	700,589	*3,093	13,633,012
Taxable income									
Number of returns	12,068,572	6,531,393	4,098,827	2,044,812	387,754	100,148	260,914	*18,503	5,157,614
Amount	228,490,040	153,724,015	94,314,543	50,730,579	8,678,894	2,236,083	3,876,080	*211,696	68,442,167
Alternative minimum tax									
Number of returns	175,209	106,728	65,399	32,031	9,298	877	10,029	—	57,575
Amount	1,444,978	1,037,694	671,343	334,697	31,655	23,479	30,935	—	352,870
Income tax after credits									
Number of returns	10,190,991	5,629,802	3,499,059	1,779,314	351,429	90,605	224,585	*13,735	4,232,264
Amount	49,561,195	34,758,160	21,128,639	12,051,310	1,578,212	702,529	737,004	*30,048	13,333,454
Total income tax									
Number of returns	10,200,961	5,634,766	3,502,190	1,780,305	352,271	90,642	224,586	*13,735	4,237,232
Amount	51,006,241	35,795,858	21,799,985	12,386,007	1,609,866	726,008	767,939	*30,048	13,686,388
Total tax liability									
Number of returns	10,400,962	5,769,644	3,584,550	1,832,815	352,279	90,648	227,542	*13,735	4,299,393
Amount	52,179,218	36,787,695	22,283,414	12,828,868	1,675,413	738,241	772,085	*30,048	13,851,150

*Estimate should be used with caution because of the small number of sample returns on which it is based
NOTE: Detail may not add to total because of rounding.

Table 3.2—Returns With Total Income Tax: Total Income Tax as a Percent of Adjusted Gross Income, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percent of adjusted gross income—Continued								
	15 under 17 percent			17 under 25 percent			25 under 30 percent		
	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
All returns	5,613,375	239,356,661	38,153,933	6,629,180	398,648,025	79,806,548	743,778	86,594,024	23,658,977
Under \$5,000	2,956	9,016	1,389	..	..	..	..	..	..
\$5,000 under \$10,000	..	..	..	..	..	..	..	..	..
\$10,000 under \$15,000	4,775	62,529	10,085	8,590	98,433	20,292	3,195	22,838	5,949
\$15,000 under \$20,000	14,303	232,343	35,986	17,256	292,285	59,468	..	..	..
\$20,000 under \$25,000	790,040	18,620,554	2,898,651	25,897	559,812	99,269	203	4,537	1,195
\$25,000 under \$30,000	873,139	23,641,292	3,803,761	369,759	10,530,119	1,874,570	6,223	176,200	50,299
\$30,000 under \$40,000	976,105	34,780,129	5,520,190	1,200,757	41,729,692	7,961,818	12,914	454,639	120,982
\$40,000 under \$50,000	1,432,670	63,897,021	10,190,058	1,116,474	50,757,266	9,746,969	34,434	1,643,883	440,745
\$50,000 under \$75,000	1,291,357	75,815,726	12,122,695	2,572,547	157,044,373	30,828,173	136,682	8,558,054	2,289,976
\$75,000 under \$100,000	177,161	14,928,820	2,390,094	874,741	74,426,799	15,570,820	175,935	15,507,115	4,132,976
\$100,000 under \$200,000	46,353	5,694,649	913,458	412,093	51,646,055	11,164,139	321,001	42,044,424	11,522,491
\$200,000 or more	4,516	1,674,583	267,566	31,066	11,563,191	2,481,030	53,191	18,182,333	5,094,362
Joint returns	3,166,864	167,313,656	26,689,756	4,016,073	290,536,560	58,312,977	509,692	65,985,763	17,986,405
Under \$5,000	..	..	..	..	..	..	..	..	..
\$5,000 under \$10,000	..	..	..	..	..	..	..	..	..
\$10,000 under \$15,000	..	..	..	614	8,793	1,741	3,195	22,838	5,949
\$15,000 under \$20,000	4,768	81,471	12,721	4,767	92,489	20,346	..	..	..
\$20,000 under \$25,000	202	4,922	825	240	5,236	1,130	203	4,537	1,195
\$25,000 under \$30,000	5,184	145,273	22,229	5,806	157,291	35,488	6,223	176,200	50,299
\$30,000 under \$40,000	417,228	15,819,178	2,481,525	9,397	331,730	67,544	6,894	233,079	61,509
\$40,000 under \$50,000	1,283,317	57,418,546	9,158,956	545,942	25,372,056	4,565,835	10,190	482,682	132,504
\$50,000 under \$75,000	1,239,560	72,828,737	11,647,617	2,213,405	136,111,526	26,401,924	18,011	1,204,378	317,434
\$75,000 under \$100,000	169,245	14,258,918	2,282,800	815,994	69,405,541	14,471,859	132,741	11,801,978	3,117,778
\$100,000 under \$200,000	43,174	5,254,975	843,211	391,764	49,071,979	10,602,896	290,674	38,252,541	10,476,939
\$200,000 or more	4,186	1,501,636	239,872	28,144	9,979,918	2,144,215	41,561	13,807,529	3,822,798
Nonjoint returns	2,446,511	72,043,005	11,464,177	2,613,107	108,111,465	21,493,571	234,086	20,608,262	5,672,572
Under \$5,000	2,956	9,016	1,389	..	..	..	..	..	..
\$5,000 under \$10,000	..	..	..	..	..	..	..	..	..
\$10,000 under \$15,000	4,775	62,529	10,085	7,976	89,640	18,551	..	..	..
\$15,000 under \$20,000	9,535	150,872	23,265	12,489	199,795	39,122	..	..	..
\$20,000 under \$25,000	789,838	18,615,632	2,897,826	25,657	554,576	98,139	..	..	..
\$25,000 under \$30,000	867,955	23,496,019	3,781,532	363,953	10,372,828	1,839,082	..	..	..
\$30,000 under \$40,000	558,877	18,960,951	3,038,665	1,191,360	41,397,962	7,894,274	6,020	221,560	59,473
\$40,000 under \$50,000	149,353	6,478,475	1,031,102	570,532	25,985,210	5,181,134	24,244	1,161,201	308,241
\$50,000 under \$75,000	51,797	2,986,988	475,078	359,142	20,332,847	4,426,249	118,671	7,353,676	1,972,542
\$75,000 under \$100,000	7,916	669,903	107,294	58,747	5,021,258	1,098,961	43,194	3,705,137	1,015,198
\$100,000 under \$200,000	3,179	439,674	70,247	20,823	2,574,077	561,244	30,327	3,791,883	1,045,552
\$200,000 or more	330	172,947	27,694	2,922	1,583,273	336,815	11,630	4,374,804	1,271,565

Size of adjusted gross income	Total income tax as a percent of adjusted gross income—Continued								
	30 under 50 percent			50 under 100 percent			100 percent or more		
	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
All returns	640,687	192,624,646	73,746,731	25,563	4,377,292	2,590,280	32,515	-1,096,043	682,797
Under \$5,000	..	..	..	1,429	5,638	6,792	29,570	-1,297,757	371,257
\$5,000 under \$10,000	664	6,133	1,919	..	..	..	311	2,053	12,351
\$10,000 under \$15,000	5,448	67,558	24,660	..	..	..	231	2,751	6,184
\$15,000 under \$20,000	8,178	135,447	53,924	..	..	..	924	17,773	23,785
\$20,000 under \$25,000	10,591	240,131	83,447	263	6,054	4,081	95	2,266	5,092
\$25,000 under \$30,000	3,425	94,630	32,665	3,634	93,304	51,134	323	8,425	16,692
\$30,000 under \$40,000	8,369	300,908	110,802	4,628	144,355	84,355	86	3,250	8,931
\$40,000 under \$50,000	17,429	791,316	302,437	1,485	69,665	50,321	668	10,473	18,190
\$50,000 under \$75,000	28,561	1,848,609	629,453	3,826	238,032	151,716	187	12,204	26,215
\$75,000 under \$100,000	54,247	4,729,294	1,575,575	2,593	216,395	143,381	149	12,895	17,940
\$100,000 under \$200,000	239,416	35,721,622	12,115,181	3,864	531,548	328,933	244	35,592	54,850
\$200,000 or more	264,359	148,688,998	58,816,669	3,840	3,067,401	1,769,565	167	94,032	121,309
Joint returns	451,689	156,335,177	59,815,085	19,830	3,399,641	2,004,596	23,633	-891,291	529,899
Under \$5,000	..	..	..	543	3,758	3,149	22,122	-1,040,328	298,831
\$5,000 under \$10,000	51	387	163	..	..	..	11	84	516
\$10,000 under \$15,000	4,825	60,401	22,235	..	..	..	231	2,751	6,184
\$15,000 under \$20,000	1,293	23,862	8,910	..	..	..	179	3,762	8,350
\$20,000 under \$25,000	9,197	218,778	77,339	263	6,054	4,081	..	..	..
\$25,000 under \$30,000	..	..	..	7,316	206,073	118,773	341	9,917	22,136
\$30,000 under \$40,000	3,893	134,232	55,977	..	..	..	..	..	..
\$40,000 under \$50,000	9,655	437,209	169,776	1,411	66,410	47,451	166	7,874	12,815
\$50,000 under \$75,000	15,996	996,800	354,006	1,863	115,154	69,146	126	7,998	19,655
\$75,000 under \$100,000	14,658	1,276,074	439,583	2,270	186,220	119,404	142	12,319	16,041
\$100,000 under \$200,000	166,962	26,070,542	8,742,985	3,105	430,323	265,222	171	23,922	40,781
\$200,000 or more	225,159	127,116,890	49,944,112	3,059	2,385,650	1,377,370	144	80,410	104,591
Nonjoint returns	188,998	36,289,470	13,931,646	5,733	977,651	585,683	8,882	-204,753	152,898
Under \$5,000	..	..	..	..	..	..	..	..	..
\$5,000 under \$10,000	613	5,746	1,757	887	6,780	3,643	7,448	-257,430	72,426
\$10,000 under \$15,000	623	7,156	2,425	..	..	..	300	1,969	11,835
\$15,000 under \$20,000	6,885	111,585	45,014	..	..	..	840	16,278	20,528
\$20,000 under \$25,000	4,819	115,983	38,773	..	..	..	..	..	..
\$25,000 under \$30,000	..	..	..	946	31,586	16,716	68	1,758	3,488
\$30,000 under \$40,000	4,476	166,677	54,825	..	..	..	..	..	..
\$40,000 under \$50,000	7,774	354,107	132,660	74	3,255	2,870	62	2,599	5,375
\$50,000 under \$75,000	12,565	851,809	275,447	1,963	122,878	82,570	61	4,205	6,560
\$75,000 under \$100,000	39,589	3,453,219	1,135,992	323	30,175	23,977	7	576	1,899
\$100,000 under \$200,000	72,454	9,651,080	3,372,196	759	101,226	63,711	73	11,670	14,069
\$200,000 or more	39,200	21,572,108	8,872,557	781	681,752	392,195	23	13,622	16,719

* Estimate should be used with caution because of the small number of sample returns on which it is based
 ** Data combined to avoid disclosure of information for specific taxpayers

NOTE: Detail may not add to total because of rounding

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	All returns			Total tax liability			Total tax credits			Personal credits					
	(1)	Number of returns (2)	Amount (3)	Number of returns (4)	Amount (5)	Total		Child care credit		Credit for the elderly and disabled		Political contributions credit			
						Number of returns (6)	Amount (7)	Number of returns (8)	Amount (9)	Number of returns (10)	Amount (11)	Number of returns (12)	Amount (13)		
All returns, total	103,045,170					15,674,042	4,101,314	8,949,817	3,397,090	430,469	85,763	4,604,646	241,671		
No adjusted gross income	957,547	194,257	381,223,547	16,859,281	7,020,731	15,674,042	4,101,314	8,949,817	3,397,090	430,469	85,763	4,604,646	241,671		
\$1 under \$5,000	15,987,613	4,505,941	529,396	436	734	300	31	*58	*26	—	—	242	5		
\$5,000 under \$10,000	15,910,313	11,823,777	645,556	113,700	3,589	95,094	2,761	*9,535	*324	*14,302	*605	*27,203	*959		
\$10,000 under \$15,000	13,706,052	13,045,078	5,265,379	2,870,865	547,657	2,777,934	512,281	723,825	169,725	256,245	41,603	222,272	9,340		
\$15,000 under \$20,000	11,290,251	11,161,509	12,346,534	2,282,272	626,136	2,125,949	569,827	1,134,163	473,234	116,709	36,434	403,831	15,860		
\$20,000 under \$25,000	9,221,431	9,184,284	18,610,177	1,405,981	547,558	1,322,846	458,285	1,003,582	429,419	*43,213	*7,120	303,937	14,075		
\$25,000 under \$30,000	7,559,001	7,524,182	22,184,482	1,528,540	549,629	1,434,192	462,112	1,057,646	442,941	—	—	403,388	15,725		
\$30,000 under \$40,000	11,489,629	11,458,931	23,965,482	1,564,429	548,911	1,426,540	423,355	1,110,428	395,264	—	—	353,674	18,339		
\$40,000 under \$50,000	7,458,776	7,454,677	47,360,532	2,443,392	829,635	2,275,178	594,826	1,601,757	551,244	—	—	747,528	37,015		
\$50,000 under \$75,000	6,427,825	6,417,850	64,609,471	1,743,411	594,954	1,640,278	486,232	1,127,572	431,440	—	—	586,330	32,419		
\$75,000 under \$100,000	1,546,776	1,545,150	27,190,258	1,726,378	736,349	1,597,949	436,033	914,881	384,203	—	—	779,447	44,704		
\$100,000 under \$200,000	1,115,593	1,114,129	38,301,973	514,025	448,385	447,031	93,669	171,557	73,142	—	—	316,229	19,848		
\$200,000 under \$500,000	290,946	280,592	27,302,807	158,704	485,857	108,591	14,624	11,031	5,720	—	—	328,749	22,969		
\$500,000 under \$1,000,000	51,558	51,501	13,032,909	32,797	176,366	19,509	642	1,181	642	—	—	100,568	7,819		
\$1,000,000 or more	31,859	31,850	29,230,475	16,613	475,048	12,800	1,363	387	223	—	—	18,682	1,531		
Taxable returns, total	83,967,413		379,981,061	14,187,663	6,066,014	13,244,082	3,544,490	7,992,367	3,081,527	236,201	46,030	4,529,927	238,573		
No adjusted gross income	15,388	15,388	322,122	243	421	—	—	—	—	—	—	*228	*4		
\$1 under \$5,000	3,748,910	3,748,910	457,642	*25,587	*740	*17,895	*705	—	—	—	—	*17,667	*701		
\$5,000 under \$10,000	11,302,273	11,302,273	4,969,800	910,707	172,750	864,172	153,952	125,104	25,036	101,261	12,407	176,408	7,285		
\$10,000 under \$15,000	12,871,560	12,871,560	12,191,489	1,867,323	437,384	1,755,965	413,421	842,383	334,928	91,727	26,503	389,224	15,468		
\$15,000 under \$20,000	11,064,250	11,064,250	18,469,937	1,309,900	455,927	1,275,086	427,638	**2,018,300	**846,484	*43,213	*7,120	303,880	14,071		
\$20,000 under \$25,000	9,139,455	9,139,455	22,091,093	1,489,604	489,906	1,433,577	462,050	—	—	—	—	402,774	15,663		
\$25,000 under \$30,000	7,499,447	7,499,447	23,917,401	1,537,787	490,182	1,423,884	420,720	1,109,592	395,270	—	—	353,674	18,339		
\$30,000 under \$40,000	11,434,253	11,434,253	50,571,693	2,405,581	740,941	2,260,347	586,280	1,589,617	544,964	—	—	744,893	36,751		
\$40,000 under \$50,000	7,446,963	7,446,963	47,335,195	1,739,468	576,982	1,639,665	431,424	1,126,959	431,424	—	—	586,330	32,419		
\$50,000 under \$75,000	6,414,601	6,414,601	64,605,167	1,722,614	728,234	1,596,218	435,977	914,045	384,175	—	—	778,560	44,678		
\$75,000 under \$100,000	1,543,446	1,543,446	27,185,915	513,613	445,235	446,821	93,648	171,557	73,142	—	—	316,019	19,827		
\$100,000 under \$200,000	1,113,163	1,113,163	38,298,250	457,352	449,099	389,590	63,551	**93,242	**45,240	—	—	328,489	22,946		
\$200,000 under \$500,000	290,429	280,429	27,302,180	158,523	468,680	108,556	14,619	—	—	—	—	100,536	7,815		
\$500,000 under \$1,000,000	51,467	51,467	13,032,770	32,769	168,383	**3,306	**3,713	1,181	642	—	—	**31,245	**2,605		
\$1,000,000 or more	31,808	31,808	29,230,388	16,592	441,049	—	—	387	223	—	—	—	—		
Nontaxable returns, total	19,077,757		1,242,486	2,671,618	954,717	2,429,960	556,824	957,450	315,563	194,269	39,733	74,719	3,099		

Footnote(s) at end of table

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Personal credits—Continued				Foreign tax credit		General business credits		Other tax credits ¹		Income tax after credits	
	Earned income credit used to offset income tax before credits		Mortgage interest credit		Number of returns (18)	Amount (19)	Number of returns (20)	Amount (21)	Number of returns (22)	Amount (23)	Number of returns (24)	Amount (25)
	Number of returns (14)	Amount (15)	Number of returns (16)	Amount (17)								
All returns, total	2,507,495	327,600	4,849	1,790	423,736	773,939	679,820	1,115,836	462,771	1,029,642	83,898,079	360,571,264
No adjusted gross income	—	—	—	—	—	—	32	193	143	509	489	5,525
\$1 under \$5,000	44,054	873	—	—	7,920	40	5,919	745	4,767	43	3,747,394	384,710
\$5,000 under \$10,000	1,851,444	291,456	—	—	7,920	5,639	49,912	15,456	53,499	14,281	11,300,833	4,487,091
\$10,000 under \$15,000	611,997	35,271	—	—	47,520	13,622	43,648	6,542	72,878	36,145	12,869,046	11,418,607
\$15,000 under \$20,000	—	—	4,767	1,759	15,840	9,575	33,967	16,363	57,527	63,334	11,063,590	17,308,472
\$20,000 under \$25,000	—	—	—	—	7,921	63	60,047	25,635	38,572	61,819	9,136,875	20,858,745
\$25,000 under \$30,000	—	—	—	—	35,154	13,047	54,826	10,486	59,139	102,022	7,497,653	22,813,698
\$30,000 under \$40,000	—	—	—	—	55,438	28,647	92,945	65,593	66,892	140,569	11,423,883	48,445,289
\$40,000 under \$50,000	—	—	—	—	66,834	11,146	55,645	65,645	26,436	78,039	7,444,139	45,476,514
\$50,000 under \$75,000	—	—	—	—	50,994	113,948	90,640	94,109	31,144	92,259	6,397,981	61,896,054
\$75,000 under \$100,000	—	—	—	—	39,599	205,223	56,353	78,241	16,887	71,253	1,536,195	25,661,208
\$100,000 under \$200,000	—	—	—	13	51,011	109,590	78,576	186,258	17,922	90,510	1,108,302	35,988,579
\$200,000 under \$500,000	—	—	62	8	27,662	144,778	39,948	211,428	11,717	115,026	288,796	25,977,492
\$500,000 under \$1,000,000	—	—	4	9	8,120	13,346	9,597	108,576	3,008	52,094	51,201	12,456,584
\$1,000,000 or more	—	—	5	1	1,803	105,273	7,765	256,673	2,240	111,738	31,702	27,392,697
Taxable returns, total	1,103,816	143,357	1	1	407,572	680,480	603,854	1,056,389	284,013	784,655	83,898,079	360,571,264
No adjusted gross income	—	—	—	—	—	—	19	141	15	276	489	5,525
\$1 under \$5,000	—	—	—	—	7,920	40	—	—	—	—	3,747,394	384,710
\$5,000 under \$10,000	540,636	109,224	—	—	7,920	5,639	26,123	8,273	20,214	4,886	11,300,833	4,487,091
\$10,000 under \$15,000	563,180	34,133	—	—	63,360	14,176	35,658	2,926	40,868	16,600	12,869,046	11,418,607
\$15,000 under \$20,000	—	—	1	1	—	—	24,545	7,661	16,751	11,053	11,063,590	17,308,472
\$20,000 under \$25,000	—	—	—	—	—	—	45,149	12,569	14,535	15,224	9,136,875	20,858,745
\$25,000 under \$30,000	—	—	—	—	35,154	13,047	54,585	10,471	35,394	45,943	7,497,653	22,813,698
\$30,000 under \$40,000	—	—	—	—	305,955	443,293	82,756	47,921	51,005	101,311	11,423,883	48,445,289
\$40,000 under \$50,000	—	—	—	—	—	—	55,348	39,477	22,790	60,143	7,444,139	45,476,514
\$50,000 under \$75,000	—	—	—	—	—	—	87,925	86,288	30,931	92,020	6,397,981	61,896,054
\$75,000 under \$100,000	—	—	—	—	—	—	56,143	78,150	16,685	68,215	1,536,195	25,661,208
\$100,000 under \$200,000	—	—	1	1	—	—	78,301	185,873	29,577	110,302	35,988,579	124,566,584
\$200,000 under \$500,000	—	—	1	1	27,489	127,647	39,940	211,389	3,008	288,796	288,796	25,977,492
\$500,000 under \$1,000,000	—	—	1	1	8,092	5,363	9,597	108,576	—	—	51,201	12,456,584
\$1,000,000 or more	—	—	1	1	7,765	71,274	7,765	256,673	2,240	111,738	31,702	27,392,697
Nontaxable returns, total	1,403,679	184,243	1	1	16,064	93,459	75,966	59,447	178,758	244,987	—	—

Footnote(s) at end of table

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax			Alternative minimum tax			All other taxes					
	Number of returns (26)	Amount (27)	Number of returns (28)	Amount (29)	Total		Tax from recomputing prior-year investment credit		Penalty tax on individual Retirement Arrangements		Self-employment tax	
					Number of returns (30)	Amount (31)	Number of returns (32)	Amount (33)	Number of returns (34)	Amount (35)	Number of returns (36)	Amount (37)
All returns, total	83,967,413	367,287,213	608,907	6,713,149	14,137,225	11,136,924	842,814	426,109	428,112	142,731	10,139,954	13,529,895
No adjusted gross income	15,388	308,483	14,775	302,408	228,359	191,422	26,787	41,318	15,226	5,998	159,637	172,992
\$1 under \$5,000	3,748,910	397,477	1,573	12,767	322,952	963,793	23,938	3,745	*20,271	*2,134	912,396	316,249
\$5,000 under \$10,000	11,302,273	4,501,830	2,053	14,739	880,606	1,379,921	50,638	14,630	26,982	9,879	1,281,466	842,371
\$10,000 under \$15,000	12,871,560	11,438,531	7,900	19,924	909,519	1,109,143	46,065	7,462	*28,183	*6,977	1,056,875	894,140
\$15,000 under \$20,000	11,064,250	17,340,698	3,566	32,186	1,269,519	1,214,141	80,627	37,682	31,626	7,562	1,116,072	1,218,973
\$20,000 under \$25,000	9,139,455	20,882,788	3,818	24,043	1,301,694	1,092,938	38,923	5,529	*22,590	*6,441	1,036,066	1,285,566
\$25,000 under \$30,000	7,499,447	22,850,962	8,766	37,264	897,130	1,114,521	28,681	7,684	35,798	7,843	849,190	1,096,286
\$30,000 under \$40,000	11,434,253	48,628,503	62,900	183,214	2,019,613	2,019,613	109,246	38,423	77,744	20,652	1,348,367	1,960,376
\$40,000 under \$50,000	7,446,963	45,744,224	80,645	267,710	1,616,308	1,616,308	75,229	42,937	64,093	26,775	845,097	1,546,036
\$50,000 under \$75,000	6,414,601	62,459,834	122,355	563,779	2,149,638	2,149,638	108,000	32,977	76,864	31,416	876,538	2,083,757
\$75,000 under \$100,000	1,543,446	26,280,965	101,868	619,757	909,293	348,779	68,781	33,880	19,528	7,467	287,685	867,859
\$100,000 under \$200,000	1,113,163	37,289,197	126,127	1,298,520	357,412	357,412	101,096	53,891	8,163	8,413	285,585	950,374
\$200,000 under \$500,000	290,429	27,066,736	46,874	1,089,229	236,071	108,071	58,093	37,538	835	835	62,095	196,762
\$500,000 under \$1,000,000	51,467	12,928,118	10,428	471,534	104,791	25,187	18,133	23,802	114	76	17,514	80,881
\$1,000,000 or more	31,808	29,168,908	15,259	1,776,075	61,566	11,863	8,577	44,613	95	262	5,371	15,273
Taxable returns, total	83,967,413	367,287,213	608,907	6,713,149	12,693,848	9,150,878	755,328	367,849	375,976	128,039	8,272,969	12,177,994
No adjusted gross income	15,388	308,483	14,775	302,408	13,640	7,410	3,872	4,070	*64	*74	3,963	8,450
\$1 under \$5,000	3,748,910	397,477	1,573	12,767	60,166	137,310	*3,072	*1,903	—	—	132,426	57,752
\$5,000 under \$10,000	11,302,273	4,501,830	2,053	14,739	467,970	783,241	30,441	4,756	*21,361	*5,939	706,948	454,218
\$10,000 under \$15,000	12,871,560	11,438,531	7,900	19,924	752,967	935,625	35,039	5,666	*17,266	*5,161	892,196	741,201
\$15,000 under \$20,000	11,064,250	17,340,698	3,566	32,186	1,116,882	1,129,279	74,197	35,598	*29,749	*7,122	1,028,258	1,081,731
\$20,000 under \$25,000	9,139,455	20,882,788	3,818	24,043	1,208,305	1,048,109	38,408	5,451	*22,590	*6,441	991,551	1,192,286
\$25,000 under \$30,000	7,499,447	22,850,962	8,766	37,264	1,066,440	872,395	26,324	5,902	35,798	7,843	826,369	1,051,987
\$30,000 under \$40,000	11,434,253	48,628,503	62,900	183,214	1,943,190	1,460,153	108,044	37,752	77,542	20,412	1,324,277	1,884,863
\$40,000 under \$50,000	7,446,963	45,744,224	80,645	267,710	1,590,960	936,631	75,041	42,899	64,085	26,767	837,520	1,520,734
\$50,000 under \$75,000	6,414,601	62,459,834	122,355	563,779	2,145,353	1,004,699	106,660	32,675	**96,331	**38,799	873,672	2,079,859
\$75,000 under \$100,000	1,543,446	26,280,965	101,868	619,757	904,950	347,075	68,718	33,419	..	..	286,043	863,977
\$100,000 under \$200,000	1,113,163	37,289,197	126,127	1,298,520	1,009,053	356,446	100,803	52,053	8,155	8,403	284,903	948,498
\$200,000 under \$500,000	290,429	27,066,736	46,874	1,089,229	235,444	107,908	58,027	37,389	826	739	61,991	196,407
\$500,000 under \$1,000,000	51,467	12,928,118	10,428	471,534	104,652	25,153	18,118	23,730	114	76	17,492	80,817
\$1,000,000 or more	31,808	29,168,908	15,259	1,776,075	61,479	11,841	8,564	44,586	95	262	5,360	15,245
Nontaxable returns, total	—	—	—	—	1,443,377	1,986,046	87,486	58,260	54,136	14,692	1,866,985	1,351,900

Footnote(s) at end of table

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	All other taxes—Continued		Earned income credit used to offset other taxes		Number of returns without tax liability	Total			Income tax withheld			Estimated tax payments	
	Social security taxes on lip income		Number of returns	Amount		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount												(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total	152,173	20,674	667,489	200,891	17,241,482	95,023,937	403,872,796	87,988,908	315,084,604	11,824,815	69,891,346		
No adjusted gross income	504	2,199	25,330	7,446	763,290	478,008	1,379,325	305,681	648,335	104,885	485,579		
\$1 under \$5,000	*19,088	*825	244,861	74,873	11,481,672	12,327,586	2,823,105	11,911,534	2,479,200	427,688	305,307		
\$5,000 under \$10,000	*39,285	*3,271	377,754	117,057	4,086,536	13,540,004	9,321,581	12,260,497	8,203,127	1,411,924	1,059,262		
\$10,000 under \$15,000	*7,723	*939	*19,544	*1,516	660,974	12,952,161	16,818,230	11,839,681	15,116,154	1,569,052	1,644,625		
\$15,000 under \$20,000	*30,159	*5,301	—	—	128,742	10,998,146	22,916,698	9,956,153	20,209,564	1,552,235	2,597,297		
\$20,000 under \$25,000	*24,253	*4,157	—	—	37,147	9,028,267	26,694,545	8,389,444	23,989,933	1,266,204	2,651,860		
\$25,000 under \$30,000	*8,548	*708	—	—	34,819	7,497,569	28,961,076	7,068,281	26,324,103	863,222	2,489,792		
\$30,000 under \$40,000	*8,547	*163	—	—	30,698	11,397,796	59,401,042	10,820,308	53,998,147	1,294,888	5,168,466		
\$40,000 under \$50,000	*4,199	*560	—	—	4,099	7,409,802	53,129,361	7,010,613	47,765,652	960,957	5,046,648		
\$50,000 under \$75,000	7,705	1,367	—	—	9,975	6,381,999	68,777,306	5,930,662	58,425,294	1,176,289	9,501,762		
\$75,000 under \$100,000	*1,316	*88	—	—	1,626	1,531,648	26,638,617	1,331,475	19,481,875	481,898	6,175,379		
\$100,000 under \$200,000	*647	*98	—	—	1,464	1,108,324	33,949,709	910,808	21,334,694	490,041	10,118,849		
\$200,000 under \$500,000	*132	*868	—	—	354	288,676	21,998,853	220,957	10,906,381	162,482	8,346,143		
\$500,000 under \$1,000,000	*72	*29	—	—	57	51,214	10,785,369	34,096	3,109,636	37,228	5,734,791		
\$1,000,000 or more	*15	*102	—	—	29	31,737	20,277,960	18,718	3,192,509	26,022	8,565,585		
Taxable returns, total	131,056	17,489	—	—	80,546,106	397,351,602	74,455,392	310,087,179	10,991,225	68,560,785			
No adjusted gross income	*8	*16	—	—	—	11,862	371,922	5,725	65,211	6,526	141,841		
\$1 under \$5,000	*4,767	*510	—	—	—	2,887,361	1,091,459	2,753,060	981,610	160,666	95,237		
\$5,000 under \$10,000	*36,329	*3,058	—	—	—	9,989,400	7,325,059	9,042,910	6,538,873	1,098,179	747,925		
\$10,000 under \$15,000	*7,723	*939	—	—	—	12,305,258	16,135,688	11,254,247	14,537,769	1,509,054	1,554,464		
\$15,000 under \$20,000	*26,795	*4,827	—	—	—	10,811,481	22,573,740	9,817,931	19,960,536	1,510,998	2,509,015		
\$20,000 under \$25,000	*24,253	*4,157	—	—	—	8,961,068	26,504,692	8,320,090	23,790,147	1,250,365	2,575,303		
\$25,000 under \$30,000	*8,548	*708	—	—	—	7,444,110	28,799,255	7,031,004	26,218,897	849,120	2,435,929		
\$30,000 under \$40,000	*8,547	*163	—	—	—	11,360,023	59,236,802	10,791,902	53,904,252	1,283,993	5,107,382		
\$40,000 under \$50,000	*4,199	*560	—	—	—	7,398,104	53,048,801	7,001,362	47,723,029	956,688	5,018,514		
\$50,000 under \$75,000	7,705	1,367	—	—	—	6,371,322	68,688,384	5,922,646	58,368,023	1,171,301	9,475,649		
\$75,000 under \$100,000	*1,316	*88	—	—	—	1,528,945	26,616,335	1,331,076	19,476,848	479,641	6,159,418		
\$100,000 under \$200,000	*647	*98	—	—	—	1,106,029	33,918,864	909,990	21,320,652	489,170	10,105,549		
\$200,000 under \$500,000	*132	*868	—	—	—	288,291	21,988,127	220,700	10,902,261	162,320	8,340,967		
\$500,000 under \$1,000,000	*72	*29	—	—	—	51,147	10,781,545	34,057	3,108,335	37,186	5,733,209		
\$1,000,000 or more	*15	*102	—	—	—	31,705	20,270,901	18,692	3,190,737	26,008	8,560,383		
Nontaxable returns, total	21,117	3,185	667,489	200,891	17,241,482	14,477,831	6,521,194	13,533,516	4,997,424	833,590			

Footnotes(j) at end of table

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Taxpayments—Continued										Earned income credit, refundable portion	
	Payment with request for extension of filing time		Excess social security taxes withheld		Credit for tax on certain gasoline, fuel, and oil		Credit from regulated investment companies		Overpayment of windfall profit tax		Number of returns	Amount
	Number of returns (49)	Amount (50)	Number of returns (51)	Amount (52)	Number of returns (53)	Amount (54)	Number of returns (55)	Amount (56)	Number of returns (57)	Amount (58)		
All returns, total	985,477	18,035,005	883,211	676,783	850,279	127,086	55,591	39,478	58,471	14,253	4,648,129	1,478,559
No adjusted gross income	17,121	205,633	3,059	3,881	133,548	33,237	143	768	1,747	1,859	20,827	6,031
\$1 under \$5,000	47,544	28,235	*614	*842	83,596	8,210	*4,767	*1,206	*57	*1	1,865,679	549,430
\$5,000 under \$10,000	51,645	37,607	*4,769	*1,240	129,396	15,921	*4,768	*1,157	*15,447	*161	2,623,057	914,622
\$10,000 under \$15,000	47,398	48,867	*854	*71	55,032	6,484	*2,956	*1,995	*4,768	*34	138,566	8,476
\$15,000 under \$20,000	79,047	102,384	*836	*742	86,212	6,711	—	—	*9	*()	—	—
\$20,000 under \$25,000	62,205	141,715	*9,656	*2,844	77,653	7,082	*4,776	*964	*1,023	*147	—	—
\$25,000 under \$30,000	51,860	120,246	*6,186	*11,121	91,399	12,944	*2,663	*2,603	*5,242	*267	—	—
\$30,000 under \$40,000	87,373	211,099	21,433	7,745	82,333	14,559	*7,920	*919	*2,023	*107	—	—
\$40,000 under \$50,000	78,071	262,736	164,591	50,090	39,623	3,557	*3,955	*373	*4,000	*306	—	—
\$50,000 under \$75,000	143,264	632,413	383,845	203,845	45,659	9,935	9,834	2,024	9,394	2,032	—	—
\$75,000 under \$100,000	92,199	833,123	129,959	127,422	11,342	3,584	6,076	16,543	2,923	690	—	—
\$100,000 under \$200,000	144,485	2,314,992	115,906	172,090	8,913	2,492	5,518	1,815	7,401	4,775	—	—
\$200,000 under \$500,000	61,131	2,674,537	31,554	64,710	4,136	1,403	1,554	3,947	3,163	1,732	—	—
\$500,000 under \$1,000,000	12,422	1,922,507	6,059	15,544	814	428	282	1,925	771	558	—	—
\$1,000,000 or more	9,712	8,498,910	3,890	14,594	623	541	379	4,239	503	1,582	—	—
Taxable returns, total	901,707	17,912,788	877,779	670,914	471,133	66,594	55,500	39,349	37,182	12,289	4,648,129	1,478,559
No adjusted gross income	3,331	162,400	721	1,216	502	99	*67	*693	166	462	—	—
\$1 under \$5,000	22,156	13,390	**	**	*16	*12	*4,767	*1,206	*57	*1	—	—
\$5,000 under \$10,000	36,861	30,910	*4,770	*1,243	*29,522	*4,260	*4,768	*1,157	—	—	—	—
\$10,000 under \$15,000	38,785	37,252	*614	*31	37,125	4,142	*2,956	*1,995	*4,768	*34	—	—
\$15,000 under \$20,000	70,797	98,926	—	—	68,334	5,263	—	—	*9	*()	—	—
\$20,000 under \$25,000	54,853	130,021	**15,842	**13,509	65,999	5,866	*4,776	*964	*204	*2	—	—
\$25,000 under \$30,000	51,015	119,544	**	**	81,303	11,133	*2,663	*2,603	*1,878	*28	—	—
\$30,000 under \$40,000	85,225	202,312	**185,769	**57,830	77,461	14,084	*7,920	*919	*2,023	*107	—	—
\$40,000 under \$50,000	76,700	253,176	**	**	**96,409	**16,886	*3,955	*373	*3,943	*286	—	—
\$50,000 under \$75,000	142,941	627,681	383,538	203,041	**	**	9,825	2,022	9,386	2,032	—	—
\$75,000 under \$100,000	92,068	831,967	129,850	127,285	**	**	6,076	16,543	2,923	690	—	—
\$100,000 under \$200,000	143,774	2,311,569	115,889	172,013	8,896	2,491	5,518	1,815	7,401	4,775	—	—
\$200,000 under \$500,000	61,083	2,673,242	31,510	64,630	**5,566	**2,366	*1,830	**5,820	**4,424	**3,871	—	—
\$500,000 under \$1,000,000	12,411	1,921,553	6,055	15,538	**	**	**	**	**	**	—	—
\$1,000,000 or more	9,707	8,498,843	3,885	14,579	**	**	379	4,239	**	**	—	—
Nontaxable returns, total	83,770	122,217	5,432	5,869	379,146	60,492	91	129	21,289	1,964	4,648,129	1,478,559

Footnote(s) at end of table

Table 3.3—All Returns: Tax Liability, Tax Credits, and Taxpayments, by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Advance earned income credit payments		Overpayment				Tax due at time of filing		Predetermined estimated tax penalty			
	Number of returns (61)	Amount (62)	Total		Refunded		Number of returns (69)	Amount (70)	Number of returns (71)	Amount (72)		
			Number of returns (63)	Amount (64)	Number of returns (65)	Amount (66)					Credited to 1987 estimated tax (67)	Amount (68)
All returns, total	1,266	2,400	78,104,770	77,628,666	75,439,727	69,522,051	4,144,260	8,106,615	21,459,867	53,819,242	2,339,278	315,984
No adjusted gross income	*5	*47	421,458	1,070,119	388,194	934,452	43,562	135,667	123,311	215,794	12,107	1,587
\$1 under \$5,000	—	—	12,180,652	3,009,552	12,084,351	2,941,672	153,503	67,880	1,680,095	283,499	32,306	925
\$5,000 under \$10,000	—	—	12,304,906	5,927,911	11,977,876	5,736,791	510,273	191,120	2,895,712	964,744	189,419	7,657
\$10,000 under \$15,000	—	—	11,151,248	5,832,934	10,709,035	5,619,350	564,051	213,584	2,419,062	1,366,670	313,273	13,907
\$15,000 under \$20,000	—	—	8,939,875	6,073,133	8,596,056	5,773,587	501,980	299,546	2,321,772	1,785,731	281,483	19,119
\$20,000 under \$25,000	—	—	7,242,149	6,335,954	6,956,722	6,067,683	442,933	268,270	1,959,941	1,847,699	265,600	21,808
\$25,000 under \$30,000	—	—	5,998,977	6,737,332	5,778,775	6,443,696	334,633	353,637	1,556,160	1,814,551	149,976	12,813
\$30,000 under \$40,000	—	—	8,730,670	12,451,303	8,410,108	11,801,467	456,143	649,836	2,732,275	3,733,624	352,422	35,247
\$40,000 under \$50,000	—	—	5,424,350	9,307,417	5,231,758	8,782,167	298,439	525,250	2,031,099	3,566,913	201,252	28,325
\$50,000 under \$75,000	*836	*54	4,279,018	10,058,599	4,053,698	9,120,037	419,233	938,562	2,143,127	5,931,059	254,998	40,242
\$75,000 under \$100,000	*202	*503	827,410	3,382,064	749,617	2,709,115	175,943	682,949	715,695	3,968,098	114,349	23,899
\$100,000 under \$200,000	*202	*1,759	467,109	3,240,185	399,034	2,260,403	157,669	979,782	645,381	7,650,223	122,517	56,016
\$200,000 under \$500,000	*10	*32	103,243	1,655,803	804,138	59,142	851,666	186,825	6,993,207	3,793,418	39,793	33,418
\$500,000 under \$1,000,000	*8	*4	23,569	1,261,636	18,453	224,322	18,678	1,037,314	27,798	3,518,523	6,477	9,363
\$1,000,000 or more	3	2	10,136	1,214,723	5,831	303,172	8,078	911,552	21,614	10,178,908	3,306	11,668
Taxable returns, total	*1,261	*2,353	63,705,598	70,199,512	61,245,689	62,403,589	3,822,945	7,796,005	20,162,969	53,140,381	2,191,732	309,057
No adjusted gross income	—	—	7,633	149,035	5,733	99,432	4,201	49,603	7,745	99,874	2,177	639
\$1 under \$5,000	—	—	2,646,362	801,553	2,605,894	768,177	70,324	33,375	1,088,245	168,211	19,612	475
\$5,000 under \$10,000	—	—	8,752,632	3,162,135	8,515,263	3,058,040	369,578	104,095	2,535,337	812,880	139,433	6,033
\$10,000 under \$15,000	—	—	10,542,802	5,207,617	10,113,091	5,011,467	535,634	196,150	2,314,455	1,276,588	284,863	13,160
\$15,000 under \$20,000	—	—	8,794,132	5,790,638	8,454,173	5,503,652	495,426	286,986	2,255,817	1,704,792	258,718	17,958
\$20,000 under \$25,000	—	—	7,191,801	6,202,611	6,911,676	5,948,098	436,213	254,513	1,934,755	1,809,776	252,872	20,763
\$25,000 under \$30,000	—	—	5,957,516	6,645,836	5,739,340	6,297,230	330,172	348,606	1,541,931	1,776,521	145,931	12,538
\$30,000 under \$40,000	—	—	8,702,158	12,324,554	8,384,101	11,692,332	421,861	632,222	2,716,818	3,694,419	348,502	34,973
\$40,000 under \$50,000	—	—	5,415,100	9,244,046	5,223,441	8,734,123	294,850	509,923	2,028,593	3,558,607	199,845	28,177
\$50,000 under \$75,000	*836	*54	4,268,712	9,973,902	4,043,764	9,041,810	417,118	932,092	2,142,752	5,930,768	253,413	40,009
\$75,000 under \$100,000	*202	*503	825,378	3,373,374	747,706	2,692,511	174,967	680,863	714,970	3,967,326	114,295	23,869
\$100,000 under \$200,000	*202	*1,759	464,875	3,213,015	397,361	2,242,035	156,840	970,980	645,362	7,650,174	122,514	56,016
\$200,000 under \$500,000	*10	*32	102,886	1,645,538	79,929	796,057	59,040	849,481	186,781	6,993,038	**49,557	**54,447
\$500,000 under \$1,000,000	*8	*4	23,506	1,257,912	18,408	221,985	18,654	1,035,928	**49,408	**1,697,407	**	**
\$1,000,000 or more	3	2	10,105	1,207,746	5,809	296,559	8,067	911,187	**	**	**	**
Nontaxable returns, total	*5	*47	14,399,172	7,429,154	14,194,038	7,118,544	321,315	310,610	1,296,898	678,862	147,546	6,927

** Estimate should be used with caution because of the small number of sample returns on which it is based.
 ** Data combined to avoid disclosure of information for specific taxpayers.
 * Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
 () Less than \$500.
 This table has Form 3800 data where we did not receive back-up schedules.
 NOTE: Detail may not add to total because of rounding.

Table 3.4—Returns with Modified Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	All returns											Classified by each rate at which tax was computed			
	Number of returns	Modified taxable income			Tax generated			Income tax after credits				Number of returns	Income taxed at rate ¹	Income tax generated at rate ¹	
		At all rates	At marginal rate	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income	Total	As a percent of adjusted gross income				As a percent of modified taxable income
All marginal rates	97,358,296	2,508,406,247	1,939,308,023	310,652,210	385,761,670	99,789,217	360,500,996	14.4	18.6	97,358,296	1,939,308,023	385,761,670			
0 percent	10,818,589	43,718,131	15,883,137	15,883,137	—	—	41,066	0.1	0.3	281,591,770	—	—			
11 percent	6,764,095	45,520,276	25,100,399	5,924,515	646,189	571,697	451,610	1.0	1.8	86,539,707	158,243,162	16,856,748			
12 percent	5,916,203	52,164,138	32,515,533	4,833,101	1,733,575	679,972	1,388,178	2.7	4.3	79,775,612	139,094,218	16,571,306			
14 percent	10,359,803	124,417,615	85,191,877	17,450,214	6,637,218	2,443,030	6,181,953	5.0	7.3	73,859,409	243,611,000	34,105,540			
15 percent	3,811,370	37,133,702	30,609,965	3,913,205	2,781,242	586,981	2,734,834	7.4	8.9	23,415,482	46,238,108	6,938,716			
16 percent	8,544,174	147,916,838	110,676,895	15,304,632	11,379,797	2,448,741	11,141,640	7.5	10.1	187,442,543	29,990,807	2,455,565			
17 percent	1,438,030	21,502,672	15,816,352	2,333,367	1,621,106	396,672	1,338,650	6.2	8.5	5,064,118	14,444,501	2,455,565			
18 percent	8,877,093	191,985,648	147,703,436	15,795,402	17,307,552	2,843,172	16,763,827	6.7	11.3	49,706,032	167,521,881	30,153,939			
20 percent	3,511,964	65,156,144	55,025,643	4,279,459	7,122,437	855,892	6,995,370	10.7	12.7	15,665,787	33,857,821	6,771,564			
22 percent	5,567,590	175,825,880	133,750,745	13,158,556	17,791,923	2,894,882	17,378,945	9.9	13.0	25,163,152	105,530,346	23,216,676			
23 percent	3,011,257	61,594,690	53,593,430	4,873,866	7,616,314	1,120,989	7,507,868	12.3	14.2	10,468,074	30,599,885	7,037,973			
24 percent	863,211	19,290,202	16,208,883	2,348,871	2,921,298	563,673	2,806,663	11.4	14.5	1,685,749	7,053,788	1,692,909			
25 percent	5,737,316	216,176,714	167,028,883	15,625,910	25,227,654	3,906,477	24,776,414	11.5	14.8	19,595,562	94,233,396	23,558,349			
26 percent	3,426,577	67,644,942	76,010,051	8,771,775	12,385,793	2,292,221	12,387,813	14.1	16.3	7,456,817	31,630,747	8,275,994			
28 percent	4,889,100	212,448,541	166,792,632	13,119,406	28,299,660	3,673,434	27,966,334	13.2	16.8	14,680,764	68,539,410	19,196,635			
30 percent	1,842,491	59,156,690	51,129,721	4,458,004	9,503,615	1,337,401	9,516,655	16.1	18.6	4,030,240	16,971,929	5,091,579			
32 percent	181,332	7,537,722	6,043,900	415,772	1,185,987	133,047	1,150,795	15.3	19.0	395,762	1,642,311	525,540			
33 percent	5,021,742	269,107,828	213,377,045	24,311,906	41,703,198	8,022,929	41,433,600	15.4	19.4	9,395,922	73,874,453	24,378,570			
34 percent	973,982	37,574,225	32,628,474	2,374,499	6,797,905	807,330	6,794,485	18.1	20.8	2,187,749	9,317,246	3,167,864			
35 percent	123,390	6,420,606	5,136,354	590,697	1,136,663	206,744	1,129,588	17.6	22.0	214,430	1,632,194	571,268			
38 percent	2,884,346	188,878,923	150,901,309	16,272,696	35,030,405	6,183,624	34,796,819	18.4	23.1	5,587,947	52,512,295	19,954,672			
42 percent	1,579,796	135,035,190	107,475,891	14,481,787	29,470,529	6,092,350	29,177,820	21.6	27.1	2,794,641	43,624,959	18,322,483			
45 percent	356,285	46,156,672	35,985,674	3,817,590	11,434,725	1,719,915	11,418,429	24.7	31.7	917,636	18,023,866	8,110,344			
48 percent	169,394	14,824,232	12,169,037	1,892,148	3,919,317	903,433	3,903,646	26.3	32.1	315,799	6,069,331	2,913,279			
49 percent	285,528	50,364,264	40,008,177	6,626,325	14,421,865	3,248,369	14,355,180	28.5	35.9	542,761	21,142,861	10,360,012			
50 percent	403,638	185,619,958	149,468,161	91,796,371	67,705,692	45,898,188	66,875,611	36.0	44.7	403,638	91,796,371	45,898,188			

Tax rate classes	Joint returns and returns of surviving spouses											Classified by each rate at which tax was computed			
	Number of returns	Modified taxable income			Tax generated			Income tax after credits				Number of returns	Income taxed at rate ¹	Income tax generated at rate ¹	
		At all rates	At marginal rate	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income	Total	As a percent of adjusted gross income				As a percent of modified taxable income
All marginal rates	45,966,740	1,735,344,063	1,314,517,761	215,858,213	264,897,785	75,062,926	281,312,063	15.1	19.9	45,966,740	1,314,517,761	264,897,765			
0 percent	2,579,641	19,286,850	5,406,788	5,406,788	—	—	35,340	0.2	0.7	164,637,441	—	—			
11 percent	2,081,482	21,852,592	10,063,941	2,433,502	267,685	197,961	197,961	0.9	2.0	43,387,099	96,197,253	10,581,698			
12 percent	2,135,056	26,667,852	14,926,411	2,256,298	802,029	270,986	724,372	2.7	4.9	41,305,617	90,783,766	10,894,052			
14 percent	4,712,465	77,454,179	49,841,583	11,223,375	4,020,746	1,571,272	3,851,006	5.0	7.7	39,170,561	171,108,940	23,955,252			
15 percent	—	—	—	—	—	—	—	—	—	—	—	—			
16 percent	4,722,065	101,225,420	71,196,175	10,602,701	7,217,772	1,696,432	7,011,983	6.9	9.8	34,456,096	142,333,319	22,773,331			
17 percent	—	—	—	—	—	—	—	—	—	—	—	—			
18 percent	4,934,057	129,849,586	96,159,593	11,019,566	11,239,410	1,984,522	10,902,486	8.4	11.3	29,736,031	123,372,508	22,207,051			
20 percent	5,504,151	174,899,399	133,006,800	13,106,096	17,695,377	2,863,781	17,282,321	9.9	13.0	24,801,974	104,772,756	23,050,006			
22 percent	—	—	—	—	—	—	—	—	—	—	—	—			
23 percent	—	—	—	—	—	—	—	—	—	—	—	—			
24 percent	—	—	—	—	—	—	—	—	—	—	—	—			
25 percent	—	—	—	—	—	—	—	—	—	—	—	—			
26 percent	5,670,934	214,990,112	166,060,217	15,536,465	25,081,688	3,884,616	24,630,651	11.5	14.8	19,297,823	93,484,270	23,371,067			
28 percent	4,397,156	195,846,390	153,659,595	11,842,911	26,025,837	3,316,015	25,724,491	13.1	16.7	13,626,869	64,544,687	18,072,512			
30 percent	—	—	—	—	—	—	—	—	—	—	—	—			
32 percent	—	—	—	—	—	—	—	—	—	—	—	—			
33 percent	4,939,132	266,961,334	211,629,201	24,128,151	41,364,452	7,962,290	41,095,269	15.4	19.4	9,229,733	73,212,627	24,160,167			
34 percent	—	—	—	—	—	—	—	—	—	—	—	—			
35 percent	—	—	—	—	—	—	—	—	—	—	—	—			
38 percent	2,293,039	161,177,999	127,629,038	14,374,788	29,613,791	5,462,419	29,357,456	18.2	23.0	4,290,601	44,997,413	17,099,017			
42 percent	1,134,504	108,006,664	85,279,777	11,866,319	23,534,734	4,983,864	23,225,033	21.5	27.2	1,997,562	35,703,981	14,995,672			
45 percent	332,588	44,037,411	34,343,353	3,639,233	10,931,470	1,637,655	10,899,986	24.8	31.7	863,058	17,261,703	7,767,766			
48 percent	—	—	—	—	—	—	—	—	—	—	—	—			
49 percent	280,236	49,879,171	39,629,939	6,562,225	14,284,507	3,215,490	14,221,907	28.5	35.9	530,470	20,875,609	10,229,049			
50 percent	250,234	143,209,121	115,685,350	71,853,795	52,820,200	35,926,697	52,151,802	36.4	45.1	250,234	71,853,795	35,926,697			

Footnote(s) at end of table

Table 3.4—Returns with Modified Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	Separate returns of husbands and wives											
	Classified by the highest marginal rate at which tax was computed					Classified by each rate at which tax was computed						
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percent of modified taxable income	Number of returns	Income taxed at rate 1	Income tax generated at rate 1	
	At all rates	At marginal rate	At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
All marginal rates	913,589	16,629,743	12,751,307	3,113,258	2,979,013	1,266,837	2,938,037	17.7	23.0	913,589	12,751,307	2,979,013
0 percent	75,623	251,351	81,482	81,482	—	—	(¹)	(¹)	(¹)	913,589	1,619,150	—
11 percent	88,106	423,886	49,798	49,798	5,341	5,478	5,403	1.3	2.6	837,966	900,889	99,038
12 percent	333,722	1,992,931	36,431	36,431	11,128	4,372	10,769	2.7	5.4	749,860	821,469	98,576
14 percent	132,824	966,551	667,845	125,816	51,796	17,614	51,442	5.3	7.7	694,724	1,423,424	200,119
15 percent	—	—	—	—	—	—	—	—	—	—	—	—
16 percent	87,898	891,337	639,558	77,493	63,465	12,399	58,409	6.6	9.1	561,900	1,127,408	190,385
17 percent	—	—	—	—	—	—	—	—	—	—	—	—
18 percent	112,824	1,337,379	1,074,716	106,527	124,096	19,175	119,643	8.9	11.1	474,002	924,595	166,427
20 percent	—	—	—	—	—	—	—	—	—	—	—	—
22 percent	63,439	926,481	741,945	50,460	96,546	11,101	96,624	10.4	13.0	361,178	757,590	166,670
23 percent	—	—	—	—	—	—	—	—	—	—	—	—
24 percent	—	—	—	—	—	—	—	—	—	—	—	—
25 percent	66,382	1,186,602	968,666	87,445	145,966	21,861	145,763	12.3	15.0	297,739	749,126	187,282
26 percent	—	—	—	—	—	—	—	—	—	—	—	—
28 percent	65,168	1,519,547	1,133,952	92,557	191,506	25,916	186,023	12.2	16.4	231,357	567,026	158,767
30 percent	—	—	—	—	—	—	—	—	—	—	—	—
32 percent	—	—	—	—	—	—	—	—	—	—	—	—
33 percent	82,610	2,146,484	1,747,844	183,755	338,746	60,639	338,332	15.8	19.4	166,189	661,827	218,403
34 percent	—	—	—	—	—	—	—	—	—	—	—	—
35 percent	—	—	—	—	—	—	—	—	—	—	—	—
38 percent	28,921	948,303	791,584	83,080	181,699	31,571	181,616	19.1	22.9	83,579	502,034	190,773
42 percent	37,915	1,639,191	1,362,901	1,362,901	367,166	57,748	366,337	22.3	26.9	54,658	368,716	154,861
45 percent	4,452	298,809	222,012	16,479	69,633	7,415	68,736	23.0	31.0	16,743	174,295	78,433
48 percent	—	—	—	—	—	—	—	—	—	—	—	—
49 percent	5,292	485,092	379,238	67,100	137,358	32,879	137,273	28.3	36.2	12,991	267,272	130,963
50 percent	6,999	3,214,337	2,529,612	1,917,338	1,194,566	956,669	1,171,656	36.3	46.3	6,999	1,917,338	956,669

Tax rate classes	Returns of heads of households											
	Classified by the highest marginal rate at which tax was computed					Classified by each rate at which tax was computed						
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		As a percent of modified taxable income	Number of returns	Income taxed at rate 1	Income tax generated at rate 1	
	At all rates	At marginal rate	At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
All marginal rates	9,428,313	161,327,989	118,055,236	17,765,737	17,067,033	4,006,076	15,628,950	9.7	13.2	9,428,313	118,055,236	17,067,033
0 percent	1,050,270	4,773,196	1,354,383	1,354,383	—	—	1,329	(¹)	0.1	9,428,313	22,131,930	—
11 percent	1,140,224	7,999,504	4,189,346	1,364,491	149,181	150,094	26,444	0.3	0.6	8,378,043	17,794,340	1,957,377
12 percent	1,048,804	10,549,733	6,439,836	1,201,578	418,673	144,189	167,085	1.6	2.6	7,237,819	15,062,192	1,807,463
14 percent	1,068,897	12,885,204	8,645,726	1,166,013	717,758	163,242	458,193	3.6	5.3	6,133,015	13,218,613	1,850,606
15 percent	—	—	—	—	—	—	—	—	—	—	—	—
16 percent	—	—	—	—	—	—	—	—	—	—	—	—
17 percent	1,438,030	21,502,672	15,818,352	2,333,367	1,621,106	396,672	1,388,650	6.2	8.5	5,064,118	14,444,501	2,455,565
18 percent	1,110,010	20,605,991	15,895,887	1,772,597	1,896,679	319,088	1,700,598	8.3	10.7	3,626,088	10,478,227	1,886,081
20 percent	830,329	18,855,285	14,717,488	1,278,465	1,952,635	255,693	1,806,910	9.6	12.3	2,516,078	7,094,299	1,418,860
22 percent	—	—	—	—	—	—	—	—	—	—	—	—
23 percent	—	—	—	—	—	—	—	—	—	—	—	—
24 percent	863,211	24,504,019	19,290,202	2,348,871	2,921,298	563,729	2,800,663	11.4	14.5	1,685,749	7,053,788	1,692,909
25 percent	—	—	—	—	—	—	—	—	—	—	—	—
26 percent	426,776	15,082,604	11,999,285	1,183,938	2,082,317	331,503	2,055,814	13.6	17.1	822,538	3,447,697	965,355
30 percent	—	—	—	—	—	—	—	—	—	—	—	—
32 percent	181,332	7,537,722	6,043,900	415,772	1,165,997	133,047	1,150,795	15.3	19.0	395,762	1,642,311	525,540
33 percent	—	—	—	—	—	—	—	—	—	—	—	—
34 percent	—	—	—	—	—	—	—	—	—	—	—	—
35 percent	123,390	6,420,606	5,130,354	590,697	1,136,663	206,744	1,129,588	17.6	22.0	214,430	1,632,194	571,268
38 percent	—	—	—	—	—	—	—	—	—	—	—	—
42 percent	53,215	3,571,790	2,876,199	317,251	744,114	133,246	740,766	20.7	25.8	91,040	965,950	405,699
45 percent	19,245	1,820,452	1,420,309	161,878	433,621	72,845	449,707	24.7	31.7	37,825	586,989	264,145
48 percent	7,314	960,941	754,316	110,634	264,596	53,104	262,434	27.3	34.8	18,580	432,841	207,764
49 percent	—	—	—	—	—	—	—	—	—	—	—	—
50 percent	11,266	4,258,251	3,479,653	2,165,802	1,563,394	1,082,901	1,539,974	36.2	44.3	11,266	2,165,802	1,082,901

Footnote(s) at end of table

Table 3.4—Returns with Modified Taxable Income: Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	Returns of single persons									
	Classified by the highest marginal rate at which tax was computed					Classified by each rate at which tax was computed				
	Modified taxable income		Tax generated		Income tax after credits		As a percent of modified taxable income	Number of returns	Income taxed at rate ¹	Income tax generated at rate ¹
At all rates (51)	At marginal rate (52)	At all rates (53)	At marginal rate (54)	Total (55)	As a percent of adjusted gross income (56)	(57)					(58)	(59)	(60)
All marginal rates	493,983,718	73,915,002	80,817,858	19,453,378	80,621,946	13.5	16.3	41,049,654	493,983,718	80,817,858
0 percent	7,113,065	9,040,483	—	—	4,398	(²)	(³)	41,049,654	93,203,249	—
11 percent	3,454,283	2,076,724	225,915	228,440	221,803	1.5	2.1	33,936,599	36,350,680	4,218,575
12 percent	2,621,207	1,336,793	501,745	160,415	485,952	3.3	4.4	30,482,316	31,426,791	3,771,215
14 percent	4,445,617	3,935,010	1,846,918	690,901	1,821,308	5.5	7.0	27,861,709	57,854,022	8,099,563
15 percent	3,811,370	3,913,205	2,781,242	586,981	2,734,834	7.4	8.9	23,415,492	46,258,108	6,938,716
16 percent	3,734,211	4,624,438	4,098,560	739,910	4,071,247	8.9	10.5	19,604,122	43,981,817	7,037,091
17 percent	—	—	—	—	—	—	—	—	—	—
18 percent	2,720,202	2,896,712	4,048,367	521,408	4,041,100	10.1	11.7	15,869,911	32,746,551	5,894,379
20 percent	2,681,635	3,000,994	5,169,803	600,199	5,188,460	11.2	12.9	13,149,709	26,763,522	5,352,704
22 percent	—	—	—	—	—	—	—	—	—	—
23 percent	3,011,257	4,873,866	7,616,314	1,120,989	7,597,868	12.3	14.2	10,468,074	30,599,885	7,037,973
24 percent	—	—	—	—	—	—	—	—	—	—
25 percent	—	—	—	—	—	—	—	—	—	—
26 percent	3,426,577	8,777,775	12,385,793	2,282,221	12,387,813	14.1	16.3	7,456,817	31,830,747	8,275,994
28 percent	—	—	—	—	—	—	—	—	—	—
30 percent	1,842,491	51,129,721	9,503,615	1,337,401	9,516,655	16.1	18.6	4,030,240	16,971,929	5,091,579
32 percent	—	—	—	—	—	—	—	—	—	—
33 percent	—	—	—	—	—	—	—	—	—	—
34 percent	973,982	2,374,499	6,797,905	807,330	6,794,485	18.1	20.8	2,187,749	9,317,246	3,167,864
35 percent	—	—	—	—	—	—	—	—	—	—
38 percent	562,386	22,480,688	5,234,914	689,634	5,257,748	19.7	23.4	1,213,767	7,012,848	2,664,882
42 percent	354,162	17,958,013	4,824,515	907,503	4,845,665	22.2	27.0	651,381	6,586,312	2,766,251
45 percent	—	—	—	—	—	—	—	—	—	—
48 percent	162,080	11,413,721	3,654,720	850,327	3,640,411	26.3	31.9	297,219	5,636,489	2,705,515
49 percent	—	—	—	—	—	—	—	—	—	—
50 percent	135,139	27,773,546	12,127,532	7,929,718	12,012,178	34.4	43.3	135,139	15,859,436	7,929,718

¹ Because of how the data were processed, the detail for these columns do not add to totals
² Less than \$300
³ Less than 0.05 percent
 NOTE: Detail may not add to total because of rounding

Table 3.5—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate											
	0 percent			11 percent			12 percent			17 percent		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	97,358,296	1,947,024,584	1,939,308,023	365,761,670	97,358,296	281,591,770	86,539,707	153,243,162	16,856,748	79,775,612	138,094,218	16,571,306
Under \$2,000	2,496,763	1,647,919	1,647,919	8,730	2,496,763	1,567,589	195,471	80,330	8,836	—	—	—
\$2,000 under \$4,000	5,989,239	10,746,808	10,751,225	69,541	5,989,239	10,126,725	1,097,208	509,963	56,096	195,472	109,756	13,171
\$4,000 under \$6,000	6,500,508	20,826,614	20,842,848	677,874	6,500,508	14,820,191	4,087,405	4,578,364	503,620	2,285,129	3,311,242	157,349
\$6,000 under \$8,000	6,247,798	29,234,281	29,246,167	1,635,790	6,247,798	15,667,716	5,884,768	6,203,970	682,437	3,954,467	3,943,918	473,270
\$8,000 under \$10,000	6,233,540	40,174,761	40,220,550	2,946,136	6,233,540	16,854,632	5,780,072	8,133,418	894,676	4,731,492	5,214,545	625,745
\$10,000 under \$12,000	5,650,830	45,946,292	45,966,275	3,926,358	5,650,830	15,785,549	5,485,941	8,713,003	958,430	5,026,081	6,425,982	771,118
\$12,000 under \$14,000	5,460,140	54,843,965	54,780,196	5,302,823	5,460,140	15,466,658	5,380,061	8,889,072	977,798	5,197,648	7,812,334	937,552
\$14,000 under \$16,000	4,845,957	56,465,589	56,434,153	5,858,014	4,845,957	14,188,532	4,790,470	8,472,768	932,005	4,704,855	7,904,317	948,518
\$16,000 under \$18,000	4,533,493	61,331,432	61,252,020	6,946,064	4,533,493	13,263,784	4,517,971	7,906,247	869,687	4,471,300	7,470,344	896,441
\$18,000 under \$20,000	4,293,572	64,953,557	64,887,821	7,734,912	4,293,572	12,932,704	4,266,880	7,659,640	842,560	4,227,900	7,331,137	879,736
\$20,000 under \$25,000	9,194,660	165,356,554	164,980,990	21,319,743	9,194,660	28,486,063	9,174,232	17,208,447	1,892,929	9,149,494	16,708,602	2,005,032
\$25,000 under \$30,000	7,541,896	165,356,830	165,034,053	23,222,644	7,541,896	24,347,375	7,521,560	14,789,804	1,626,878	7,500,117	14,476,004	1,737,120
\$30,000 under \$40,000	11,474,320	313,916,976	312,949,255	49,073,341	11,474,320	38,553,383	11,468,841	23,564,494	2,592,094	11,457,164	23,201,628	2,784,195
\$40,000 under \$50,000	7,451,366	299,365,436	298,424,311	45,806,745	7,451,366	26,095,142	7,449,952	16,009,672	1,761,064	7,438,670	15,839,684	1,900,762
\$50,000 under \$75,000	6,417,415	295,296,881	293,952,434	62,379,582	6,417,415	22,777,013	6,413,596	14,001,083	1,540,119	6,410,904	13,882,634	1,665,916
\$75,000 under \$100,000	1,542,724	100,211,601	99,233,823	25,933,850	1,542,724	5,452,587	1,542,106	3,342,514	367,677	1,541,990	3,312,727	397,572
\$100,000 under \$200,000	1,111,622	112,757,958	111,277,744	36,196,015	1,111,622	3,914,701	1,110,714	2,396,350	263,618	1,110,586	2,374,310	284,917
\$200,000 under \$500,000	289,557	64,277,958	63,354,849	26,279,473	289,557	997,811	289,474	605,075	66,558	289,348	597,319	71,678
\$500,000 under \$1,000,000	51,267	27,327,574	27,156,701	12,597,173	51,267	179,854	51,258	110,219	12,124	51,258	109,184	13,102
\$1,000,000 or more	31,729	56,985,871	56,914,888	27,846,861	31,729	111,762	31,727	68,547	7,540	31,727	67,951	8,154
Total	73,859,409	243,611,000	34,105,540	23,415,492	46,258,108	6,938,716	54,624,118	187,442,543	29,990,807	5,064,118	14,444,501	2,455,565
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	38,141	9,354	1,310	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	326,478	152,959	21,358	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	3,241,029	3,409,502	477,330	36,329	32,816	4,922	4,768	10,561	1,690	—	—	—
\$8,000 under \$10,000	3,780,346	7,654,658	1,071,652	2,697,598	2,323,275	348,491	88,298	81,955	13,113	—	—	—
\$10,000 under \$12,000	3,867,617	7,710,946	1,079,532	2,861,268	5,565,114	834,767	2,017,783	1,716,306	274,609	100,121	31,815	5,409
\$12,000 under \$14,000	4,677,642	9,617,110	1,346,395	2,768,064	5,899,881	884,982	2,736,278	5,722,555	915,609	480,901	563,660	95,822
\$14,000 under \$16,000	4,522,107	10,940,076	1,531,611	2,077,561	4,462,337	669,351	2,189,214	5,048,234	807,717	690,435	1,541,858	262,116
\$16,000 under \$18,000	4,351,315	12,207,962	1,709,115	2,068,255	4,451,392	667,709	2,791,718	5,906,367	945,019	629,140	1,912,298	325,091
\$18,000 under \$20,000	4,173,645	13,198,187	1,847,886	1,816,719	3,911,260	586,689	3,274,062	7,626,525	1,220,244	473,496	1,517,750	258,018
\$20,000 under \$25,000	9,084,059	31,255,030	4,375,704	3,216,056	6,942,881	1,041,432	7,687,527	24,384,788	3,901,566	977,682	3,172,147	539,265
\$25,000 under \$30,000	7,489,149	28,012,256	3,921,716	2,045,639	4,409,288	661,393	6,687,980	24,775,659	3,964,106	655,297	2,180,151	370,626
\$30,000 under \$40,000	11,444,028	46,055,181	6,447,725	2,207,259	4,760,442	714,066	10,698,917	42,630,355	6,820,857	658,938	2,195,197	373,184
\$40,000 under \$50,000	7,429,880	32,006,992	4,480,965	813,723	1,757,642	263,646	7,201,946	30,230,104	4,836,817	220,711	737,175	125,320
\$50,000 under \$75,000	6,409,488	28,225,406	3,951,557	502,495	1,084,371	162,856	6,276,279	26,782,424	4,285,188	126,235	421,623	71,676
\$75,000 under \$100,000	1,541,685	6,744,204	944,189	304,229	45,634	15,140,019	1,514,019	6,418,615	1,026,978	23,215	84,552	14,374
\$100,000 under \$200,000	1,110,493	4,833,681	676,715	109,746	236,935	35,540	1,089,815	4,600,738	736,118	19,210	64,141	10,904
\$200,000 under \$500,000	289,329	1,216,519	170,313	45,881	14,865	1,164,195	284,093	1,164,195	186,271	5,083	16,977	2,886
\$500,000 under \$1,000,000	51,252	222,015	31,082	5,151	11,125	1,669	50,211	211,241	33,799	1,029	3,437	584
\$1,000,000 or more	31,726	138,463	19,385	2,787	6,020	903	31,210	131,922	21,108	515	1,720	292

Footnotes(s) at end of table

Table 3.5—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate—Continued											
	18 percent			20 percent			22 percent			23 percent		
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
Total	49,706,032	167,521,881	30,153,939	15,665,787	33,857,821	6,771,564	25,163,152	105,530,346	23,216,676	10,468,074	30,599,885	7,037,973
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	4,768	749	—	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	66,755	629	113	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	1,269,133	821,330	10,967	9,536	5,688	1,138	28,607	9,759	2,147	—	—	—
\$14,000 under \$16,000	2,054,043	3,481,299	626,634	743,264	362,639	72,528	36,327	58,108	12,784	4,767	10,187	2,343
\$16,000 under \$18,000	2,491,192	5,098,607	917,749	1,788,988	2,751,622	550,324	47,676	102,212	22,487	368,730	118,312	27,212
\$18,000 under \$20,000	2,255,135	5,061,394	911,051	1,844,697	3,684,638	736,928	9,172	18,948	4,169	1,377,077	1,986,158	456,816
\$20,000 under \$25,000	6,732,859	15,271,387	2,748,850	3,817,651	8,489,792	1,697,958	239,501	297,659	65,485	2,963,796	8,902,130	2,047,490
\$25,000 under \$30,000	6,867,076	22,596,860	4,065,635	2,620,625	6,421,021	1,284,204	2,506,955	5,381,190	1,183,862	1,970,580	6,647,863	1,529,008
\$30,000 under \$40,000	11,163,221	43,377,221	7,807,900	2,827,478	7,106,306	1,421,261	7,613,517	30,650,858	6,743,189	2,171,566	7,409,065	1,704,083
\$40,000 under \$50,000	7,393,248	31,270,298	5,628,654	1,033,597	2,606,391	521,278	6,283,830	29,271,586	6,439,749	812,050	2,773,477	637,900
\$50,000 under \$75,000	6,386,537	27,602,238	4,968,403	624,998	1,565,694	313,139	5,738,212	27,150,414	5,973,091	496,244	1,707,167	392,648
\$75,000 under \$100,000	1,537,060	6,602,029	1,188,365	165,730	404,075	80,815	1,369,187	6,486,323	1,426,991	139,821	482,004	110,861
\$100,000 under \$200,000	1,108,158	4,737,427	852,737	128,787	314,946	62,989	978,627	4,630,851	1,018,787	109,634	377,979	86,935
\$200,000 under \$500,000	289,125	1,195,404	215,173	50,955	121,666	24,333	238,060	1,125,665	247,646	45,872	158,173	36,380
\$500,000 under \$1,000,000	51,230	218,144	39,286	6,179	15,241	3,048	45,038	122,731	46,801	5,150	17,766	4,086
\$1,000,000 or more	31,725	135,940	24,469	3,302	8,103	1,621	28,423	134,040	29,489	2,787	9,615	2,211

Tax generated at specified rate—Continued

Size of adjusted gross income	Tax generated at specified rate—Continued											
	24 percent			25 percent			26 percent			28 percent		
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Total	1,665,749	7,053,788	1,692,909	19,595,562	94,233,396	23,558,349	7,456,817	31,830,747	8,275,994	14,680,784	68,559,410	19,196,635
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—	—	—	—
\$14,000 under \$16,000	—	—	—	17,256	8,603	2,151	—	—	—	—	—	—
\$16,000 under \$18,000	—	—	—	38,141	69,997	17,499	—	—	—	—	—	—
\$18,000 under \$20,000	—	—	—	2,955	8,451	2,113	7,723	4,790	1,245	2,955	11,488	3,217
\$20,000 under \$25,000	198,815	283,808	371,059	100,164	264,180	66,045	1,883,094	3,215,925	836,140	85,247	1,950	546
\$25,000 under \$30,000	481,258	1,546,080	722,556	215,460	223,702	55,925	1,862,886	8,222,133	2,137,755	101,800	173,535	48,590
\$30,000 under \$40,000	607,931	3,010,649	1,205,697	4,902,520	15,686,871	3,921,718	2,109,085	11,391,792	2,961,866	1,442,792	164,326	46,011
\$40,000 under \$50,000	220,711	1,205,697	289,415	5,970,722	30,766,003	7,691,501	798,368	4,473,112	1,163,009	4,723,136	18,999,387	5,319,828
\$50,000 under \$75,000	126,181	716,725	172,014	5,694,311	32,087,420	8,021,855	493,734	2,796,717	727,147	5,624,908	30,595,249	8,566,670
\$75,000 under \$100,000	25,074	143,423	34,422	1,366,457	7,786,511	1,946,628	138,985	794,174	206,485	1,385,503	7,862,247	2,201,429
\$100,000 under \$200,000	19,152	109,335	26,240	5,559,598	1,389,899	1,389,899	109,385	624,613	162,399	991,890	5,640,181	1,579,251
\$200,000 under \$500,000	5,083	29,040	6,970	237,996	1,354,563	338,641	45,821	262,096	68,145	242,799	1,379,989	386,397
\$500,000 under \$1,000,000	1,029	5,886	1,413	45,038	256,104	64,026	5,149	29,452	7,658	46,053	261,502	73,221
\$1,000,000 or more	515	2,946	707	28,420	161,394	40,348	2,787	15,942	4,145	28,934	164,053	45,935

Footnote(s) at end of table

Table 3.5—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate—Continued											
	45 percent			48 percent			49 percent			50 percent		
	Number of returns (70)	Modified taxable income (71)	Tax generated at rate (72)	Number of returns (73)	Modified taxable income (74)	Tax generated at rate (75)	Number of returns (76)	Modified taxable income (77)	Tax generated at rate (78)	Number of returns (79)	Modified taxable income (80)	Tax generated at rate (81)
Total	917,626	18,022,986	8,110,344	315,759	6,069,331	2,913,279	542,761	21,142,881	10,360,012	403,638	91,796,371	45,898,185
Under \$2,000												
\$2,000 under \$4,000												
\$4,000 under \$6,000												
\$6,000 under \$8,000												
\$8,000 under \$10,000												
\$10,000 under \$12,000												
\$12,000 under \$14,000												
\$14,000 under \$16,000												
\$16,000 under \$18,000												
\$18,000 under \$20,000												
\$20,000 under \$25,000												
\$25,000 under \$30,000												
\$30,000 under \$40,000												
\$40,000 under \$50,000												
\$50,000 under \$75,000	*4,421	*16,257	*7,316	53,424	242,367	116,336						
\$75,000 under \$100,000	21,013	155,483	69,968	88,575	1,201,109	576,532	*4,174	*48,568	*23,798	4,320	22,012	11,006
\$100,000 under \$200,000	578,609	9,921,472	4,464,663	113,767	2,911,246	1,397,398	237,575	5,037,456	2,468,353	91,295	2,179,701	1,089,850
\$200,000 under \$500,000	238,786	6,026,027	2,711,712	50,592	1,444,922	693,562	227,854	11,903,311	5,832,622	225,673	19,156,677	9,578,339
\$500,000 under \$1,000,000	45,887	1,168,070	525,631	6,144	175,420	84,201	44,767	2,542,288	1,245,721	50,700	18,768,332	9,384,166
\$1,000,000 or more	28,910	735,677	331,055	3,297	94,267	45,248	28,391	1,611,259	789,517	31,650	51,669,649	25,834,825

*Estimate should be used with caution because of the small number of sample returns on which it is based
 NOTE: Detail may not add to total because of rounding

Section 4

High Income Returns: Taxable and Nontaxable*

Each year, a small number of individual income tax returns which report income of \$200,000 or more do not show any income tax liability. Although such returns represent only a tiny fraction of all Federal income tax returns with high incomes (fewer than 1 in 500 returns), they generate a great deal of interest. Attention focuses on the features of the income tax system that seem to permit some high-income people to completely avoid Federal income tax at the same time that other taxpayers, most of whom have much lower incomes, have tax liabilities amounting to significant shares of their incomes. Information on the reasons for nontaxability of some high-income filers may provide a basis for discussing whether such features are necessary and appropriate in a broad-based income tax system.

The Tax Reform Act of 1976 required annual publication of data on individuals with high incomes including the number of such individuals who did not pay any income tax and the importance of various tax provisions in making those individuals nontaxable [1]. The 1976 Act specified that the tax return data be tabulated using four different concepts of income [2]. The Deficit Reduction Act of 1984 eliminated the requirement for publishing data for the two lesser-used income concepts [3]. Data for the years 1974, 1975, 1979-1985 have been published previously [4].

This Section contains the available high-income tax return data for 1986, with emphasis on high-income returns which are nontaxable. At the end of the text but preceding the tables are two appendices which include summaries of the definitions and concepts which are crucial to an understanding of high-income tax returns in general and nontaxable, high-income returns in particular. Appendix A, "Income Concepts: A Primer," describes and explains the differences between the two major and two minor concepts used to measure income. Appendix B, "Measurement of Taxes," discusses the proper measurement of income tax burdens, explains the different treatment of the foreign tax credit, outlines the methodology used to equate the importance of exclusions and deductions as

compared with tax credits, and reviews certain limitations in the data underlying this Section.

This Section includes twelve tables with data representing 1986 income tax returns, mainly those with incomes of \$200,000 or more under one or more different concepts of income. Most of the data are shown for taxable and nontaxable returns both separately and combined.

The tables show:

- The numbers of total and high-income returns (taxable, nontaxable, and combined) under each of the four income concepts (Tables 1 and 2);
- The distributions of taxable income as a percentage of total income (Tables 3 and 4);
- The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax credits, as well as the relationships among all four income concepts used in this Section (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 taxes (Tables 7 and 8);
- The frequencies with which various itemized deductions and tax credits occur as certain percentages of income (Tables 9 and 10); and
- The distributions of effective tax rates, i.e., income tax as a percentage of income, for all returns and for high-income returns (Tables 11 and 12).

In addition to the data on high-income returns, the tables distribute all 1986 returns by broad income classes and cross-classify numbers of returns in each income class by the various income concepts. For purposes of comparison, the tables with distributions of returns by their effective tax rates include

*Allen H. Lerman, of the Office of Tax Analysis, U.S. Treasury Department, designed the tables and prepared the text for this Section. Robert Kalish was responsible for production and table review.

distributions for returns other than high-income returns.

Tables 1, 3, 5, 7, 9, and 11 contain data with foreign tax credits treated as items which reduce U.S. income taxes; this is the treatment on tax returns. Tables 2, 4, 6, 8, 10, and 12 are similar to the first set of tables but treat foreign tax credits as part of the individual's income tax liability. In these tables, tax is referred to as "Modified Total Income Tax." This different treatment is explained in more detail under the heading "Foreign Tax Credits" in Appendix B.

Numbers of High-Income Tax Returns

For 1986, the number of tax returns with incomes of at least \$200,000 ranged from 356,932 to 546,807, depending on the income concept. These numbers represent from 0.35 percent to 0.53 percent of all tax returns filed.

Nontaxable High-Income Returns

For 1986, there were 529,460 income tax returns with expanded income (which is deemed to be a better definition of income than AGI) of \$200,000 or more. Of these, 595 or 0.112 percent, had no U.S. income tax liability, and 379, or 0.072 percent, showed no worldwide income tax liability.

Of the 374,363 tax returns for 1986 with AGI of \$200,000 or more, 659 or 0.176 percent, reported no U.S. income tax, and 437, or 0.117 percent, had no worldwide tax liability.

NOTES AND REFERENCES

- [1] Section 2123, 90 Stat. at 1915.
- [2] The concepts are: adjusted gross income (AGI), expanded income, AGI plus excluded preferences, and AGI less investment interest not in excess of investment income. See Appendix A for a full discussion of these concepts.
- [3] Section 441 (90 Stat. at 815) eliminated the requirement of using AGI plus excluded preferences and AGI less investment interest not in excess of investment income. Despite Section 441, for purposes of historical comparison, this report includes summary data on the numbers of total, taxable, and nontaxable returns for these two income concepts. See Tables 1 through 4.
- [4] Lerman, Allen H., High Income Tax Returns: 1974 and 1975, A Report on High Income Taxpayers Emphasizing Tax Returns with Little or No Tax Liability, U.S. Department of Treasury, Office of Tax Analysis, March 1977, and High Income Tax Returns: 1975 and 1976, A Report Emphasizing Nontaxable and

Nearly Nontaxable Income Tax Returns, U.S. Department of the Treasury, Office of Tax Analysis, August 1978.

U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income--Individual Income Tax Returns, reports for 1977, 1978, 1979, 1980, 1981, 1982, and 1985. (For 1977 and 1978, only the actual numbers of nontaxable, high-AGI returns have been published.)

Lerman, Allen H., "High Income Tax Returns, 1983", Statistics of Income Bulletin, Spring 1986, Volume 5, Number 4, pp. 31-61.

Lerman, Allen H., "High Income Returns, for 1984", Statistics of Income Bulletin, Spring 1987, Volume 6, Number 4, pp. 1-29.

APPENDIX A

INCOME CONCEPTS: A PRIMER

This Appendix contains an explanation of the differences between the two major and two minor concepts of income which are used in this Section and an outline of how the various concepts differ from the ideal economic concept of income. The two major conceptual differences between the income measures are detailed, and the exact relationships between the various concepts are defined.

Economic Income, the Ideal Measure

Economists generally agree that for analyzing the impact of taxes, the ideal measure of income over a particular period of time, say a year, is the value of what the individual or family consumed over that period plus the change, if any, in its net worth [A1]. For example, if during a year a family spent \$25,000 and saved \$2,000, economists would say the family had an income of \$27,000. Similarly, if the family spent \$25,000 but owned an asset such as an automobile that decreased in value by \$1,000, economists would say that the family had an income of only \$24,000. A brief examination of the differences between income as defined by economists, often called economic income, and the adjusted gross income (AGI) concept, used for Federal income tax administration, illustrates some of the problems of measuring income, especially for high-income individuals.

Adjusted Gross Income

The concept of adjusted gross income was developed for tax administration. It has never been meant to be an accurate measure of so-called economic income. Indeed, it is well recognized that AGI is deficient as a measure of economic income. For Tax Year 1986, AGI excludes certain types of income, such as

interest from tax-exempt State and local Government bonds, most social security benefits, imputed rent on owner-occupied housing, the value of many employee fringe benefits and a portion of net realized long-term capital gains. Also, while not strictly excluded from AGI, income from other activities is deferred to a later year, or indefinitely, for income tax purposes. Depreciation deductions allowed for income tax purposes that exceed the decrease in the economic value of an asset often reduce AGI below economic income early in an asset's life. The resulting lower depreciation deductions in later years may raise AGI above economic income. The net effect, however, of accelerated depreciation is to postpone taxes, perhaps indefinitely [A2].

Adjusted gross income excludes most changes in net worth, such as the 60 percent of realized long-term capital gains that was excluded for 1986 and all accrued, but unrealized, capital gains [A3].

Even though some types of income are excluded, AGI may overstate economic income because some expenses incurred in the production of income are not deductible in the computation of AGI. Most of these expenses, however, are deductible from AGI in calculating taxable income, but only if the taxpayer "itemizes" deductions. Expenses falling into this category include certain expenses incurred by employees (such as union dues and expenditures for items used on-the-job but not reimbursed by the employer) and expenses attributable to a taxpayer's investments (as opposed to the active operation of a trade or business), including, but not limited to, interest expense incurred in connection with investments in securities. 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. Moreover, for 1986, only 50 percent of realized, net long-term capital losses may be deducted in computing AGI.

Redefining Income

Ideally, the impact of all taxes should be measured relative to economic income. However, no accurate, detailed data on such a broadly-defined income measure are available from income tax returns (or from any other source) for a cross-section of American taxpayers. As a practical matter, any broad income measure must be calculated from data already available from Federal individual income tax returns. Thus, a more comprehensive income measure must start from AGI and, to the extent that data are available, must make adjustments for omitted income items and expenses that ought to be deductible in calculating economic income [A4].

Omitted Income and Accelerated Deductions

Tax returns contain information about only a portion of the income included in economic income but excluded from AGI. The omitted income that could be identified on 1986 income tax returns consisted of the excluded portion of long-term capital gains (and current-year losses in excess of currently deductible amounts), the dividend exclusion of up to \$100 per tax return (up to \$200 on joint returns), payments to self-employed retirement (Keogh) and Individual Retirement Arrangement (IRA) pension savings plans, the excluded portion of unemployment insurance benefits, some social security benefits, and income from sources considered to be tax preferences for purposes of the alternative minimum tax. Even if no alternative minimum tax is due, such preferences are generally supposed to be reported on Form 6251, Alternative Minimum Tax Computation, which is supposed to accompany the person's income tax return [A5].

Even after including preference income which was not in AGI but which was identifiable on 1986 tax returns, several major sources of income for high-income taxpayers were still omitted:

- Interest on tax-exempt State and local Government bonds;
- All accrued but unrealized income, primarily unrealized capital gains;
- Certain agricultural expenses deducted when paid, even though related income items are not includable in income until a later year;
- Imputed rental income from owner-occupied housing and from consumer durables;
- Straight-line depreciation deductions on real estate to the extent that they exceed economic depreciation;
- Income "sheltered" from taxation--primarily partnership income--through deferral of the recognition of income for tax purposes and/or the acceleration of deduction items; and
- The value of employee fringe benefits [A6].

For real estate, the combination of a shorter life for tax purposes than the true economic life of the property and the use of accelerated depreciation methods may produce tax depreciation deductions exceeding economic depreciation, especially in the early years of ownership. Subsequently, income may be correspondingly

higher, but in the meantime, the taxpayer has had the interest-free use of the deferred taxes. Also, if taxed in the future, the income could be converted into a long-term capital gain, which through Tax Year 1987 would generally be taxed at a lower rate than ordinary income.

Conceptual differences between income subject to ordinary tax and income benefitting from tax-preferred treatment may also lead to some understatement of income. Because of tax benefits, individuals may be willing to accept lower rates of return on investments yielding tax-preferred income. If one views that reduction in potential income as an "implicit tax" on that income (paid in lieu of ordinary tax), then the reporting of fully taxable and tax-preferred income is not consistent. Fully taxable income is being reported on a pre-tax basis, whereas a tax-preferred income is being shown on an after-tax basis. See "Implicit Tax" in Appendix B for further discussion of this concept.

Because income sources not identifiable from tax return data are excluded, all income measures used in the data for this Section may understate economic income. As a consequence, some individuals with high economic incomes may have been omitted completely from the high-income group covered by this report. Moreover, the income of some individuals who are included may have been understated, and tax as a percentage of income (i.e., the effective tax rate) may have been overstated.

Investment Expenses

In measuring economic income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments. Since economic income would include all investment income, including accrued capital gains and losses, it would be proper to deduct all investment expenses without limit. Investment expenses in excess of income would then represent net economic losses, roughly akin to "net operating losses" from a trade or business. However, such a liberal deduction for investment-related expenses is not necessarily correct when all income items have not been included currently.

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 such time as the income were 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 which are deductible in calculating a broader measure of income.

Investment expenses that have not been deducted in determining AGI generally appear on a Federal individual income tax return in one of two places. Investment interest is taken into account in the calculation of the itemized deduction for interest; other investment expenses such as management fees are included in the miscellaneous category of itemized deductions [A7]. To determine expenses that should be deductible in calculating an approximation of economic income, investment expenses have been defined as the entire interest deduction other than the interest paid on a home mortgage. Other investment expenses could not be determined since they 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 have been allowed as a deduction in the computation of a broader measure of income. Investment interest expenses which do exceed investment income are not deductible in calculating the broader income measure. 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. This arbitrary procedure has been selected because, especially with the omission of accrued capital gains from measured income, allowing all investment expenses to be deducted would represent a mismatching of income and expenses.

The amount of investment income against which investment interest can be offset depends on the amount of investment income included in the income measure under consideration. Investment income consists of interest, dividends, and net capital gains (or losses). However, if only a portion of capital gains is included in the income concept, as is the case with AGI for 1986, then only that portion is considered to be investment income. A similar adjustment is

also made for the dividend exclusion of up to \$100 per tax return (\$200 on a joint return).

Expanded Income

The Congress has asked for high-income data to be tabulated on the basis of a measure closely approximating economic income but using only data available on tax returns. This measure is called "expanded income."

Expanded income is defined as adjusted gross income (AGI) plus items of tax preference income excluded from AGI less investment expenses to the extent that they do not exceed investment income [A8]. Tax preferences considered for 1986 were the \$100-per-tax-return exclusion for qualifying dividends (\$200 on a joint return), the excluded portion of net long-term capital gains, and, where the taxpayer filed a Form 6251, Alternative Minimum Tax Computation, all other excluded income preferences subject to the minimum tax [A9]. For individuals, the only preference income items of significance other than the excluded portion of capital gains are the excess of accelerated depreciation over straight-line depreciation on real property and on personal property subject to a lease, the excess of percentage depletion over the cost of the property, and deductions for intangible drilling costs in excess of the amounts deductible if these costs had been amortized. Because expanded income is based on tax return data, it excludes items such as interest on tax-exempt State and local Government bonds, accrued but unrealized capital gains, straight-line depreciation on real estate in excess of economic depreciation, most employee fringe benefits, and other items mentioned above, under "Omitted Income and Accelerated Deductions."

Four Income Measures

Current law requires high-income tax return data to be selected and classified on the basis of two different definitions of income: expanded income and adjusted gross income. For comparability with data for earlier years, this Section also includes a limited amount of data using two other, previously required, income definitions. Each of the two additional income measures embodies only one of the two major differences between expanded income and AGI. "Adjusted gross income plus excluded tax preferences" is AGI plus the amount of tax preference income excluded from AGI. "Adjusted gross income less investment interest" is AGI less the amount of investment interest to the extent that it does not exceed investment income.

When ranked according to size of income, AGI plus excluded tax preferences is largest, AGI less investment interest is smallest, and AGI and expanded income fall in the middle. For any given taxpayer, AGI can be larger or smaller than expanded income depending on whether pref-

erences are larger or smaller than investment interest.

The four income concepts are related in the following manner [A10]:

Expanded income

$$= \text{Adjusted gross income} + \text{preferences} \\ - \text{investment interest}$$

Adjusted gross income

$$= \text{Expanded income} - \text{preferences} \\ + \text{investment interest}$$

Adjusted gross income plus excluded tax preferences

$$= \text{Adjusted gross income} + \text{preferences} \\ \text{or} = \text{Expanded income} + \text{investment interest}$$

Adjusted gross income less investment interest

$$= \text{Adjusted gross income} - \text{investment} \\ \text{interest} \\ \text{or} = \text{Expanded income} - \text{preferences}$$

Expanded income is the measure which most closely approximates economic income.

NOTES TO APPENDIX A

[A1] This is the Haig-Simons definition of income.

[A2] For Tax Year 1986, the Internal Revenue Code defined adjusted gross income as all gross income not specifically excluded or reduced by statutory adjustments. Among the exclusions were trade or business deductions (including some deductions by employees) and depreciation deductions allowable for tax purposes, the deduction for 60 percent of net long-term capital gains, limited deductions for losses from the sale or exchange of property, deductions attributable to rents and royalty income, the moving expenses adjustment, and deductions for contributions to individual retirement arrangements (IRA's) and self-employed retirement (Keogh) plans.

[A3] Gross income includes only income that has been "realized." Thus, for Federal income tax purposes, accrued increases or decreases in the value of assets are generally not included in income until any gain or loss is realized by a sale or exchange. In addition, gross income does not include the value of the services received from the use of durable goods, such as imputed net rent from owner-occupied homes or from consumer durables. Finally, gross income and, hence, adjusted gross income, do not include interest on

most types of State and local Government debt, most social security benefits, workers' compensation benefits, and most types of welfare benefits.

[A4] There have been attempts to create micro-data files that include approximations of economic income. Tax return data files have been "statistically merged", i.e., merged with information for persons having similar characteristics, with other files such as the Current Population Survey (CPS) of the Bureau of the Census. After the merge, certain additional data items that were not on either file have been "imputed" to each record of the merged file. Although such statistically merged files have proven useful for many purposes, they have only limited use--and must be used with great caution--for high-income individuals and families, each of which is likely to have more nearly unique financial and income characteristics that are not likely to be duplicated accurately through imputations or statistical merges.

[A5] The tax preferences excluded from adjusted gross income, as tabulated in Tables 5 and 6, included the following items: the dividend exclusion; the excluded portion of long-term capital gains; the excess of accelerated depreciation over straight-line depreciation on certain real property and property subject to a lease; the excess of rapid amortization allowable on certain capital expenditures (such as pollution control facilities) over depreciation otherwise allowable; the excess of percentage depletion over the "adjusted basis" of the property; unrealized gain on the exercise of stock options; and certain intangible drilling costs to the extent that they exceeded the otherwise allowable amortization deductions. Any preferences from itemized deductions did not represent omitted income; hence, they were not counted as preference items in calculating a broader measure of income.

[A6] Omission of social security benefits and certain other items is relatively unimportant for high-income taxpayers.

[A7] In addition, income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from certain small business corporations, only the net amounts of which are included in adjusted gross income.

[A8] For the sake of brevity, "investment interest to the extent that it does not

exceed investment income" is called "investment interest." "Investment interest in excess of investment income" is called "excess investment interest."

[A9] See footnote [A5].

[A10] The borderline between excess and non-excess investment interest depends on the income items actually included under each income concept. Hence, the size of the investment interest adjustment differs depending on which income concept is used.

APPENDIX B

MEASUREMENT OF TAXES

This Appendix discusses the proper measurement of income tax burdens. Two different treatments of the foreign tax credit are explained: as a tax on income; or as an item of tax preference. The concept of an implicit tax on tax preference income is discussed. The Appendix includes an outline of the methodology used in the tabulations of 1986 tax return data to equate the importance of tax credits with exclusions and deductions from the income base subject to tax. Finally, certain limitations in the underlying tax return data are summarized.

Foreign Tax Credits: Worldwide Taxes on Worldwide Income

Just as income must be measured properly, so must income taxes.

U.S. income taxes are based on worldwide income. Thus, U.S. citizens and residents generally must include income on their U.S. income tax returns regardless of whether it has been generated in the United States or in a foreign country. However, when a taxpayer has foreign source income, the U.S. income tax computed on global income may often be reduced dollar-for-dollar by the amount of foreign income tax that has been paid on that foreign income. These offsets for foreign income taxes are called "foreign tax credits" [B1].

Statistics of Income (SOI) data collected as a by-product of tax administration include global income as reported on U.S. income tax returns. The SOI data, however, usually include as taxes only U.S. income taxes net of the foreign tax credits that represent offsets for foreign income tax payments. Where taxpayers have income from foreign sources, this procedure understates their worldwide tax liabilities and their effective tax rates. Since worldwide income is reported on U.S. tax returns, a more accurate measure of the tax burden imposed on that income would be obtained if all income taxes--U.S. as well as foreign--were considered. Analysis indicates that a substantial portion of the so-called non-taxable, high-income tax returns report that

large shares of their income are from non-U.S. sources and that substantial amounts of foreign income taxes have been paid on that income. Thus, it does not seem appropriate to classify such taxpayers as nontaxable or to classify their foreign tax credits as special tax benefits.

In order to present a more realistic picture of the number of nontaxable, high-income tax returns and the reasons they are nontaxable, several tables in this Section have been prepared by redefining income tax liability to consist of the total amount of U.S. income taxes (income taxes after credits plus the alternative minimum tax) plus the amount of foreign tax credits. Because information on foreign tax liabilities is not readily available in tabulations from U.S. income tax returns, foreign tax credits as shown on U.S. income tax returns are used as a proxy for foreign tax liabilities. Where foreign tax rates exceed U.S. rates, and in certain other instances, foreign tax credits actually will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign taxes understates global income tax liability. In cases in which foreign tax credits are for taxes paid on income from earlier years, use of foreign tax credits may either overstate or understate global taxes on the current year's income.

The tables redefining tax liability to include the foreign tax credit attempt to present an approximation of the true worldwide income tax burden on worldwide income. For the vast majority of taxpayers--with high incomes or otherwise--this adjustment is irrelevant, for they have little or no foreign-source income. However, for the small proportion of taxpayers with substantial foreign income, this adjustment is important. The policy implications of a person with a very large amount of income not paying U.S. income tax certainly would be different if U.S. nontaxability were the result of the person's living and working abroad and paying substantial amounts of foreign taxes than if all income were from U.S. sources and the person paid no income tax either to the U.S. Government or to any other government.

In order to be consistent with other SOI tabulations, all tables showing nontaxability or the amount of taxability on the basis of worldwide tax liability have been duplicated by other tables with tax liability defined in the more traditional way used for tax administration purposes: U.S. income tax liability after subtracting the value of any foreign tax credits. Tables 1, 3, 5, 7, 9, and 11 contain data with foreign tax credits treated as items which reduce U.S. income tax liabilities. Tables 2, 4, 6, 8, 10, and 12 include foreign tax credits as part of the individual's income tax liability.

Implicit Tax

Income from certain tax-preferred sources is either not subject to any Federal individual income tax or benefits from reduced tax rates or the deferral of taxation, or both. To the extent that the income from such sources has been reduced because of the existence of tax preferences, the stated tax on such income understates the amount of tax effectively paid by the recipient of that income. In addition to any income tax actually paid, there is an "implicit tax" equal to the amount by which the income from that source has been reduced because of the tax preferences. Thus, the benefit to the recipient of tax-preferred income is less than the stated tax preference to the extent that the gross income from that source already anticipates the tax preference. As a result, an individual may be indifferent between a lower-yield, nontaxable income source and a higher-yield taxable source.

Tax-exempt income from State and local Government bonds provides the clearest example of an "implicit tax." Because of the tax exemption, the interest rate on tax-exempt bonds is generally lower than the interest rate on taxable bonds with equivalent risk and maturity. The yields between tax-exempt and taxable bonds generally differ by an amount such that the yield on the tax-exempt bonds will be about the same or slightly more than the after-tax yield on an equivalent taxable bond. In reality, the holders of tax-exempt bonds are paying an "implicit tax" which is equal to the spread between the interest rates on the tax-free bond and the equivalent taxable bond multiplied by the face value of the bonds.

The main difference between implicit tax and ordinary Federal income tax is the recipient of the tax revenue. The general fund of the Federal Government receives the ordinary Federal income tax revenue whereas the implicit tax revenue is usually divided between the payer and the recipient of the tax-preferred income. The government entity issuing a tax-exempt bond receives part of the implicit tax in the form of reduced rates on interest paid on those bonds. For other assets producing tax-preferred income, some of the implicit tax is received by the seller of the asset in the form of a higher price reflecting the capitalized value of some of the stream of tax benefits.

No attempts have been made in this Section to measure implicit taxes. Accordingly, taxes paid and tax rates have not been adjusted to reflect implicit taxes on tax preference income.

Adjusting Income for Implicit Tax

It should also be noted that compared with income from other sources, the gross income

from tax-preferred sources is understated by the amount by which that income has been reduced by the portion of the above-mentioned "implicit tax" which benefits the recipient of the income. In theory, when measuring income, it would be appropriate to "gross up" the amount of tax-preferred income received by the portion of the implicit tax on that income which has actually benefitted the recipient of the income. Since no attempt has been made to measure implicit taxes for this Section, incomes have not been increased to reflect the value of implicit taxes.

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

In order to compare the importance of various exclusions, deductions, tax credits, and special tax computations (such as the alternative minimum tax on tax preferences and the income averaging tax computation), the different types of items must be put 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. This amount is called the "deduction equivalent" of the tax credit.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using 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 which would yield tax before credits" and "taxable income which would yield 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 affects 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.

The deduction equivalents of tax credits shown in the accompanying tables were computed by assuming that deductions and exclusions reduced taxes before tax credits. As a result, the deduction equivalent of tax credits is biased upwards.

Share of Income Subject to Tax

The total impact of various deductions, exclusions, tax credits, and special tax computations can be measured only if the aggregate value of all of, or groups of, these items in reducing, or increasing, income taxes is put on a compar-

able basis. Two often-used measures of the value of deductions and exclusions are (1) the share of income that has been excluded from tax and (2) the share of income that remains subject to tax. The latter measure can also include the impact of tax credits and special tax computations if the deduction equivalent of these items is added to taxable income defined in the ordinary manner. Doing so yields what the tables accompanying this Section call "taxable income which would yield income tax before credits," "taxable income which would yield income tax after credits," and "taxable income which would yield total income tax." These measures could be computed directly from taxable income and from the deduction equivalents of the appropriate items. However, these measures have been computed by using the tax rate schedules to calculate the amounts of taxable income that would have been necessary (when subject to tax under the appropriate, ordinary tax rate schedule) to yield the given amounts of tax.

Unaudited Data

Tax return data used in the Statistics of Income program have been tabulated as they have been reported on tax returns filed with the Internal Revenue Service. 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 may have been made or that are likely to be made in the future as a result of IRS audits. While this is true of data throughout the entire SOI program, it is of particular relevance 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 were minor, such returns would be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

NOTE TO APPENDIX B

[B1] Certain amounts of income earned abroad are excluded from adjusted gross income by statute. Any foreign taxes paid on such income are not creditable against U.S. income taxes. The tables in this Section do not reflect either the amounts of such excluded income or the foreign tax payments on it.

Table 1—Returns With and Without Total Income Tax: Number of Returns Classified by Size of Income Under Alternative Concepts¹

(All figures are estimates based on samples)

Size of income under alternative concepts	Size of adjusted gross income				
	Total	Under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All Returns					
Total	103,045,170	93,580,613	7,974,601	1,115,593	374,363
Size of expended income					
Under \$50,000	93,182,451	93,005,777	175,900	602	172
\$50,000 under \$100,000	8,023,050	548,385	7,451,743	22,758	164
\$100,000 under \$200,000	1,310,209	22,856	339,411	942,523	5,419
\$200,000 or more	529,460	3,595	7,547	149,710	368,608
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	92,919,217	92,919,217	—	—	—
\$50,000 under \$100,000	8,223,483	632,794	7,590,689	—	—
\$100,000 under \$200,000	1,355,663	24,863	375,611	955,189	—
\$200,000 or more	546,807	3,739	8,301	160,404	374,363
Size of adjusted gross income less investment interest					
Under \$50,000	93,837,743	93,580,613	254,623	2,074	433
\$50,000 under \$100,000	7,774,438	—	7,719,978	54,012	448
\$100,000 under \$200,000	1,076,057	—	—	1,059,507	16,550
\$200,000 or more	356,932	—	—	—	356,932
Returns With Total Income Tax					
Total	85,371,092	75,926,178	7,958,047	1,113,163	373,704
Size of expended income					
Under \$50,000	75,530,045	75,358,944	170,629	*448	*24
\$50,000 under \$100,000	8,004,180	541,326	7,440,730	21,991	133
\$100,000 under \$200,000	1,308,002	22,500	339,141	941,030	5,331
\$200,000 or more	528,865	3,408	7,547	149,694	368,216
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	75,273,957	75,273,957	—	—	—
\$50,000 under \$100,000	8,199,321	624,418	7,574,903	—	—
\$100,000 under \$200,000	1,352,094	24,256	374,915	952,923	—
\$200,000 or more	545,720	3,547	8,229	160,240	373,704
Size of adjusted gross income less investment interest					
Under \$50,000	76,176,780	75,926,178	248,665	1,685	252
\$50,000 under \$100,000	7,763,169	—	7,709,382	53,362	425
\$100,000 under \$200,000	1,074,571	—	—	1,058,116	16,455
\$200,000 or more	356,572	—	—	—	356,572
Returns Without Total Income Tax					
Total	17,674,078	17,654,435	16,554	2,430	659
Size of expended income					
Under \$50,000	17,652,406	17,646,833	5,271	154	148
\$50,000 under \$100,000	18,870	7,059	11,013	767	31
\$100,000 under \$200,000	2,207	356	*270	1,493	88
\$200,000 or more	595	187	—	*16	392
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	17,645,260	17,645,260	—	—	—
\$50,000 under \$100,000	24,162	8,376	15,786	—	—
\$100,000 under \$200,000	3,569	607	696	2,266	—
\$200,000 or more	1,087	192	*72	164	659
Size of adjusted gross income less investment interest					
Under \$50,000	17,660,963	17,654,435	5,958	389	181
\$50,000 under \$100,000	11,269	—	10,596	650	23
\$100,000 under \$200,000	1,486	—	—	1,391	95
\$200,000 or more	360	—	—	—	360

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

¹ Returns with total income tax includes returns with income tax which is totally offset by the earned income credit

Table 2—Returns With and Without Modified Total Income Tax: Number of Returns Classified by Size of Income Under Alternative Concepts¹

(All figures are estimates based on samples)

Size of income under alternative concepts	Size of adjusted gross income				
	Total	Under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All Returns					
Total	103,045,170	93,580,613	7,974,601	1,115,593	374,363
Size of expanded income					
Under \$50,000	93,182,451	93,005,777	175,900	602	172
\$50,000 under \$100,000	8,023,050	548,385	7,451,743	22,758	164
\$100,000 under \$200,000	1,310,209	22,856	339,411	942,523	5,419
\$200,000 or more	529,460	3,595	7,547	149,710	368,608
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	92,919,217	92,919,217	—	—	—
\$50,000 under \$100,000	8,223,483	632,794	7,590,689	—	—
\$100,000 under \$200,000	1,355,663	24,863	375,611	955,189	—
\$200,000 or more	546,807	3,739	8,301	160,404	374,363
Size of adjusted gross income less investment interest					
Under \$50,000	93,837,743	93,580,613	254,623	2,074	433
\$50,000 under \$100,000	7,774,438	—	7,719,978	54,012	448
\$100,000 under \$200,000	1,076,057	—	—	1,059,507	16,550
\$200,000 or more	356,932	—	—	—	356,932
Returns With Modified Total Income Tax					
Total	85,387,156	75,942,019	7,958,047	1,113,164	373,926
Size of expanded income					
Under \$50,000	75,545,886	75,374,785	170,629	*448	*24
\$50,000 under \$100,000	8,004,180	541,326	7,440,730	21,991	133
\$100,000 under \$200,000	1,308,009	22,500	339,141	941,031	5,337
\$200,000 or more	529,081	3,408	7,547	149,694	368,432
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	75,289,798	75,289,798	—	—	—
\$50,000 under \$100,000	8,199,321	624,418	7,574,903	—	—
\$100,000 under \$200,000	1,352,095	24,256	374,915	952,924	—
\$200,000 or more	545,942	3,547	8,229	160,240	373,926
Size of adjusted gross income less investment interest					
Under \$50,000	76,192,621	75,942,019	248,665	1,685	252
\$50,000 under \$100,000	7,763,169	—	7,709,382	53,362	425
\$100,000 under \$200,000	1,074,584	—	—	1,058,117	16,467
\$200,000 or more	356,782	—	—	—	356,782
Returns Without Modified Total Income Tax					
Total	17,658,014	17,638,594	16,554	2,429	437
Size of expanded income					
Under \$50,000	17,636,565	17,630,992	5,271	154	148
\$50,000 under \$100,000	18,870	7,059	11,013	767	31
\$100,000 under \$200,000	2,200	356	*270	1,492	82
\$200,000 or more	379	187	—	*16	176
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000	17,629,419	17,629,419	—	—	—
\$50,000 under \$100,000	24,162	8,376	15,786	—	—
\$100,000 under \$200,000	3,568	607	696	2,265	—
\$200,000 or more	865	192	*72	164	437
Size of adjusted gross income less investment interest					
Under \$50,000	17,645,122	17,638,594	5,958	389	181
\$50,000 under \$100,000	11,269	—	10,596	650	23
\$100,000 under \$200,000	1,473	—	—	1,390	83
\$200,000 or more	150	—	—	—	150

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

¹ Returns with modified total income tax includes returns with income tax which is totally offset by the earned income credit

Table 3—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Taxable Income to Specified Alternative Income

(All figures are estimates based on samples)

Specified item	Adjusted gross income			Expanded income			Adjusted gross income plus excluded tax preferences			Adjusted gross income less investment interest		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	374,363	100.0	—	529,460	100.0	—	546,807	100.0	—	356,932	100.0	—
Returns without total income tax	659	0.2	—	595	0.1	—	1,087	0.2	—	360	0.1	—
Returns with total income tax												
Total	373,704	99.8	100.0	528,865	99.9	100.0	545,720	99.8	100.0	356,572	99.9	100.0
Ratio of taxable income to alternative income												
Under 5 percent	89	()	()	126	()	()	177	()	()	47	()	()
5 under 10 percent	187	0.1	0.1	224	()	0.1	302	0.1	0.1	138	()	0.1
10 under 15 percent	197	0.1	0.1	254	()	0.1	546	0.1	0.2	47	()	0.1
15 under 20 percent	585	0.2	0.3	751	0.1	0.3	1,486	0.3	0.5	168	()	0.1
20 under 25 percent	889	0.2	0.5	705	0.1	0.4	2,115	0.4	0.8	334	0.1	0.2
25 under 30 percent	1,355	0.4	0.9	2,427	0.5	0.8	5,097	0.9	1.8	551	0.2	0.4
30 under 35 percent	1,425	0.4	1.3	6,048	1.1	2.0	9,304	1.7	3.5	762	0.2	0.6
35 under 40 percent	10,460	2.8	4.1	32,715	6.2	8.2	42,454	7.8	11.3	9,731	2.7	3.3
40 under 45 percent	3,795	1.0	5.1	81,575	15.4	23.6	94,660	17.3	28.6	2,362	0.7	4.0
45 under 50 percent	6,035	1.6	6.7	101,383	19.2	42.8	86,779	15.9	44.5	4,326	1.2	5.2
50 under 60 percent	17,857	4.8	11.5	65,380	12.4	55.1	67,510	12.4	56.9	12,219	3.4	8.6
60 under 70 percent	41,292	11.0	22.5	64,438	12.2	67.3	67,686	12.4	69.3	32,906	9.2	17.8
70 under 80 percent	74,611	20.0	42.5	75,454	14.3	81.6	76,614	14.0	83.3	64,786	18.2	36.0
80 percent or more	214,927	57.5	100.0	97,385	18.4	100.0	90,990	16.7	100.0	228,195	64.0	100.0

* Estimate should be used with caution because of the small number of sample returns on which it is based
 () Less than 0.05 percent.
 NOTE: Detail may not add to total because of rounding

Table 4—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Taxable Income to Specified Alternative Income

(All figures are estimates based on samples)

Specified item	Adjusted gross income			Expanded income			Adjusted gross income plus excluded tax preferences			Adjusted gross income less investment interest		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	374,363	100.0	—	529,460	100.0	—	546,807	100.0	—	356,932	100.0	—
Returns without modified total income tax	437	0.1	—	379	0.1	—	865	0.2	—	150	()	—
Returns with modified total income tax												
Total	373,926	99.9	100.0	529,081	99.9	100.0	545,942	99.8	100.0	356,782	100.0	100.0
Ratio of taxable income to alternative income												
Under 5 percent	82	()	()	116	()	()	169	()	()	39	()	()
5 under 10 percent	182	()	0.1	219	()	0.1	297	0.1	0.1	132	()	()
10 under 15 percent	194	0.1	0.1	247	()	0.1	541	0.1	0.2	43	()	0.1
15 under 20 percent	579	0.2	0.3	747	0.1	0.3	1,483	0.3	0.5	163	()	0.1
20 under 25 percent	885	0.2	0.5	703	0.1	0.4	2,110	0.4	0.8	330	0.1	0.2
25 under 30 percent	1,350	0.4	0.9	2,424	0.5	0.8	5,089	0.9	1.8	544	0.2	0.4
30 under 35 percent	1,419	0.4	1.3	6,022	1.1	2.0	9,289	1.7	3.5	760	0.2	0.6
35 under 40 percent	10,456	2.8	4.1	32,697	6.2	8.2	42,427	7.8	11.2	9,722	2.7	3.3
40 under 45 percent	3,791	1.0	5.1	81,576	15.4	23.6	94,677	17.3	28.6	2,362	0.7	4.0
45 under 50 percent	6,028	1.6	6.7	101,410	19.2	42.7	86,798	15.9	44.5	4,314	1.2	5.2
50 under 60 percent	17,857	4.8	11.5	65,396	12.4	55.1	67,534	12.4	56.9	12,213	3.4	8.6
60 under 70 percent	41,272	11.0	22.5	64,446	12.2	67.3	67,687	12.4	69.3	32,873	9.2	17.8
70 under 80 percent	74,636	20.0	42.4	71,994	13.6	80.9	73,164	13.4	82.7	64,809	18.2	36.0
80 percent or more	215,195	57.6	100.0	101,084	19.1	100.0	94,677	17.3	100.0	228,478	64.0	100.0

* Estimate should be used with caution because of the small number of sample returns on which it is based
 () Less than 0.05 percent.
 NOTE: Detail may not add to total because of rounding

Table 5—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with total income tax		Returns without total income tax		Total		Returns with total income tax		Returns without total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages	285,309	67,764,877	284,819	67,647,913	490	116,964	382,291	74,734,249	381,834	74,627,929	457	106,320
Business or profession												
Net income	76,320	7,301,103	76,197	7,285,834	123	15,269	109,389	8,254,526	109,309	8,241,543	80	12,983
Net loss	37,139	1,582,176	37,007	1,559,552	132	22,625	53,422	2,125,244	53,307	2,096,608	115	28,636
Farm												
Net income	5,358	361,646	5,350	361,480	8	166	7,792	382,716	7,787	382,709	5	7
Net loss	25,743	1,210,981	25,676	1,200,088	67	10,893	31,434	1,498,713	31,376	1,482,741	58	15,971
Partnership net income excluding Section 179 property deduction												
Total net income	191,695	15,332,885	191,363	15,257,460	332	75,426	259,434	16,894,505	259,172	16,806,915	262	87,590
Total net loss	228,092	16,067,482	227,691	15,965,608	401	101,874	300,320	20,638,252	300,000	20,413,778	320	224,474
Small Business Corporation net income excluding Section 179 property deduction												
Total net income	60,000	12,128,347	59,900	12,111,056	100	17,292	69,583	12,503,679	69,506	12,490,658	77	13,021
Total net loss	41,611	2,658,103	41,430	2,615,276	181	42,827	56,853	3,542,512	56,644	3,488,308	209	54,204
Partnership and S Corporation net income after Section 179 property deduction												
Net income	116,871	20,380,331	116,706	20,332,976	165	47,355	157,601	21,207,205	157,498	21,163,449	103	43,756
Net loss	164,461	11,719,128	164,143	11,619,644	318	99,484	219,479	16,077,353	219,147	15,855,422	332	221,930
Sales of capital assets												
Net gain	303,789	70,863,931	303,439	70,795,752	350	68,179	458,667	85,146,504	458,273	84,953,239	394	193,265
Net loss	30,066	66,573	30,009	66,429	57	145	29,908	65,843	29,860	65,722	48	122
Sales of property other than capital assets												
Net gain	47,308	753,484	47,225	748,264	83	5,220	64,687	994,378	64,611	982,863	76	11,515
Net loss	28,767	332,545	28,685	326,437	82	6,108	36,745	444,585	36,691	442,282	54	2,303
Interest received	368,875	14,724,726	368,254	14,551,412	621	173,314	522,022	17,291,703	521,474	17,218,692	548	73,011
Dividends in adjusted gross income	304,145	17,570,444	303,673	17,478,605	472	91,839	429,888	19,284,000	429,515	19,233,375	373	50,625
Pensions and annuities in adjusted gross income	54,417	1,297,868	54,329	1,291,580	88	6,288	96,042	1,837,687	95,984	1,835,567	58	2,119
Rent												
Net income	73,835	3,092,209	73,701	3,076,851	134	15,357	102,366	3,526,906	102,251	3,510,759	115	16,148
Net loss	112,305	3,493,711	112,050	3,474,836	255	18,875	153,068	4,423,656	152,807	4,401,548	261	22,107
Royalty												
Net income	30,487	2,531,238	30,405	2,525,146	82	6,092	37,349	2,650,811	37,289	2,644,889	60	5,921
Net loss	2,603	37,044	2,594	36,504	9	541	3,925	50,439	3,918	48,655	7	1,785
Estate or trust												
Net income	58,758	1,720,028	58,690	1,710,846	68	9,182	77,110	1,952,772	77,070	1,947,322	40	5,450
Net loss	5,682	174,691	5,665	171,727	17	2,964	8,049	220,512	8,038	218,730	11	1,782
State income tax refunds	173,704	948,269	173,546	946,148	158	2,121	239,320	1,056,896	239,202	1,054,370	118	2,525
Windfall profit tax refunds	16,107	39,410	16,091	39,359	16	50	18,374	40,502	18,366	40,496	8	6
Windfall profit tax withheld	37,765	27,339	37,701	27,298	64	41	46,901	30,542	46,859	30,527	42	14
Alimony received	779	36,994	†	†	†	†	1,079	39,742	1,070	37,341	*9	*2,401
Social security benefits in adjusted gross income	60,875	364,899	60,808	364,530	67	370	108,908	610,473	108,875	610,276	33	197
Unemployment compensation in adjusted gross income	2,236	5,706	2,231	5,693	5	12	4,582	11,741	4,579	11,734	3	8
Other income	79,408	1,803,013	79,263	1,786,252	145	16,762	102,759	1,967,926	102,629	1,955,329	130	12,597
Other loss	11,703	1,055,352	11,565	1,030,629	138	24,723	17,157	1,977,156	16,929	1,859,895	228	117,260
Total income	374,363	191,955,175	373,704	191,567,092	659	388,083	529,459	214,185,950	528,864	214,059,010	595	126,939
Total statutory adjustments	274,270	2,879,023	273,955	2,874,819	315	4,204	371,558	3,476,015	371,303	3,473,095	255	2,919
Employee business expense	49,542	439,920	49,479	438,493	63	1,427	65,263	507,551	65,221	506,752	42	799
Payments to IRA	240,625	740,438	240,457	739,987	168	452	329,867	997,020	329,744	996,686	123	333
Payments to a Keogh plan	38,400	948,562	38,384	948,194	16	367	47,324	1,095,601	47,316	1,095,453	8	148
Expanded income	374,362	286,748,275	373,704	286,509,060	658	239,215	529,460	329,768,377	528,865	329,411,581	595	356,797
Investment interest per adjusted gross income concept	280,633	6,039,643	280,096	5,828,531	537	211,112	390,204	6,410,103	389,866	6,377,707	338	32,396
Investment interest per alternative income concept	280,633	6,039,643	280,096	5,828,531	537	211,112	390,456	6,621,792	390,117	6,587,438	339	34,354
Tax preferences excluded from adjusted gross income												
Total	349,630	103,944,930	349,088	103,871,129	542	73,802	504,979	125,680,234	504,478	125,413,103	501	267,131
Excluded long-term capital gains	289,667	99,777,409	289,345	99,708,357	322	69,052	444,659	120,652,885	444,282	120,395,183	377	257,702
Dividend exclusion	296,761	50,288	296,338	50,216	423	72	418,462	70,584	418,140	70,530	322	54
Alternative Minimum Tax preferences excluded from AGI	191,281	4,117,233	191,001	4,112,556	280	4,677	251,320	4,956,765	251,082	4,947,391	238	9,374
Adjusted gross income	374,363	189,076,152	373,704	188,692,273	659	383,879	529,459	210,709,935	528,864	210,585,915	595	124,020

Footnote(s) at end of table

Table 5—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with total income tax		Returns without total income tax		Total		Returns with total income tax		Returns without total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount	374,363	1,325,622	373,704	1,323,166	659	2,456	529,460	1,832,601	528,865	1,830,449	595	2,152
Itemized deductions												
Total per adjusted gross income concept	366,543	41,284,500	365,960	40,922,832	583	361,668	509,658	45,253,798	509,266	45,116,603	392	137,195
Total per expanded income concept	366,543	41,284,500	365,960	40,922,832	583	361,668	509,657	38,632,006	509,265	38,529,165	392	102,841
Contributions deduction	357,831	12,869,807	357,320	12,846,615	511	23,193	496,562	13,774,720	496,237	13,758,827	325	15,893
Interest paid deduction												
Total per adjusted gross income concept	309,699	10,844,811	309,132	10,558,983	567	285,828	429,264	11,770,328	428,888	11,687,260	376	83,067
Total per expanded income concept	309,699	10,844,811	309,132	10,558,983	567	285,828	324,917	5,148,536	324,608	5,099,823	309	48,713
Total home mortgage interest	237,244	3,436,777	236,854	3,410,944	390	25,833	320,434	4,062,061	320,159	4,043,503	275	18,557
Investment interest exceeding investment income per adjusted gross income concept	61,565	1,368,390	61,301	1,319,508	264	48,883	60,533	1,298,164	60,396	1,266,050	137	32,114
Investment interest exceeding investment income per alternative income concept	61,565	1,368,390	61,301	1,319,508	264	48,883	53,363	1,086,475	53,234	1,056,319	129	30,156
Medical and dental expense deduction	8,733	243,848	8,705	240,913	28	2,935	17,115	348,300	17,090	345,555	25	2,744
Net casualty or theft loss deduction	463	36,130	437	22,355	26	13,775	1,204	49,141	1,185	36,450	19	12,691
Taxes paid deduction	366,307	14,379,254	365,752	14,360,589	555	18,665	508,913	16,046,277	508,555	16,034,634	358	11,643
Miscellaneous deductions	317,879	2,910,650	317,430	2,893,377	449	17,273	444,441	3,265,032	444,137	3,253,876	304	11,156
Excess itemized deductions	366,420	39,460,798	365,837	39,101,251	583	359,547	508,813	42,940,799	508,421	42,805,059	392	135,741
Zero bracket amount (statutory)	374,363	1,295,284	373,704	1,293,026	659	2,258	529,460	1,823,517	528,865	1,821,473	595	2,044
Excess of exemptions and deductions over adjusted gross income	1,904	341,436	1,475	236,564	429	104,872	7,005	1,217,762	6,638	1,077,220	367	140,542
Taxable income												
As computed under current law	372,553	148,591,130	372,300	148,465,870	253	125,260	523,099	167,088,516	522,806	166,962,986	293	125,530
As computed under prior law	372,459	147,302,326	372,229	147,177,879	230	124,447	522,455	165,287,912	522,227	165,163,329	228	124,583
Tax at normal rates	372,460	67,305,613	372,229	67,247,120	231	58,493	522,455	73,887,396	522,227	73,828,871	228	58,525
Tax savings	113,729	584,431	113,706	584,309	23	121	180,952	846,754	180,922	846,468	30	287
Income tax before credits	372,487	66,964,043	372,257	66,904,884	230	59,159	522,615	73,392,074	522,386	73,333,037	229	59,038
Tax credits												
Total	208,114	1,137,270	207,884	1,078,111	230	59,159	259,790	1,190,025	259,561	1,130,987	229	59,038
Personal credits	140,900	18,337	140,862	18,331	38	6	183,847	23,045	183,812	23,041	35	4
Non personal credits	105,258	1,118,933	105,029	1,059,780	229	59,153	120,762	1,166,979	120,533	1,107,946	229	59,034
Foreign tax credit	37,585	263,397	37,363	204,284	222	59,114	37,585	263,257	37,369	204,393	216	58,864
Business credit	57,310	576,677	57,302	576,638	8	39	69,836	606,246	69,823	606,077	*13	*169
Investment credit	53,984	500,608	53,876	499,387	108	1,222	66,995	543,320	66,896	539,983	99	3,337
Alcohol fuel credit	32	55	32	55	—	—	33	56	33	56	—	—
Alternative minimum tax (Form 6251)	72,561	3,336,837	72,561	3,336,837	—	—	158,903	4,808,841	158,903	4,808,841	—	—
Total income tax												
Taxes paid to the U.S.	373,704	69,163,762	373,704	69,163,762	—	—	528,865	77,012,212	528,865	77,012,212	—	—
Foreign taxes paid	—	—	—	—	—	—	—	—	—	—	—	—
Taxable income which would yield												
Income tax before credits	372,487	147,901,912	372,257	147,775,354	230	126,558	522,615	166,062,680	522,386	165,936,320	229	126,360
Income tax after credits	371,699	145,574,149	371,699	145,574,149	—	—	521,244	163,593,662	521,244	163,593,662	—	—
Total income tax	373,704	152,378,323	373,704	152,378,323	—	—	528,865	173,705,321	528,865	173,705,321	—	—

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

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals

NOTE: Detail may not add to total because of rounding

Table 6—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with modified total income tax		Returns without modified total income tax		Total		Returns with modified total income tax		Returns without modified total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages	285,309	67,764,877	285,005	67,703,477	304	61,400	382,291	74,734,249	382,015	74,682,775	276	51,474
Business or profession												
Net income	76,320	7,301,103	76,226	7,290,276	94	10,827	109,389	8,254,526	109,336	8,245,818	53	8,708
Net loss	37,139	1,582,176	37,020	1,560,705	119	21,471	53,422	2,125,244	53,320	2,097,761	102	27,482
Farm												
Net income	5,358	361,646	5,351	361,483	7	163	7,792	382,716	7,788	382,712	4	4
Net loss	25,743	1,210,981	25,691	1,201,203	52	9,779	31,434	1,498,713	31,391	1,483,856	43	14,857
Partnership net income excluding Section 179 property deduction												
Total net income	191,695	15,332,885	191,421	15,283,908	274	48,977	259,434	16,894,505	259,226	16,833,237	208	61,268
Total net loss	228,092	16,067,482	227,781	15,972,561	311	94,921	300,320	20,638,252	300,085	20,420,621	235	217,631
Small Business Corporation net income excluding Section 179 property deduction												
Total net income	60,000	12,128,347	59,906	12,111,551	94	16,796	69,583	12,503,679	69,510	12,490,807	73	12,871
Total net loss	41,611	2,658,103	41,453	2,618,437	158	39,666	56,853	3,542,512	56,665	3,491,420	188	51,092
Partnership and S Corporation net income after Section 179 property deduction												
Net income	116,871	20,380,331	116,745	20,357,280	126	23,051	157,601	21,207,205	157,533	21,187,426	68	19,779
Net loss	164,461	11,719,128	164,220	11,627,137	241	91,991	219,479	16,077,353	219,222	15,862,899	257	214,454
Sales of capital assets												
Net gain	303,789	70,863,931	303,536	70,824,145	253	39,786	458,667	85,146,504	458,368	84,981,628	299	164,876
Net loss	30,066	66,573	30,054	66,546	12	28	29,908	65,843	29,902	65,830	6	13
Sales of property other than capital assets												
Net gain	47,308	753,484	47,237	749,039	71	4,445	64,687	994,378	64,623	983,638	64	10,739
Net loss	28,767	332,545	28,700	326,566	67	5,979	36,745	444,585	36,706	442,411	39	2,174
Interest received	368,875	14,724,726	368,452	14,557,967	423	166,759	522,022	17,291,703	521,666	17,224,888	356	66,814
Dividends in adjusted gross income	304,145	17,570,444	303,835	17,507,333	310	63,111	429,888	19,284,000	429,672	19,262,009	216	21,991
Pensions and annuities in adjusted gross income	54,417	1,297,868	54,346	1,292,074	71	5,794	96,042	1,837,687	96,001	1,836,061	41	1,626
Rent												
Net income	73,835	3,092,209	73,732	3,082,316	103	9,893	102,366	3,526,906	102,281	3,516,169	85	10,738
Net loss	112,305	3,493,711	112,149	3,478,122	156	15,590	153,068	4,423,656	152,904	4,404,822	164	18,834
Royalty												
Net income	30,487	2,531,238	30,417	2,526,514	70	4,724	37,349	2,650,811	37,300	2,646,257	49	4,554
Net loss	2,603	37,044	2,596	36,509	7	535	3,925	50,439	3,920	48,660	5	1,779
Estate or trust												
Net income	58,758	1,720,028	58,699	1,714,934	59	5,094	77,110	1,952,772	77,079	1,951,411	31	1,361
Net loss	5,682	174,691	5,668	172,075	14	2,616	8,049	220,512	8,041	219,078	8	1,434
State income tax refunds	173,704	948,269	173,587	946,327	117	1,943	239,320	1,056,896	239,241	1,054,547	79	2,349
Windfall profit tax refunds	16,107	39,410	16,093	39,360	14	50	18,374	40,502	18,368	40,497	6	5
Windfall profit tax withheld	37,765	27,339	37,711	27,299	54	40	46,901	30,542	46,869	30,528	32	14
Alimony received	779	36,994	†	†	†	†	†	39,742	1,071	37,342	*8	*2,400
Social security benefits in adjusted gross income	60,875	364,899	60,818	364,568	57	331	108,908	610,473	108,885	610,314	23	159
Unemployment compensation in adjusted gross income	2,236	5,706	2,233	5,694	3	11	4,582	11,741	4,581	11,734	1	7
Other income	79,408	1,803,013	79,290	1,790,353	118	12,661	102,759	1,967,926	102,656	1,959,430	103	8,496
Other loss	11,703	1,055,352	11,659	1,039,783	44	15,569	17,157	1,977,156	17,021	1,868,824	136	108,332
Total income	374,363	191,955,175	373,926	191,708,790	437	246,385	529,459	214,185,950	529,080	214,199,246	379	-13,296
Total statutory adjustments	274,270	2,879,023	274,069	2,876,041	201	2,982	371,558	3,476,015	371,412	3,474,266	146	1,749
Employee business expense	49,542	439,920	49,497	438,651	45	1,269	65,263	507,551	65,239	506,910	24	641
Payments to an IRA	240,625	740,438	240,529	740,156	96	282	329,867	997,020	329,813	996,846	54	173
Payments to a Keogh plan	38,400	948,562	38,385	948,199	15	362	47,324	1,095,601	47,317	1,095,458	7	143
Expanded income	374,362	286,748,275	373,926	286,682,917	436	65,357	529,460	329,768,377	529,081	329,584,349	379	184,029
Investment interest per adjusted gross income concept	280,633	6,039,643	280,217	5,834,085	416	205,558	390,204	6,410,103	389,981	6,382,936	223	27,167
Investment interest per alternative income concept	280,633	6,039,643	280,217	5,834,085	416	205,558	390,456	6,621,792	390,233	6,592,768	223	29,024
Tax preferences excluded from adjusted gross income												
Total	349,630	103,944,930	349,249	103,910,170	381	34,761	504,979	125,680,234	504,633	125,452,136	346	228,098
Excluded long-term capital gains	289,667	99,777,409	289,430	99,746,448	237	30,962	444,659	120,652,885	444,365	120,433,267	294	219,618
Dividend exclusion	296,761	50,288	296,460	50,236	301	52	418,462	70,584	418,257	70,549	205	35
Alternative Minimum Tax preferences excluded from AGI	191,281	4,117,233	191,074	4,113,486	207	3,748	251,320	4,956,765	251,153	4,948,321	167	8,445
Adjusted gross income	374,363	189,076,152	373,926	188,832,749	437	243,403	529,459	210,709,935	529,080	210,724,980	379	-15,045

Footnote(s) at end of table

Table 6—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with modified total income tax		Returns without modified total income tax		Total		Returns with modified total income tax		Returns without modified total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount	374,363	1,325,622	373,926	1,323,978	437	1,644	529,460	1,832,601	529,081	1,831,246	379	1,354
Itemized deductions												
Total per adjusted gross income concept	366,543	41,284,500	366,106	40,937,898	437	346,602	509,658	45,253,798	509,406	45,130,930	252	122,868
Total per expanded income concept	366,543	41,284,500	366,106	40,937,898	437	346,602	509,657	38,632,006	509,405	38,538,162	252	93,844
Contributions deduction	357,831	12,869,807	357,432	12,849,589	399	20,219	496,562	13,774,720	496,345	13,761,796	217	12,924
Interest paid deduction												
Total per adjusted gross income concept	309,699	10,844,811	309,272	10,567,914	427	276,897	429,264	11,770,328	429,022	11,695,580	242	74,748
Total per expanded income concept	309,699	10,844,811	309,272	10,567,914	427	276,897	324,917	5,148,536	324,697	5,102,813	220	45,723
Total home mortgage interest	237,244	3,436,777	236,935	3,412,691	309	24,086	320,434	4,062,061	320,235	4,045,202	199	16,859
Investment interest exceeding investment income per adjusted gross income concept	61,565	1,368,390	61,338	1,321,138	227	47,253	60,533	1,298,164	60,430	1,267,442	103	30,721
Investment interest exceeding investment income per alternative income concept	61,565	1,368,390	61,338	1,321,138	227	47,253	53,363	1,086,475	53,265	1,057,611	98	28,864
Medical and dental expense deduction	8,733	243,848	8,708	240,954	25	2,894	17,115	348,300	17,093	345,596	22	2,704
Net casualty or theft loss deduction	463	36,130	438	22,397	25	13,733	1,204	49,141	1,185	36,450	19	12,691
Taxes paid deduction	366,307	14,379,254	365,876	14,362,350	431	16,904	508,913	16,046,277	508,673	16,036,339	240	9,938
Miscellaneous deductions	317,879	2,910,650	317,544	2,894,695	335	15,955	444,441	3,265,032	444,246	3,255,169	195	9,863
Excess itemized deductions	366,420	39,460,798	365,983	39,115,825	437	344,973	508,813	42,940,799	508,561	42,818,914	252	121,885
Zero bracket amount (statutory)	374,363	1,295,284	373,926	1,293,779	437	1,505	529,460	1,823,517	529,081	1,822,205	379	1,312
Excess of exemptions and deductions over adjusted gross income	1,904	341,436	1,475	236,564	429	104,872	7,005	1,217,762	6,638	1,077,220	367	140,542
Taxable income												
As computed under current law	372,553	148,591,130	372,522	148,590,915	31	215	523,099	167,088,516	523,022	167,087,354	77	1,162
As computed under prior law	372,459	147,302,326	372,451	147,302,173	8	153	522,455	165,287,912	522,443	165,286,966	*12	*946
Tax at normal rates	372,460	67,305,613	372,451	67,305,584	9	30	522,455	73,887,396	522,443	73,887,083	*12	*312
Tax savings	113,729	584,431	113,729	584,431	—	—	180,952	846,754	180,944	846,589	*8	*166
Income tax before credits	372,487	66,964,043	372,479	66,964,013	8	30	522,615	73,392,074	522,602	73,391,915	*13	*159
Tax credits												
Total	172,203	873,873	172,195	873,843	8	30	223,880	926,767	223,867	926,608	*13	*159
Personal credits	140,900	18,337	140,896	18,335	4	2	183,847	23,045	183,845	23,045	2	()
Non personal credits	68,722	855,536	68,715	855,508	7	28	84,225	903,722	84,212	903,563	*13	*159
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credits	57,310	576,677	57,304	576,650	6	28	69,836	606,246	69,824	606,087	*12	*159
Investment credit	53,984	500,608	53,895	499,450	89	1,159	66,995	543,320	66,914	540,040	81	3,280
Alcohol fuel credit	32	55	32	55	—	—	33	56	33	56	—	—
Alternative minimum tax (Form 6251)	72,561	3,336,837	72,561	3,336,837	—	—	158,903	4,808,841	158,903	4,808,841	—	—
Total income tax												
Taxes paid to the U.S.	373,926	69,427,160	373,926	69,427,160	—	—	529,081	77,275,469	529,081	77,275,469	—	—
Foreign taxes paid	37,585	263,397	37,585	263,397	—	—	37,585	263,257	37,585	263,257	—	—
Taxable income which would yield:												
Income tax before credits	372,487	147,901,912	372,479	147,901,729	8	183	522,615	166,062,680	522,602	166,062,018	*13	*662
Income tax after credits	371,921	146,109,240	371,921	146,109,240	—	—	521,460	164,128,320	521,460	164,128,320	—	—
Total income tax	373,926	152,913,414	373,926	152,913,414	—	—	529,081	174,239,979	529,081	174,239,979	—	—

* Estimate should be used with caution because of the small number of sample returns on which it is based.
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
 NOTE: Detail may not add to total because of rounding.

Table 7—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect											
	Total		Interest paid deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns With Total Income Tax												
Returns with adjusted gross income \$200,000 or more												
Total	373,230	100.0	37,141	10.0	85,718	23.0	34,995	9.4	1,666	0.4	85	()
Interest paid deduction	51,331	13.8	—	—	27,834	32.5	2,226	6.4	109	6.5	19	22.4
Taxes paid deduction	142,906	38.3	26,830	72.2	—	—	9,424	26.9	732	43.9	61	71.8
Contributions deduction	57,505	15.4	2,783	7.5	21,810	25.4	—	—	269	16.1	—	—
Medical and dental expense deduction	1,684	0.5	†	†	378	0.4	128	0.4	—	—	—	—
Net casualty or theft loss deduction	26	()	†	†	4	()	†	†	—	—	—	—
Miscellaneous deduction	20,339	5.4	1,037	2.8	12,752	14.9	722	2.1	157	9.4	—	—
Foreign tax credit	107	()	4	()	35	()	4	()	—	—	—	—
Business credit	763	0.2	33	0.1	133	0.2	25	0.1	—	—	—	—
Investment credit	3,870	1.0	148	0.4	1,258	1.5	163	0.5	—	—	—	—
All other tax credits	2,727	0.7	198	0.5	245	0.3	86	0.2	—	—	—	—
Capital gains exclusion	52,049	13.9	2,667	7.2	15,920	18.6	20,710	59.2	399	23.9	5	5.9
Partnership and S Corporation net losses	37,414	10.0	3,427	9.2	5,180	6.0	1,501	4.3	—	—	—	—
No second largest item	2,509	0.7	3	()	169	0.2	†	†	—	—	—	—
Returns with expanded income \$200,000 or more												
Total	528,389	100.0	36,714	6.9	87,364	16.5	36,016	6.8	1,907	0.4	85	()
Interest paid deduction	65,073	12.3	—	—	27,764	31.8	2,062	5.7	110	5.8	19	22.4
Taxes paid deduction	220,614	41.8	26,166	71.3	—	—	9,616	26.7	732	38.4	61	71.8
Contributions deduction	72,153	13.7	2,939	8.0	22,148	25.4	—	—	269	14.1	—	—
Medical and dental expense deduction	2,915	0.6	9	()	378	0.4	128	0.4	—	—	—	—
Net casualty or theft loss deduction	135	()	1	()	4	()	3	()	—	—	—	—
Miscellaneous deduction	25,406	4.8	1,021	2.8	12,661	14.5	671	1.9	157	8.2	—	—
Foreign tax credit	107	()	4	()	35	()	4	()	—	—	—	—
Business credit	1,345	0.3	33	0.1	133	0.2	25	0.1	—	—	—	—
Investment credit	4,405	0.8	148	0.4	1,314	1.5	163	0.5	—	—	—	—
All other tax credits	4,171	0.8	198	0.5	295	0.3	94	0.3	—	—	—	—
Capital gains exclusion	59,576	11.3	2,609	7.1	16,978	19.4	21,500	59.7	639	33.5	5	5.9
Partnership and S Corporation net losses	60,015	11.4	3,583	9.8	5,485	6.3	1,747	4.9	—	—	—	—
No second largest item	12,474	2.4	3	()	169	0.2	3	()	—	—	—	—
Returns Without Total Income Tax												
Returns with adjusted gross income \$200,000 or more												
Total	659	100.0	167	25.3	21	3.2	37	5.6	11	1.7	17	2.6
Interest paid deduction	132	20.0	—	—	8	38.1	15	40.5	†	†	6	35.3
Taxes paid deduction	104	15.8	55	32.9	—	—	10	27.0	4	36.4	†	†
Contributions deduction	73	11.1	26	15.6	—	—	—	—	†	†	—	—
Medical and dental expense deduction	†	†	—	—	†	†	†	†	—	—	—	—
Net casualty or theft loss deduction	6	0.9	†	†	—	—	—	—	—	—	—	—
Miscellaneous deduction	30	4.6	6	3.6	†	†	†	†	†	†	†	†
Foreign tax credit	25	3.8	†	†	—	—	†	†	—	—	—	—
Business credit	†	†	—	—	—	—	—	—	—	—	—	—
Investment credit	11	1.7	6	3.6	†	†	—	—	—	—	—	—
All other tax credits	3	0.5	—	—	—	—	†	†	—	—	—	—
Capital gains exclusion	114	17.3	29	17.4	3	14.3	3	8.1	†	†	6	35.3
Partnership and S Corporation net losses	93	14.1	33	19.8	†	†	4	10.8	—	—	†	†
No second largest item	62	9.4	6	3.6	—	—	—	—	—	—	—	—
Returns with expanded income \$200,000 or more												
Total	595	100.0	91	15.3	7	1.2	17	2.9	8	1.3	14	2.4
Interest paid deduction	122	20.5	—	—	4	57.1	7	41.2	1	12.5	5	35.7
Taxes paid deduction	55	9.2	28	30.8	—	—	3	17.6	3	37.5	2	14.3
Contributions deduction	36	6.1	16	17.6	—	—	—	—	1	12.5	—	—
Medical and dental expense deduction	2	0.3	—	—	1	14.3	1	5.9	—	—	—	—
Net casualty or theft loss deduction	3	0.5	3	3.3	—	—	—	—	—	—	—	—
Miscellaneous deduction	13	2.2	3	3.3	1	14.3	—	—	1	12.5	1	7.1
Foreign tax credit	25	4.2	2	2.2	—	—	2	11.8	—	—	—	—
Business credit	9	1.5	—	—	—	—	—	—	—	—	—	—
Investment credit	11	1.8	4	4.4	—	—	—	—	—	—	—	—
All other tax credits	2	0.3	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	150	25.2	19	20.9	1	14.3	2	11.8	2	25.0	5	35.7
Partnership and S Corporation net losses	107	18.0	14	15.4	—	—	2	11.8	—	—	1	7.1
No second largest item	60	10.1	2	2.2	—	—	—	—	—	—	—	—

Footnote(s) at end of table

Table 7—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect—Continued

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect—Continued													
	Miscellaneous deductions		Foreign tax credit		Business credit		Investment credit		All other tax credits		Capital gains exclusion		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Returns With Total Income Tax														
Returns with adjusted gross income \$200,000 or more														
Total	3,130	0.8	3,560	1.0	445	0.1	2,503	0.7	1,558	0.4	163,502	43.8	38,927	10.4
Interest paid deduction	816	26.1	9	0.3	62	13.9	366	14.6	180	11.6	12,480	7.6	7,230	18.6
Taxes paid deduction	1,272	40.6	29	0.8	71	16.0	1,083	43.3	525	33.7	83,098	50.8	19,781	50.8
Contributions deduction	223	7.1	10	0.3	97	21.8	141	5.6	128	8.2	29,519	18.1	2,525	6.5
Medical and dental expense deduction	—	—	—	—	—	—	↑	—	—	—	1,116	0.7	51	0.1
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	10	()	8	()
Miscellaneous deduction	—	—	↑	↑	—	—	↑	↑	51	3.3	5,094	3.1	523	1.3
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	56	()	8	()
Business credit	↑	↑	↑	↑	—	—	17	0.7	6	0.4	382	0.2	164	0.4
Investment credit	72	2.3	↑	↑	↑	↑	—	—	93	6.0	1,429	0.9	667	1.7
All other tax credits	—	—	↑	↑	—	—	↑	↑	—	—	1,946	1.2	240	0.6
Capital gains exclusion	344	11.0	3,494	98.1	161	36.2	359	14.3	284	18.2	—	—	7,706	19.8
Partnership and S Corporation net losses	392	12.5	8	0.2	13	2.9	455	18.2	209	13.4	26,229	16.0	—	—
No second largest item	↑	↑	5	0.1	↑	↑	69	2.8	82	5.3	2,143	1.3	24	0.1
Returns with expanded income \$200,000 or more														
Total	3,024	0.6	3,562	0.7	498	0.1	2,402	0.5	1,519	0.3	309,589	58.6	45,709	8.7
Interest paid deduction	816	27.0	9	0.3	62	12.4	367	15.3	183	12.0	26,219	8.5	7,462	16.3
Taxes paid deduction	1,272	42.1	29	0.8	71	14.3	1,077	44.8	467	30.7	160,526	51.9	20,597	45.1
Contributions deduction	223	7.4	10	0.3	97	19.5	141	5.9	132	8.7	43,446	14.0	2,748	6.0
Medical and dental expense deduction	—	—	—	—	—	—	1	()	—	—	2,348	0.8	51	0.1
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	68	()	59	0.1
Miscellaneous deduction	—	—	—	—	—	—	2	0.1	51	3.4	10,326	3.3	517	1.1
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	56	()	8	()
Business credit	2	0.1	1	()	—	—	17	0.7	6	0.4	919	0.3	209	0.5
Investment credit	72	2.4	1	()	39	7.8	—	—	93	6.1	1,927	0.6	648	1.4
All other tax credits	—	—	2	0.1	—	—	10	0.4	—	—	3,326	1.1	246	0.5
Capital gains exclusion	344	11.4	3,496	98.1	214	43.0	370	15.4	286	18.8	—	—	13,135	28.7
Partnership and S Corporation net losses	286	9.5	8	0.2	13	2.6	347	14.4	158	10.4	48,388	15.6	—	—
No second largest item	9	0.3	6	0.2	2	0.4	70	2.9	143	9.4	12,040	3.9	29	0.1
Returns Without Total Income Tax														
Returns with adjusted gross income \$200,000 or more														
Total	27	4.1	185	28.1	↑	↑	↑	↑	—	—	51	7.7	140	21.2
Interest paid deduction	12	44.4	35	18.9	↑	↑	↑	↑	—	—	9	17.6	43	30.7
Taxes paid deduction	↑	↑	17	9.2	—	—	—	—	—	—	↑	↑	9	6.4
Contributions deduction	—	—	9	4.9	—	—	—	—	—	—	10	19.6	24	17.1
Medical and dental expense deduction	—	—	—	—	—	—	—	—	—	—	↑	↑	↑	↑
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	—	—	↑	↑
Miscellaneous deduction	—	—	6	3.2	—	—	—	—	—	—	↑	↑	9	6.4
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	12	23.5	9	6.4
Business credit	—	—	↑	↑	—	—	—	—	—	—	—	—	↑	↑
Investment credit	—	—	↑	↑	—	—	—	—	—	—	—	—	↑	↑
All other tax credits	—	—	↑	↑	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	↑	↑	31	16.8	—	—	—	—	—	—	—	—	39	27.9
Partnership and S Corporation net losses	5	18.5	34	18.4	—	—	—	—	—	—	11	21.6	—	—
No second largest item	↑	↑	49	26.5	—	—	—	—	—	—	↑	↑	↑	↑
Returns with expanded income \$200,000 or more														
Total	18	3.0	181	30.4	—	—	1	0.2	—	—	139	23.4	119	20.0
Interest paid deduction	9	50.0	34	18.8	—	—	—	—	—	—	52	37.4	10	8.4
Taxes paid deduction	2	11.1	16	8.8	—	—	—	—	—	—	1	0.7	—	—
Contributions deduction	—	—	8	4.4	—	—	1	100.0	—	—	3	2.2	7	5.9
Medical and dental expense deduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous deduction	—	—	5	2.8	—	—	—	—	—	—	1	0.7	1	0.8
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	12	8.6	9	7.6
Business credit	—	—	1	0.6	—	—	—	—	—	—	8	5.8	—	—
Investment credit	—	—	1	0.6	—	—	—	—	—	—	4	2.9	2	1.7
All other tax credits	—	—	2	1.1	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	—	—	31	17.1	—	—	—	—	—	—	—	—	90	75.6
Partnership and S Corporation net losses	3	16.7	34	18.8	—	—	—	—	—	—	53	38.1	—	—
No second largest item	4	22.2	49	27.1	—	—	—	—	—	—	5	3.6	—	—

() Less than 0.05 percent
 ↑ Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
 NOTE: Detail may not add to total because of rounding.

Table 8—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect											
	Total		Interest paid deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns With Modified Total Income Tax												
Returns with adjusted gross income \$200,000 or more												
Total	373,398	100.0	37,190	10.0	85,765	23.0	35,016	9.4	1,666	0.4	85	()
Interest paid deduction	51,368	13.8	—	—	27,855	32.5	2,230	6.4	109	6.5	19	22.4
Taxes paid deduction	142,974	38.3	26,859	72.2	—	—	9,428	26.9	732	43.9	61	71.8
Contributions deduction	57,550	15.4	2,789	7.5	21,833	25.5	—	—	269	16.1	—	—
Medical and dental expense deduction	1,686	0.5	†	†	378	0.4	129	0.4	—	—	—	—
Net casualty or theft loss deduction	27	()	†	†	4	()	†	†	—	—	—	—
Miscellaneous deduction	20,383	5.5	1,047	2.8	12,762	14.9	727	2.1	157	9.4	—	—
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	762	0.2	33	0.1	133	0.2	25	0.1	—	—	—	—
Investment credit	3,884	1.0	149	0.4	1,264	1.5	164	0.5	—	—	—	—
All other tax credits	2,730	0.7	198	0.5	245	0.3	86	0.2	—	—	—	—
Capital gains exclusion	48,597	13.0	2,670	7.2	15,936	18.6	20,717	59.2	399	23.9	5	5.9
Partnership and S Corporation net losses	37,435	10.0	3,428	9.2	5,183	6.0	1,504	4.3	—	—	—	—
No second largest item	6,002	1.6	†	†	172	0.2	†	†	—	—	—	—
Returns with expanded income \$200,000 or more												
Total	528,550	100.0	36,760	7.0	87,410	16.5	36,036	6.8	1,907	0.4	85	()
Interest paid deduction	65,108	12.3	—	—	27,783	31.8	2,066	5.7	110	5.8	19	22.4
Taxes paid deduction	220,676	41.8	26,193	71.3	—	—	9,619	26.7	732	38.4	61	71.8
Contributions deduction	72,200	13.7	2,945	8.0	22,172	25.4	—	—	269	14.1	—	—
Medical and dental expense deduction	2,917	0.6	9	()	378	0.4	129	0.4	—	—	—	—
Net casualty or theft loss deduction	135	()	1	()	4	()	3	()	—	—	—	—
Miscellaneous deduction	25,449	4.8	1,031	2.8	12,671	14.5	676	1.9	157	8.2	—	—
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	1,344	0.3	33	0.1	133	0.2	25	0.1	—	—	—	—
Investment credit	4,419	0.8	149	0.4	1,320	1.5	164	0.5	—	—	—	—
All other tax credits	4,175	0.8	198	0.5	295	0.3	94	0.3	—	—	—	—
Capital gains exclusion	56,122	10.6	2,612	7.1	16,994	19.4	21,507	59.7	639	33.5	5	5.9
Partnership and S Corporation net losses	60,037	11.4	3,584	9.7	5,488	6.3	1,750	4.9	—	—	—	—
No second largest item	15,968	3.0	5	()	172	0.2	3	()	—	—	—	—
Returns Without Modified Total Income Tax												
Returns with adjusted gross income \$200,000 or more												
Total	437	100.0	162	37.1	20	4.6	35	8.0	11	2.5	17	3.9
Interest paid deduction	96	22.0	—	—	8	40.0	15	42.9	†	†	6	35.3
Taxes paid deduction	85	19.5	54	33.3	—	—	10	28.6	4	36.4	†	†
Contributions deduction	62	14.2	26	16.0	†	†	—	—	†	†	—	—
Medical and dental expense deduction	†	†	—	—	†	†	†	†	—	—	—	—
Net casualty or theft loss deduction	5	1.1	†	†	—	—	—	—	—	—	—	—
Miscellaneous deduction	24	5.5	6	3.7	†	†	†	†	†	†	†	†
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	†	†	—	—	—	—	—	—	—	—	—	—
Investment credit	10	2.3	†	†	†	†	—	—	—	—	—	—
All other tax credits	†	†	—	—	—	—	†	†	—	—	—	—
Capital gains exclusion	79	18.1	28	17.3	†	†	3	8.6	†	†	6	35.3
Partnership and S Corporation net losses	57	13.0	33	20.4	4	20.0	†	†	—	—	†	†
No second largest item	13	3.0	6	3.7	—	—	—	—	—	—	—	—
Returns with expanded income \$200,000 or more												
Total	379	100.0	88	23.2	6	1.6	15	4.0	8	2.1	14	3.7
Interest paid deduction	87	23.0	—	—	4	66.7	7	46.7	1	12.5	5	35.7
Taxes paid deduction	38	10.0	28	31.8	—	—	3	20.0	3	37.5	2	14.3
Contributions deduction	26	6.9	16	18.2	—	—	—	—	1	12.5	—	—
Medical and dental expense deduction	2	0.5	—	—	1	16.7	1	6.7	—	—	—	—
Net casualty or theft loss deduction	3	0.8	3	3.4	—	—	—	—	—	—	—	—
Miscellaneous deduction	8	2.1	3	3.4	1	16.7	—	—	1	12.5	1	7.1
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	8	2.1	—	—	—	—	—	—	—	—	—	—
Investment credit	10	2.6	4	4.5	—	—	—	—	—	—	—	—
All other tax credits	—	—	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	115	30.3	18	20.5	—	—	2	13.3	2	25.0	5	35.7
Partnership and S Corporation net losses	71	18.7	14	15.9	—	—	2	13.3	—	—	1	7.1
No second largest item	11	2.9	2	2.3	—	—	—	—	—	—	—	—

Footnote(s) at end of table

Table 8—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect—Continued

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect—Continued													
	Miscellaneous deductions		Foreign tax credit		Business credit		Investment credit		All other tax credits		Capital gains exclusion		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Returns With Modified Total Income Tax														
Returns with adjusted gross income \$200,000 or more														
Total	3,138	0.8	—	—	447	0.1	2,505	0.7	1,562	0.4	167,043	44.7	38,981	10.4
Interest paid deduction	818	26.1	—	—	62	13.9	366	14.6	181	11.6	12,487	7.5	7,241	18.6
Taxes paid deduction	1,272	40.5	—	—	71	15.9	1,083	43.2	526	33.7	83,149	49.8	19,793	50.8
Contributions deduction	224	7.1	—	—	97	21.7	142	5.7	128	8.2	29,537	17.7	2,531	6.5
Medical and dental expense deduction	—	—	—	—	—	—	†	†	—	—	1,116	0.7	52	0.1
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	10	()	8	()
Miscellaneous deduction	—	—	—	—	—	—	†	†	†	†	5,112	3.1	525	1.3
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	†	†	—	—	—	—	17	0.7	†	†	382	0.2	164	0.4
Investment credit	72	2.3	—	—	39	8.7	—	—	93	6.0	1,431	0.9	672	1.7
All other tax credits	—	—	—	—	—	—	10	0.4	—	—	1,949	1.2	242	0.6
Capital gains exclusion	345	11.0	—	—	161	36.0	360	14.4	284	18.2	—	—	7,720	19.8
Partnership and S Corporation net losses	394	12.6	—	—	†	†	455	18.2	†	†	26,247	15.7	—	—
No second largest item	†	†	—	—	†	†	69	2.8	84	5.4	5,623	3.4	33	0.1
Returns with expanded income \$200,000 or more														
Total	3,030	0.6	—	—	500	0.1	2,404	0.5	1,523	0.3	313,132	59.2	45,763	8.7
Interest paid deduction	818	27.0	—	—	62	12.4	367	15.3	184	12.1	26,226	8.4	7,473	16.3
Taxes paid deduction	1,272	42.0	—	—	71	14.2	1,077	44.8	468	30.7	160,574	51.3	20,609	45.0
Contributions deduction	224	7.4	—	—	97	19.4	142	5.9	132	8.7	43,465	13.9	2,754	6.0
Medical and dental expense deduction	—	—	—	—	—	—	1	()	—	—	2,348	0.7	52	0.1
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	68	()	59	0.1
Miscellaneous deduction	—	—	—	—	—	—	2	0.1	51	3.3	10,342	3.3	519	1.1
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	2	0.1	—	—	—	—	17	0.7	6	0.4	919	0.3	209	0.5
Investment credit	72	2.4	—	—	39	7.8	—	—	93	6.1	1,929	0.6	653	1.4
All other tax credits	—	—	—	—	—	—	10	0.4	—	—	3,330	1.1	248	0.5
Capital gains exclusion	345	11.4	—	—	214	42.8	371	15.4	286	18.8	—	—	13,149	28.7
Partnership and S Corporation net losses	287	9.5	—	—	15	3.0	347	14.4	158	10.4	48,408	15.5	—	—
No second largest item	10	0.3	—	—	2	0.4	70	2.9	145	9.5	15,523	5.0	38	0.1
Returns Without Modified Total Income Tax														
Returns with adjusted gross income \$200,000 or more														
Total	26	5.9	—	—	†	†	†	†	—	—	35	8.0	128	29.3
Interest paid deduction	12	46.2	—	—	†	†	†	†	—	—	9	25.7	42	32.8
Taxes paid deduction	†	†	—	—	—	—	—	—	—	—	†	†	9	7.0
Contributions deduction	—	—	—	—	—	—	†	†	—	—	8	22.9	24	18.8
Medical and dental expense deduction	—	—	—	—	—	—	—	—	—	—	†	†	†	†
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	—	—	†	†
Miscellaneous deduction	—	—	—	—	—	—	—	—	—	—	4	11.4	9	7.0
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit	—	—	—	—	—	—	—	—	—	—	—	—	†	†
All other tax credits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	†	†	—	—	—	—	—	—	—	—	—	—	—	—
Partnership and S Corporation net losses	4	15.4	—	—	—	—	—	—	—	—	10	28.6	—	—
No second largest item	†	†	—	—	—	—	—	—	—	—	†	†	†	†
Returns with expanded income \$200,000 or more														
Total	17	4.5	—	—	—	—	1	0.3	—	—	123	32.5	107	28.2
Interest paid deduction	9	52.9	—	—	—	—	—	—	—	—	52	42.3	9	8.4
Taxes paid deduction	2	11.8	—	—	—	—	—	—	—	—	—	—	—	—
Contributions deduction	—	—	—	—	—	—	1	100.0	—	—	1	0.8	7	6.5
Medical and dental expense deduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous deduction	—	—	—	—	—	—	—	—	—	—	1	0.8	1	0.9
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	—	—	—	—	—	—	—	—	—	—	8	6.5	—	—
Investment credit	—	—	—	—	—	—	—	—	—	—	4	3.3	2	1.9
All other tax credits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital gains exclusion	—	—	—	—	—	—	—	—	—	—	—	—	88	82.2
Partnership and S Corporation net losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
net losses	2	11.8	—	—	—	—	—	—	—	—	52	42.3	—	—
No second largest item	4	23.5	—	—	—	—	—	—	—	—	5	4.1	—	—

() Less than 0.05 percent
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals
 NOTE: Detail may not add to total because of rounding

Table 9—Returns Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Itemized Deductions as a Percentage of Income

(All figures are estimates based on samples)

Type of deduction or credit	Returns with adjusted gross income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total itemized deductions	659	76	67	30	13	8	9	6	6	31	413
Interest paid deduction											
Total	659	92	110	38	12	11	16	12	22	95	251
Investment interest per income concept	659	122	172	55	24	19	25	20	16	97	109
Investment interest exceeding investment income per concept	659	395	93	27	25	19	11	12	9	38	30
Taxes paid deduction	659	104	426	77	26	8	†	6	†	5	4
Contributions deduction	659	148	382	39	21	27	27	†	—	—	†
Medical and dental expense deduction	659	631	11	5	†	†	†	—	†	4	3
Net casualty or theft loss deduction	659	633	†	†	†	—	†	†	†	4	11
Miscellaneous deductions	659	210	372	30	17	5	4	†	†	14	4
Deduction equivalent of											
Total credits	659	429	10	†	†	6	7	7	8	178	8
Foreign tax credit	659	437	4	†	†	6	7	7	9	177	8
Business credit	659	654	†	†	—	—	—	—	—	—	—
Investment credit	659	637	18	†	†	—	—	—	—	—	—
Tax preferences excluded from adjusted gross income	659	117	356	53	34	18	15	8	9	21	28

Type of deduction or credit	Returns with expanded income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Total itemized deductions	595	207	148	26	11	15	10	5	3	37	133
Interest paid deduction											
Total	595	287	156	23	8	12	7	9	4	45	44
Investment interest per income concept	595	260	219	37	19	13	2	8	6	12	19
Investment interest exceeding investment income per concept	595	467	46	8	8	7	3	4	5	25	22
Taxes paid deduction	595	239	278	49	15	5	2	1	—	3	3
Contributions deduction	595	272	247	26	9	3	8	14	6	6	4
Medical and dental expense deduction	595	570	13	2	—	2	1	—	1	4	2
Net casualty or theft loss deduction	595	576	1	—	3	—	1	1	—	4	9
Miscellaneous deductions	595	295	254	17	6	2	3	1	1	13	3
Deduction equivalent of											
Total credits	595	366	5	5	13	5	12	13	5	164	7
Foreign tax credit	595	379	1	5	4	5	12	13	5	164	7
Business credit	595	584	2	1	8	—	—	—	—	—	—
Investment credit	595	574	18	—	3	—	—	—	—	—	—
Tax preferences excluded from adjusted gross income	595	94	203	27	16	12	12	16	8	66	141

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

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals

Table 10—Returns Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Itemized Deductions as a Percentage of Income

(All figures are estimates based on samples)

Type of deduction or credit	Returns with adjusted gross income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total itemized deductions	437	—	—	—	—	—	—	—	—	24	413
Interest paid deduction											
Total	437	10	24	7	6	4	12	11	19	93	251
Investment interest per income concept	437	21	78	40	18	15	25	19	15	97	109
Investment interest exceeding investment income per concept	437	210	64	25	24	16	10	11	9	38	30
Taxes paid deduction	437	6	315	70	21	8	†	5	†	5	4
Contributions deduction	437	38	282	38	18	21	26	†	—	—	†
Medical and dental expense deduction	437	412	9	4	†	†	†	—	†	4	3
Net casualty or theft loss deduction	437	412	†	†	†	—	†	†	†	4	11
Miscellaneous deductions	437	102	264	26	16	5	4	†	†	13	4
Deduction equivalent of											
Total credits	437	429	†	—	†	—	—	—	—	—	—
Foreign tax credit	437	437	—	—	—	—	—	—	—	—	—
Business credit	437	433	†	†	—	—	—	—	—	—	—
Investment credit	437	†	†	†	†	—	—	—	—	—	—
Tax preferences excluded from adjusted gross income	437	56	234	42	31	13	14	7	8	13	19

Type of deduction or credit	Returns with expanded income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Total itemized deductions	379	127	67	1	1	11	1	1	2	35	133
Interest paid deduction											
Total	379	159	93	5	7	8	6	9	3	45	44
Investment interest per income concept	379	156	130	26	11	13	2	7	4	12	18
Investment interest exceeding investment income per concept	379	281	21	6	8	5	3	4	4	25	22
Taxes paid deduction	379	139	173	44	10	4	2	1	—	3	3
Contributions deduction	379	162	154	20	5	2	7	13	6	6	4
Medical and dental expense deduction	379	357	11	1	—	2	1	—	1	4	2
Net casualty or theft loss deduction	379	360	1	—	3	—	1	1	—	4	9
Miscellaneous deductions	379	184	155	13	6	1	3	1	1	12	3
Deduction equivalent of											
Total credits	379	366	4	—	9	—	—	—	—	—	—
Foreign tax credit	379	379	—	—	—	—	—	—	—	—	—
Business credit	379	369	2	—	8	—	—	—	—	—	—
Investment credit	379	376	1	—	2	—	—	—	—	—	—
Tax preferences excluded from adjusted gross income	379	33	84	18	10	10	4	10	4	65	141

* Estimate should be used with caution because of the small number of sample returns on which it is based
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals

Table 11—Returns With and Without Total Income Tax: Number of Returns and Percentages Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts¹

(All figures are estimates based on samples)

Effective Tax Rate	Size of adjusted gross income									
	Total		Under \$50,000		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	103,045,170	100.0	93,580,613	100.0	7,974,601	100.0	1,115,593	100.0	374,363	100.0
Returns without total income tax	17,674,078	17.2	17,654,435	18.9	16,554	0.2	2,430	0.2	659	0.2
Returns with total income tax	85,371,092	82.8	75,926,178	81.1	7,958,047	99.8	1,113,163	99.8	373,704	99.8
Effective tax rate										
Under 5 percent	16,370,513	15.9	16,285,649	17.4	77,913	1.0	5,994	0.5	957	0.3
5 under 10 percent	28,983,012	28.1	28,503,055	30.5	456,015	5.7	21,403	1.9	2,539	0.7
10 under 15 percent	26,332,469	25.6	24,150,472	25.8	2,106,133	26.4	62,795	5.6	13,069	3.5
15 under 20 percent	9,848,913	9.6	6,226,589	6.7	3,459,336	43.4	149,254	13.4	13,734	3.7
20 under 25 percent	2,393,642	2.3	606,132	0.6	1,456,470	18.3	309,192	27.7	21,848	5.8
25 under 30 percent	743,778	0.7	56,969	0.1	312,617	3.9	321,001	28.8	53,191	14.2
30 under 35 percent	342,017	0.3	22,216	()	64,413	0.8	175,810	15.8	79,578	21.3
35 under 40 percent	195,063	0.2	16,944	()	11,535	0.1	51,332	4.6	115,252	30.8
40 under 45 percent	75,432	0.1	9,068	()	4,384	0.1	9,311	0.8	52,669	14.1
45 under 50 percent	28,175	()	5,876	()	2,476	()	2,963	0.3	16,860	4.5
50 under 60 percent	16,985	()	9,050	()	3,286	()	2,177	0.2	2,472	0.7
60 under 70 percent	2,918	()	859	()	398	()	910	0.1	751	0.2
70 under 80 percent	3,974	()	923	()	2,280	()	371	()	400	0.1
80 percent or more	34,201	()	32,376	()	791	()	650	0.1	384	0.1

Effective Tax Rate	Size of expanded income									
	Total		Under \$50,000		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	103,045,170	100.0	93,182,451	100.0	8,023,050	100.0	1,310,209	100.0	529,460	100.0
Returns without total income tax	17,674,078	17.2	17,652,406	18.9	18,870	0.2	2,207	0.2	595	0.1
Returns with total income tax	85,371,092	82.8	75,530,045	81.1	8,004,180	99.8	1,308,002	99.8	528,865	99.9
Effective tax rate										
Under 5 percent	16,724,214	16.2	16,613,896	17.8	101,993	1.3	6,987	0.5	1,338	0.3
5 under 10 percent	29,095,855	28.2	28,414,103	30.5	626,458	7.8	52,382	4.0	2,912	0.5
10 under 15 percent	26,434,041	25.7	23,831,762	25.6	2,328,378	29.0	240,096	18.3	33,805	6.4
15 under 20 percent	9,952,634	9.7	6,042,228	6.5	3,415,898	42.6	298,248	22.8	196,260	37.1
20 under 25 percent	2,255,652	2.2	536,143	0.6	1,296,053	16.2	347,041	26.5	76,415	14.4
25 under 30 percent	552,963	0.5	41,142	()	199,763	2.5	242,698	18.5	69,360	13.1
30 under 35 percent	224,364	0.2	15,193	()	26,019	0.3	100,721	7.7	82,431	15.6
35 under 40 percent	80,058	0.1	13,472	()	4,791	0.1	16,119	1.2	45,676	8.6
40 under 45 percent	21,463	()	202	()	839	()	2,663	0.2	17,759	3.4
45 under 50 percent	4,819	()	—	—	1,698	()	560	()	2,561	0.5
50 under 60 percent	8,431	()	6,787	()	1,450	()	1	()	193	()
60 under 70 percent	308	()	1	()	1	()	240	()	66	()
70 under 80 percent	1,763	()	613	()	835	()	241	()	74	()
80 percent or more	14,527	()	14,503	()	4	()	5	()	15	()

() Less than 0.05 percent

¹ Estimate should be used with caution because of the small number of sample returns on which it is based

² Returns with total income tax includes returns with income tax which is totally offset by the earned income credit

NOTE: Detail may not add to total because of rounding

Table 12—Returns With and Without Modified Total Income Tax: Number of Returns and Percentages Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts¹

(All figures are estimates based on samples)

Effective Tax Rate	Size of adjusted gross income									
	Total		Under \$50,000		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	103,045,170	100.0	93,580,613	100.0	7,974,601	100.0	1,115,593	100.0	374,363	100.0
Returns without modified total income tax	17,658,014	17.1	17,638,594	18.8	16,554	0.2	2,429	0.2	437	0.1
Returns with modified total income tax	85,387,156	82.9	75,942,019	81.2	7,958,047	99.8	1,113,164	99.8	373,926	99.9
Effective tax rate:										
Under 5 percent	16,343,263	15.9	16,266,335	17.4	69,993	0.9	5,994	0.5	941	0.3
5 under 10 percent	28,963,693	28.1	28,491,661	30.4	448,096	5.6	21,402	1.9	2,534	0.7
10 under 15 percent	26,356,223	25.6	24,197,021	25.9	2,094,739	26.3	51,400	4.6	13,063	3.5
15 under 20 percent	9,868,213	9.6	6,226,589	6.7	3,467,255	43.5	160,647	14.4	13,722	3.7
20 under 25 percent	2,405,028	2.3	606,132	0.6	1,467,864	18.4	309,192	27.7	21,840	5.8
25 under 30 percent	751,695	0.7	56,969	0.1	320,536	4.0	321,003	28.8	53,187	14.2
30 under 35 percent	342,020	0.3	22,216	()	64,413	0.8	175,810	15.8	79,581	21.3
35 under 40 percent	191,668	0.2	16,944	()	11,535	0.1	51,334	4.6	111,855	29.9
40 under 45 percent	75,524	0.1	9,068	()	4,384	0.1	9,311	0.8	52,761	14.1
45 under 50 percent	28,268	()	5,876	()	2,477	()	2,963	0.3	16,952	4.5
50 under 60 percent	20,465	()	9,050	()	3,286	()	2,177	0.2	5,952	1.6
60 under 70 percent	2,921	()	859	()	398	()	910	0.1	754	0.2
70 under 80 percent	3,974	()	923	()	2,280	()	371	()	400	0.1
80 percent or more	34,201	()	32,376	()	791	()	650	0.1	384	0.1

Effective Tax Rate	Size of expanded income									
	Total		Under \$50,000		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	103,045,170	100.0	93,182,451	100.0	8,023,050	100.0	1,310,209	100.0	529,460	100.0
Returns without modified total income tax	17,658,014	17.1	17,636,565	18.9	18,870	0.2	2,200	0.2	379	0.1
Returns with modified total income tax	85,387,156	82.9	75,545,886	81.1	8,004,180	99.8	1,308,009	99.8	529,081	99.9
Effective tax rate:										
Under 5 percent	16,696,963	16.2	16,594,582	17.8	94,073	1.2	6,989	0.5	1,319	0.2
5 under 10 percent	29,073,058	28.2	28,402,709	30.5	618,539	7.7	48,907	3.7	2,903	0.5
10 under 15 percent	26,472,665	25.7	23,878,311	25.6	2,324,903	29.0	235,650	18.0	33,801	6.4
15 under 20 percent	9,963,985	9.7	6,042,228	6.5	3,419,373	42.6	306,169	23.4	196,215	37.1
20 under 25 percent	2,263,612	2.2	536,143	0.6	1,303,972	16.3	347,042	26.5	76,455	14.4
25 under 30 percent	560,896	0.5	41,142	()	207,682	2.6	242,699	18.5	69,373	13.1
30 under 35 percent	220,913	0.2	15,193	()	26,019	0.3	100,722	7.7	78,979	14.9
35 under 40 percent	80,139	0.1	13,472	()	4,791	0.1	16,121	1.2	45,755	8.6
40 under 45 percent	21,543	()	202	()	839	()	2,663	0.2	17,839	3.4
45 under 50 percent	8,347	()	—	—	1,699	()	560	()	6,088	1.1
50 under 60 percent	8,435	()	6,787	()	1,450	()	1	()	197	()
60 under 70 percent	310	()	1	()	1	()	240	()	68	()
70 under 80 percent	1,763	()	613	()	835	()	241	()	74	()
80 percent or more	14,527	()	14,503	()	4	()	5	()	15	()

() Less than 0.05 percent
 * Estimate should be used with caution because of the small number of sample returns on which it is based
¹ Returns with modified total income tax includes returns with income tax which is totally offset by the earned income credit
 NOTE: Detail may not add to total because of rounding

Section 5

Explanation of Terms

Explanation of terms are designed to aid the user in interpreting the statistical content of this report and should not be construed as interpretations of the Internal Revenue (IR) Code or related regulations, procedures, or policies. Code sections cited were those in effect for 1986.

Most of the definitions and explanations supplied in this section relate to column or stub titles used in one or more tables in this report. Some provide background or limitations to such titles. Therefore, explanations are written to provide information necessary to interpret the statistical tables to which they relate. Definitions marked with the symbol (#) are either new or modified definitions reflecting changes in the law or in Statistics of Income processing.

Section 6, 1986 Forms and Instructions, provides further information about many of the items in this report. The terms used in Section 4 differ substantially from those applicable to the remainder of the report and are defined separately in that section.

Additional Tax for Tax Preferences

Additional tax for tax preferences is the sum of alternative minimum tax plus deferred minimum tax. Although the requirement to pay the minimum tax ended in Tax Year 1982, taxpayers with a net operating loss might have been able to defer payment of minimum tax until Tax Year 1986. (See "Alternative Minimum Tax".)

Adjusted Gross Income Less Deficit

The broadest definition of gross income is all income from whatever source derived, including (but not limited to) the following:

- Compensation for services, including wages, fees, commissions, fringe benefits, and similar items;
- Gross income derived from business;
- Gains derived from dealings in property;
- Interest, rents, and royalties;
- Dividends;
- Alimony and separate maintenance payments;
- Annuities and pensions;
- Income from life insurance and endowment contracts;

- Income from discharge of indebtedness;
- Distributive share of partnership gross income;
- Income from an interest in an estate or trust;
- Prizes and awards;
- Some social security payments; and
- Some unemployment compensation.

Some items are specifically excluded (completely or partially) from gross income for income tax purposes. In particular:

- Accident and health insurance proceeds, "Black Lung" benefits, and casualty insurance proceeds;
- Child support payments;
- Cost-of-living allowances paid to U.S. Government employees stationed outside the U.S.;
- Employment agency fees paid directly by the taxpayer's employer and relocation payments;
- Federal Employees' Compensation Act payments;
- Gifts, bequests, or inheritances;
- Life insurance proceeds;
- Certain social security benefits;
- Meals and lodging provided by the employer for the employees' benefit;
- Military allowances and payments to dependents of military personnel;
- Certain payments to a beneficiary of a deceased employee;
- Payments to reduce the cost of winter energy consumption;
- Certain Railroad Retirement Act pensions and railroad retirement lump sum payments;
- Rental allowance of members of the clergy;
- Scholarship and fellowship grants;
- Certain veteran's benefits;
- Worker's compensation;
- Interest on most state or local government bonds;
- Mustering out benefits;
- Foster care receipts; and
- Employer provided benefits including insurance and pension payments.

Gross income is further reduced by excludable portions of items reported on Form 1040 to arrive at "Total Income" (line 23).

Following is a list of such items:

- Ordinary and necessary expenses of operating a farm or business;
- Expense deductions attributable to rents and royalties, and net adjustment for windfall profit tax withheld;
- Expenses of outside salespersons attributable to a trade or business carried on by the taxpayer;
- Depreciation deduction allowed life tenants and income beneficiaries of property held in trust;
- Deductible losses from sales of capital assets and other property;
- Excludable portion of the excess of net long-term capital gain over net short-term capital loss;
- Business net operating loss deductions;
- Exclusion of the ordinary income portion (in contrast to the amount treated as long-term capital gain) of the taxable amount of a lump-sum distribution from a qualified pension or retirement plan, taxed separately from other sources of income at the taxpayer's election;
- Limited exclusion of unemployment compensation;
- Limited exclusion of railroad retirement pension income;
- Limited exclusion of social security benefits;
- Limited exclusion of qualified foreign earned income;
- One-time exclusion of gain from sale of principal residence by individuals who are 55 years or older;
- Certain reduced uniformed services retirement pay;
- Employer contributions to simplified employee pension plans; and
- Exclusion of up to \$100 (\$200 on joint returns) of domestic dividends.

From Total Income (line 23 on Form 1040) the following statutory adjustments are subtracted to arrive at Adjusted Gross Income:

- Employee business and moving expenses;
- Contributions to a self-employed retirement fund ("Keogh Plan") by the self-employed, and to individual retirement arrangements (IRA's) by employees or self-employed persons;
- Forfeited interest penalties, incurred by persons who made premature withdrawals of funds from time savings accounts;
- Alimony payments;
- Forestation/reforestation expenses;
- Deduction for two-earner married couples;
- The foreign housing exclusion; and
- Repayments of supplemental unemployment compensation received under the Trade Act of 1974.

A deficit occurs if the allowable exclusions and deductions exceed gross income.

Adjustments

See "Statutory Adjustments."

Advance Earned Income Credit Payments

Taxpayers who believed they would be eligible for the earned income credit at the end of the year could receive the credit from their employers as an additional payment in their paychecks during the year. Those payments were then shown on the tax return, where they became either an increase to balance due or a reduction of overpayment. (See also "All Other Taxes.")

Age 65 or Over

The presence of the additional exemption allowed taxpayers age 65 or over was used as the basis of this classification. In the case of joint returns of husbands and wives, the return was considered a return of a taxpayer age 65 or over, regardless of whether one or two exemptions were claimed.

Alimony

Payments received as alimony or separate maintenance were income to the person receiving them and an adjustment to gross income for the person paying them if the payments were:

- (1) required under the terms of a decree of divorce or separate maintenance, or a written instrument incident to that decree;
- (2) paid in discharge of a legal obligation based on the marital relationship; or
- (3) paid after the decree and on a periodic basis.

All Other Taxes

For purposes of this report, this amount represents the sum of the self-employment tax, tax from recomputing prior-year investment credit, social security taxes on tip income, any penalty taxes on individual retirement arrangements (IRA's), and other unspecified taxes. This was in contrast to the "other taxes" portion of the Form 1040 itself, which was composed of the taxes listed above plus the minimum tax carryover, alternative minimum tax, the advance earned income credit payments received, uncollected tax on tips, excess golden parachute payments, and section 72 penalty taxes. Alternative minimum tax is

tabulated in this report as part of "total income tax" and serves as part of the requirements for determining the taxable or nontaxable classification of a return. Advance earned income credit payments are shown as a separate item in computing total tax liability, balance due, or refund. (See also "Taxable and Nontaxable Returns" and "Total Income Tax".)

Alternative Minimum Tax

The Internal Revenue (IR) Code provides for special treatment of some kinds of income and allows special deductions for some kinds of expenses. So that individual taxpayers who benefit from these provisions will pay at least a minimum amount of tax, a special tax for individual taxpayers was in effect--the alternative minimum tax.

The alternative minimum tax was levied on benefits received in the form of deductions, and exclusions which reduced the effective tax rate. These benefits are known as "alternative minimum tax preferences" or "alternative minimum tax preference items" because they result from the preferential treatment given those items in the tax law.

The alternative minimum tax was computed by reducing alternative minimum taxable income (see definition below) by an exemption amount determined by filing status. If the return was filed jointly by a married couple or a surviving spouse, the amount was \$40,000. The amount for single or head of household taxpayers was \$30,000. For married couples filing separately, the amount was \$20,000.

If the amount in excess of the exemption was greater than zero, it was multiplied by 20 percent, the alternative minimum tax rate. The residual amount of tax was reduced by "income tax after credits", excluding "additional taxes" (as reported on Form 1040). For taxpayers claiming a foreign tax credit, the amount of residual alternative minimum tax over additional taxes could be further reduced by the foreign tax credit. The amount that the alternative minimum tax was reduced by the foreign tax credit was computed by special rules and generally was limited to the proportion of alternative minimum income attributable to foreign sources compared to the total amount of alternative minimum taxable income.

Alternative Minimum Taxable Income

Alternative minimum taxable income was defined as adjusted gross income including any net operating losses plus the sum of the alternative minimum tax preference items (defined below) less the following:

- (1) alternative tax net operating loss;

- (2) alternative minimum tax itemized deductions;
- (3) the amount of the alcohol fuel credit; and
- (4) accumulated distributions made from a trust.

Alternative Minimum Tax Preferences

Because some income and deductions were given special treatment under the IR Code, many taxpayers would pay little or no tax if it were not for the alternative minimum tax. Below are the items that were tax preferences because they were given "preferential" treatment in the form of deductions, lower tax rates, and exclusions from tax:

- (1) Dividend Exclusion--This is the portion (up to \$100 per taxpayer - \$200 for joint returns) of ordinary dividends not included in gross income or AGI,
- (2) Capital Gains Deduction--This is that portion (60 percent) of the excess of net long-term capital gains over net short-term capital losses which was excluded from adjusted gross income,
- (3) Incentive Stock Options--This amount is the difference between the fair market value of stock bought under an incentive stock option and the price paid for the stock,
- (4) Accelerated Depreciation on Real Property--This amount represents the depreciation or amortization taken during the year on real property less the depreciation that would have been taken under the straight-line method,
- (5) Accelerated Depreciation on Leased Personal Property--This amount represents the depreciation or amortization taken during the year on leased personal property less the depreciation or amortization that would have been taken under the straight-line method,
- (6) Amortization of Certified Pollution Control Facilities--This amount represents the amortization deduction for a certified pollution control facility less the depreciation deduction normally allowed,
- (7) Depletion--This amount is the depletion deduction for the year in excess of the adjusted basis in the property at the end of the year,

- (8) Intangible Drilling and Development Costs--This is the "excess deduction amount" for intangible drilling and development costs for oil, gas, or geothermal wells (figured separately) when the deduction is more than the taxpayer's net income from the same items. The "excess deduction amount" is the excess of the allowable deduction for such costs (excluding those for drilling a nonproductive well) over the allowable deduction, had such costs been capitalized and amortized over a 120 month period,
- (9) Mining Exploration and Development Costs--This is the amount allowed for current-year mining exploration and development costs less the deduction that would have been amortized over a 10-year period,
- (10) Circulation and Research and Experimental Expenditures--This is the amount by which the current year deduction allowable for circulation costs (of newspapers, magazines, and other periodicals) and research and experimental expenditures exceeds the amount that would have been amortized over a 3-year period for circulation costs and a 10-year period for research and experimental expenditures, and
- (11) Reserves for Losses on Bad Debts of Financial Institutions--This amount was the excess of additional reserves for bad debts less the amount that would have been allowed based on actual loss experience.

Business or Profession Net Income or Loss

This source of income was reported by individuals who were sole proprietors of a nonfarm business or self-employed members of a profession. A sole proprietorship is the simplest form of business organization. The business has no existence apart from its owner. Its liabilities are the personal liabilities of its owner. The taxpayer's interest in the sole proprietorship ends with its dissolution or the taxpayer's death.

When there were two or more sole proprietorships operated by the same taxpayer(s), the single amount of profit or loss included in adjusted gross income represented the combined profit and loss from all business activities. The proprietor was required to exclude investment income from business profits and to include it, instead, with the various types of investment income for which separate provision was made on the individual income tax return.

Business costs and expenses were deductible from gross receipts or gross sales in arriving

at net profit or loss. Compensation of the proprietor was taxable income and, therefore, not allowed as a business deduction in computing net profit. The deduction of net operating losses from other years was not considered a business expense, but was offset, instead, against "other income" on the proprietor's income tax return.

Information on sole proprietorships, business receipts and expenditures can be found in the annual summer issue of the Statistics of Income Bulletin.

Capital Assets

See "Sales of Capital Assets Net Gain or Loss."

Capital Gain Distributions Reported on Form 1040

These distributions included the following:

- (1) Long-term capital gains credited or distributed to individual taxpayers by regulated investment companies and mutual funds. Gains credited but not distributed were reported as income, and
- (2) Long-term capital gains distributed by real estate investment trusts.

Normally, taxpayers would have reported these distributions on the supporting schedule used for this type of income (Schedule D, Capital Gains and Losses). However, if the taxpayers did not need Schedule D to report any other gains or losses, they then entered 40 percent of the capital gain distributions directly on line 14, Form 1040.

For purposes of this report, "capital gain distributions reported on Form 1040" are tabulated as part of "sales of capital assets" and are reflected in the long-term capital gain and loss and net capital gain and loss data. (See also "Sales of Capital Assets Net Gain or Loss.")

Capital Gains and Losses

See "Sales of Capital Assets Net Gain or Loss."

Casualty or Theft Loss, Nonbusiness

Nonbusiness casualty and theft losses were deductible from adjusted gross income to the extent that the nonreimbursable net loss for each such casualty or theft exceeded \$100, and the combined amount for all net losses during the year exceeded 10 percent of adjusted gross income. A theft was considered to be the unlawful taking and removing of money or property with the intent of depriving the owner of its use. A casualty was defined as a

complete or partial destruction of property resulting from an identifiable event of a sudden, unexpected, or unusual nature, such as a fire or storm.

For 1986, casualty and theft gains and losses were required to be netted. Net gains were realized if total reimbursements (such as insurance payments) exceeded total cost or fair market value for the items. Such net gains were required to be treated as capital gains and reported on Schedule D. Depending on the holding period for the lost asset, the net gains reported on Schedule D were treated as either short or long-term capital gains.

Child Care Credit

This credit was claimed by taxpayers who incurred expenses for the care of dependent children under age 15 or disabled dependents while these taxpayers were working. Qualifying expenses included those for services performed within the home by nondependent babysitters, maids, or cooks. Expenditures paid for the care of children under the age of 15 or any other qualified individuals for out-of-home non-institutional care qualified for the child care credit.

The maximum amount of employment-related expenses to which the credit could be applied was the lesser of earned income or \$2,400 if one qualifying child or dependent was involved and the lesser of earned income or \$4,800 if more than one dependent was involved. The credit was equal to 30 percent of employment-related expenses for taxpayers with adjusted gross income of \$10,000 or less. The credit was reduced by one percent for each \$2,000 increment of adjusted gross income in excess of \$10,000 up to \$28,000. The credit remained at 20 percent of expenses for individuals with adjusted gross income of \$28,000 or more.

The amount of the credit which could be claimed was limited to income tax before credits and any excess was not refundable.

Contributions Deduction for Itemizers

Contributions deductible on Form 1040 as an itemized deduction from adjusted gross income included gifts in the form of cash or property to:

- (1) the United States, a State, or a local government for exclusively public purposes;
- (2) organizations created in the United States or its possessions or under the law of the United States and operated exclusively for:
 - (a) religious purposes,
 - (b) charitable purposes,
 - (c) scientific purposes,

- (d) literary purposes,
- (e) educational purposes,
- (f) fostering national or international amateur sports competition, or
- (g) preventing cruelty to children or animals;

- (3) nonprofit cemetery companies owned and operated exclusively for the benefit of their members;
- (4) organizations of war veterans or their auxiliaries;
- (5) domestic fraternal societies operating under the lodge system if the contributions were used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;
- (6) nonprofit volunteer fire company; and
- (7) a nonprofit day care center.

Some out-of-pocket unreimbursable expenses that the taxpayer paid to do volunteer work for such organizations were also deductible. Individuals who were members of a partnership could also include in their contributions deductions their pro-rata share of partnership contributions.

In general, a deduction was allowed for all contributions up to 50 percent of adjusted gross income. Contributions to organizations which used the proceeds for external activities such as clinic health care or camps for children were limited to the 50 percent ceiling, but contributions to organizations which used the proceeds primarily to operate the organization were limited to the 30 percent ceiling. Contributions that you made for maintaining veterans organizations, fraternal societies, and nonprofit cemeteries were limited to 30 percent of your adjusted gross income. A 30 percent limit also applies to contributions of certain capital gain property to those organizations for which the 50 percent limit applies. There is a 20 percent of adjusted gross income limit that applies to gifts of long-term capital gain appreciated property contributed to specific organizations. Contributions exceeding any of the three limitations could be carried over and deducted in the next 5 years. Therefore, in addition to contributions made in 1986, the statistics also include amounts carried over from 1981-1985 that were within the current year's percentage limitations.

Cash contributions to a single organization of more than \$3,000 were reported separately from other cash contributions, and these data are shown separately in Table 2.1.

Contributions Deduction for Nonitemizers (#)

Taxpayers who did not itemize their deductions were still able to benefit from tax law provisions for charitable contributions. The criteria which determined the deduction of charitable contributions was the same for non-itemizing as well as itemizing taxpayers. One hundred percent of charitable contributions were deductible up to limitations based on the size of AGI. For 1985, only one-half of such contributions were deductible.

Base AmountFiling Status

\$5,000

Single and 65 or over or disabled; married filing jointly with only one spouse either 65 or over or retired on disability,

\$7,500

Married filing jointly with both spouses either 65 or over or retired on disability, and

\$3,750

Married filing separately and either 65 or over or retired on disability.

Credit for Tax on Certain Gasoline, Fuel, and Oil

This was a credit allowed in full or in stated amounts for Federal excise taxes paid on gasoline, special fuels, and lubricating oil when the fuel oil was used for: (1) farming purposes, (2) operation of public passenger land transportation services (taxi-cab operators of qualified taxicabs), (3) operation of inter-city, local, or school buses, (4) non-highway purposes of a trade or business, and (5) operation of qualified diesel-powered highway vehicles. These taxes could be applied as a credit to reduce total tax liability when the individual return was filed (with any amount in excess of total tax liability refunded) or refunded during the taxable year if the credit for any fuel category or any lubricating oil in any of the first three quarters of the year was at least \$1,000. A one-time credit (or refund) was allowed to the purchaser of a new qualified diesel-powered highway vehicle after January 1, 1985. The credit amount was \$198 for a truck or van and \$102 for any other vehicle, and any such credit reduced the basis of the vehicle.

Permanently and totally disabled individuals under age 65, determined the base amount on which to figure the credit as the lesser of the allowable amount (defined above) or taxable disability income. The base amount, for both qualifying groups was further reduced by the sum of nontaxable social security benefits, railroad retirement and veterans pensions, and other nontaxable pensions plus one-half of adjusted gross income in excess of an additional exclusion amount which was also classified by filing status and age. Lastly, the actual credit was computed as 15 percent of this amount.

The amount of the credit that could be claimed was limited to total income tax and any excess was not refundable.

Credit for the Elderly and Permanently and Totally Disabled

A credit for the elderly and permanently and totally disabled was available to taxpayers age 65 or older (within certain income limitations) and to those taxpayers under age 65, retired with a permanent and total disability, and who had received taxable income from a public or private employer because of that disability. An individual was considered permanently and totally disabled if he or she was medically determined to be "unable to engage in any substantial gainful activity because of a physical or mental impairment which could result in death or last 12 continuous months or more."

Individuals, age 65 or older, determined the base amount of income on which to figure the credit from an allowable amount of income classified by filing status and age. The classifications were grouped as follows:

Credit from Regulated Investment Companies

Taxpayers were instructed to include in gross income any amounts which were allocated to them as capital gain dividends from regulated investment companies, even if they were not actually received. If investment companies paid tax on the capital gain, taxpayers were entitled to claim a refundable credit for their proportionate share of the tax.

This refundable credit was reported on line 62 of Form 1040 for Tax Year 1986; however, the following credits were also included as credit from regulated investment companies in SOI data:

- (a) the excess hospital insurance benefits tax credit,
- (b) the throwback credit,
- (c) the credit for tax withheld by Canadian withholding agents,
- (d) repayments under renegotiations of government contracts,
- (e) repayments under "Claim-of-Right Doctrine,"
- (f) the credit for interest from tax-free Covenant bonds, and
- (g) the credit for tax withheld at source.

Credit on 1987 Estimated Tax

This credit was the part of the overpayment of 1986 tax which taxpayers specifically requested to be credited to their estimated tax for 1987. (See also "Overpayment" and "Estimated Tax Payments.")

Deduction for Working Married Couples

Married taxpayers who filed a joint return and who both worked qualified for a deduction. The maximum amount eligible for deduction was 10 percent of \$30,000. The deduction was computed as 10 percent of qualified earned income of the lower earning spouse. Qualified earned income was equal to the sum of salaries and wages and other earned income, plus self-employment income, less the following adjustments: employee business expenses, payments to an IRA, payments to a Keogh plan, and repayments of supplemental unemployment benefits. Married taxpayers who filed Form 2555 (Foreign Earned Income) to exclude any income from tax or deduct certain housing costs; or who filed Form 4563 (Exclusion of Income From Sources In United States Possessions) to exclude income from tax, were not eligible for the deduction.

Dividend Exclusion

Taxpayers could exclude up to \$100 (\$200 on a joint return) of eligible dividends from adjusted gross income. For an explanation of eligible dividends, see "Domestic and Foreign Dividends Received."

Dividends in Adjusted Gross Income

Total domestic and foreign dividends less the dividend exclusion equaled dividends in adjusted gross income. (See also "Domestic and Foreign Dividends Received" and "Dividend Exclusion.")

Domestic and Foreign Dividends Received (#)

Domestic and foreign dividends received consisted of:

- (1) dividends eligible for the dividend exclusion, which were dividends received from domestic corporations either directly or indirectly (e.g., as a beneficiary of income from estates or trusts, or as a partner for the taxpayer's distributive share of partnership profits), and
- (2) dividends not eligible for the dividend exclusion, which were dividends received from foreign corporations, tax-exempt farmers' cooperatives, tax-exempt organizations, certain trusts

that were in their final year, corporations most of whose business was conducted in U.S. possessions, dividends from real estate investment trusts, and dividends from regulated investment companies.

Domestic and foreign dividends did not include nontaxable distributions of stock or stock rights, returns of capital, or liquidation distributions. Taxpayers were also instructed to exclude so-called dividends on deposits or withdrawable accounts in mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were to be treated as interest income; and patronage dividends declared by farmers' cooperatives and other cooperative organizations.

Earned Income Credit

This was a credit available to low-income workers who maintained a household and had a dependent child or children whom they claimed as exemptions. This credit was based on earned income, consisting of wages, salaries, and other employee compensation, plus net earnings from self-employment, and was intended to offset the impact of social security taxes on low-income individuals and to encourage them to obtain employment.

The maximum credit was 11 percent of the first \$5,000 of earned income, or \$550, and was reduced by an amount equal to 12.5 percent of the taxpayer's adjusted gross income or earned income, whichever was larger, above \$6,500. Thus, at the \$11,000 adjusted gross income level (or earned income level) the credit was eliminated. Taxpayers were required to reduce their earned income credit by the amount of their alternative minimum tax.

Taxpayers were eligible to claim the earned income credit if:

- (1) both AGI and earned income were less than \$11,000;
- (2) they maintained a household which was the principal place of abode for the taxpayer and a child or a descendant of the child;
- (3) they maintained their principal home in the United States;
- (4) they did not exclude from gross income any amount of income earned from sources outside the United States or from sources within U.S. possessions, or claim a deduction for certain expenses of living abroad;
- (5) they had a taxable year that represented a full 12 months; and
- (6) they filed a joint return if married.

The earned income credit could result in a refund to the extent it was not used to offset income tax liability. Thus, even if individuals were not otherwise required to file returns, it was to their benefit to do so in order to claim the earned income credit. For purposes of this report, the earned income credit was divided into three parts: that used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); that used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and the refundable portion (See also "Advance Earned Income Credit Payments.")

Employee Business Expenses

An employee was allowed a deduction in arriving at adjusted gross income for certain unreimbursed business expenses incurred in connection with any employment. These expenses were reported as an "adjustment" to income on the tax return and were separate from employee expenses treated as an itemized deduction. Expenses which qualified for the adjustment included:

- (1) cost of travel, meals, and lodging while away from home in the performance of services as an employee;
- (2) expenses to the extent covered by a reimbursement or expense allowance arrangement with the employer;
- (3) business transportation costs, other than commuting; and
- (4) outside salesperson's expenses of soliciting business for the employer.

If employees accounted for deductible expenses to their employers, they were not required to report the reimbursement in income, except for any amount of reimbursement in excess of expenses.

Certain expenses of employees, such as work clothes, union dues, and employment agency fees, were not deductible in the computation of adjusted gross income, but were deductible as itemized deductions in the computation of taxable income. These expenses were included in "miscellaneous itemized deductions."

Estate or Trust Net Income or Loss

This was the beneficiaries' share of fiduciary income (with the exception of the items described below which were reported separately) from any estate or trust. Income from estates or trusts included amounts required to be distributed and amounts credited to beneficiaries' accounts from current-

year fiduciary income, whether or not actually received, plus any other amounts which were properly paid, credited, or required to be distributed for that year.

Also included was the beneficiaries' share of any accumulation distribution made in the current year by the fiduciary of a complex trust for income accumulated in prior tax years. Beneficiaries' share of these distributions was reduced by their share of depletion and depreciation deductions before reporting the net amount as part of adjusted gross income.

Taxpayers excluded from estate or trust income their share of dividends and gains or losses from sales of capital assets and other property. Such income (which made up the largest portion of income from an estate or trust) was included on the tax return on the separate lines provided for these income types and was not separately identified for the statistics. A loss from an estate or trust was allocated to the beneficiary only upon settlement or termination of an estate or trust which, for its last tax year, (a) still had a net operating loss carryover or a capital loss carryover, or (b) had deductions (other than those for exemptions and charitable contributions) in excess of gross income.

If a return showed net income from one estate or trust, and a net loss from another, that return was tabulated in both the "total income" and "total loss" columns. The columns labeled "net income" and "net loss" represent the sum of all income and losses reported from all estates or trusts, i.e., the net amount, on a return-by-return basis.

Estimated Tax Payments

This figure represented the total of the amounts paid quarterly and reported on the 1986 Declaration of Estimated Income Tax, Form 1040ES. The amount reported included any credit which was applied against the estimated tax by reason of an overpayment of 1985 tax liability. Individuals were required to make estimated tax payments if their estimated tax for Tax Year 1986 exceeded \$500 and they estimated that the total amount of income tax withheld would be less than 80 percent of their estimated 1986 tax, or 100 percent of their 1985 tax.

Excess Itemized Deductions

This deduction concept represented the amount by which total itemized deductions exceeded the zero bracket amount. Since the zero bracket amount was built into the tax tables and the tax rate schedules, only "excess itemized deductions" (and not "total itemized deductions") was used in the calculation of taxable income. (See also "Zero Bracket Amount.")

Excess Social Security Taxes Withheld (#)

If a taxpayer received more than \$42,000 from two or more employers in 1986, too much social security (FICA) and Railroad Retirement Act (RRTA) tax may have been withheld from the wages. Amounts in excess of \$3,003 (\$2,791.80 for 1985) could be taken as a credit toward payment of the taxpayer's income tax. In the case of a joint return, the credit was computed separately for each taxpayer.

Exemptions (#)

In the computation of taxable income, a \$1,080 deduction was allowed for each exemption claimed.

An exemption was allowed for each taxpayer shown on a return (on joint returns the husband and wife were each regarded as a taxpayer). If either husband or wife filed a separate return, the spouse's exemption could be claimed on that return only if that spouse did not file a return, had no gross income, and was not the dependent of another taxpayer. Additional exemptions were allowed for a taxpayer or spouse who were age 65 or over, blind, or both.

Exemptions were also allowed for qualified dependents. In general, an individual qualified as a dependent if that person had gross income less than \$1,080 (\$1,080 or more if in category (2) below); received more than half of his or her support from the taxpayer, was related to the taxpayer (such as a son, daughter, or parent), or was a member of the household for the whole year; did not file a joint return with his or her spouse; and met certain citizenship requirements.

The total number of exemptions shown in this report includes some duplication. This occurred in the case of:

- (1) dependents other than children who had gross income less than \$1,080, but filed a return to obtain a refund of tax withheld on wages;
- (2) dependent children with unearned income of \$1,080 or more (dividends, interest, capital gains, and the like); and
- (3) dependent children under 19 years of age or students regardless of age who either (a) were required to file a return because their gross income was \$3,560 or more, or (b) had gross income of less than \$3,560, all of it earned income, and filed a return only to obtain a refund of tax withheld on wages.

In each of these instances individuals were counted twice, as taxpayers filing their own returns and as dependents on another taxpayer's return.

Farm Net Income or Loss (#)

This source of income was reported by individuals who were sole proprietors of a farm. When there were two or more farms operated by the same taxpayer, the single amount of profit or loss included in adjusted gross income represented the combined profit and loss from all farming activities.

Farm business costs and expenses were deductible from farm gross business receipts in arriving at farm net profit or loss. To the extent that prepaid farming expenses of a cash-basis farmer exceeded 50 percent of total nonprepaid farming expenses, amounts paid for feed, seed, and similar farm supplies could be deducted only as the supplies are used. Unlike Tax Year 1985, taxpayers could not claim deductions for land-clearing expenses in preparation for farming.

Excluded from farm net profit or loss were gains from certain sales of livestock and crops which qualified for capital gains treatment, as well as farm rental income. Gains from sales of livestock (other than poultry) qualified for capital gains treatment if the livestock had been held for 12 months or more (in the case of cattle or horses acquired after 1969 for 24 months or more), as long as livestock were held for breeding, dairying, or sporting purposes. Gains from sales of unharvested crops, when sold with the land on which they were growing, qualified for capital gains treatment if the land had been held for 12 months or more. For taxation purposes (and for purposes of this report), these types of income were included in long-term capital gains. On the other hand, farm rental income--that based on crops or livestock produced solely by the tenant, without material participation of the landowner or sublessor in the operation or management of the farm--was included in rent net income or loss.

Foreign Earned Income and Foreign Housing Exclusions

Taxpayers could exclude from gross income a certain amount of their foreign earned income and employer provided foreign housing expenses if their tax home was in a foreign country and they were either:

- (1) a U.S. citizen and a bona fide resident of a foreign country or countries for an uninterrupted period that included a tax year, or
- (2) a U.S. citizen or resident alien who was physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months.

For 1986, qualified individuals continued to be limited to the lesser of an \$80,000

exclusion or their total foreign earned income. Also, they could elect to exclude a portion of employer-provided foreign housing expenses. If the taxpayer elected to take both the foreign earned income and foreign housing exclusions, the total amount of both exclusions was limited to the taxpayer's total foreign earned income.

The foreign earned income exclusion is not tabulated separately in SOI data, but is reported as a negative value in other income. (See "Other Income.")

Foreign Housing Deduction

Individuals qualifying for the exclusion of foreign earned income could deduct foreign housing amounts from gross income if their employer did not pay any of their housing costs or if they were self-employed. The housing deduction was limited to the amount that a taxpayer's foreign earned income exceeded the sum of their foreign housing exclusion and foreign earned income exclusion. Any excess housing deduction could be carried over to 1987, but only to the extent that the taxpayer's foreign earned income exceeded the sum of foreign earned income exclusion, housing exclusion, and housing deduction for that year.

Foreign Tax Credit

Individuals who had paid income or excess profit taxes to a foreign country or U.S. possession or any political subdivision, agency, or instrumentality of the country or possession, could claim this credit against income taxes. (The taxpayer had the option of reporting foreign taxes paid as an itemized deduction.) The credit was for the income and profits taxes paid and included the taxpayer's share of such taxes paid through partnerships, regulated investment companies, and fiduciaries. In general, the tax credit was limited to income tax after personal credits multiplied by the ratio of taxable income from foreign sources to the entire taxable income. The result - the foreign tax credit - could not exceed the foreign taxes paid. Qualifying foreign taxes paid in excess of the allowable amount for Tax Year 1986 could be carried back two years and then forward five years for use in computing the credit for those years. A taxpayer's credit could have been reduced if he or she participated in an international boycott. Additional information on foreign tax credits, foreign earned income, and foreign housing deductions is available in Statistics of Income Bulletin, Publication 1136, Summer 1987 issue.

Forfeited Interest Penalty Adjustment

Taxpayers who had paid penalties for the premature withdrawal of funds from time

savings accounts or deposits could deduct those penalties as an adjustment to gross income.

Fully Taxable Pensions and Annuities

This type of pension or annuity was obtained in connection with employment and was financed in whole (a non-contributory plan) by contributions of the employer. Since these pensions were paid entirely by an employer, the amount received by the employee was fully taxable. Additionally, fully taxable pensions and annuities included certain military retirement pay and IRA distributions. This amount was reported on line 16, Form 1040 (1986). (See "Pensions and Annuities.")

General Business Credit (#)

The general business credit consisted of the investment credit, the jobs credit, the alcohol fuel credit, the employee stock ownership plan (ESOP) credit, and two credits added by the Tax Reform Act of 1986 -- the low-income housing credit and the research credit. Also, as a result of the 1986 Act, the 10 percent investment credit was repealed for property other than qualified timber property and certain transition property placed in service after 1985.

Taxpayers claiming more than one of the business credits were required to summarize them on a Form 3800, General Business Credit. The adjusted tax liability limitations for the combined credits were determined on the Form 3800. The general business credit was limited to 100 percent of the first \$25,000 and 75 percent (down from 85 percent in 1985) of the excess over \$25,000. The limit was \$12,500 in the case of a married couple filing separately. If, however, one spouse had no current credit or unused credit, the spouse having a current credit or unused credit may have used the full \$25,000 figure in determining his or her credit.

If the current year general business credit exceeded the tax liability limitation and could not be entirely used for Tax Year 1986, the excess amount could be carried back to the three preceding tax years. Any unused credit after carryback, could be carried forward to each of the 15 years after the year of the credit. Additionally all carryforwards of the business credits were added together and reported on Form 3800. Otherwise, taxpayers claiming a single credit did not have to file Form 3800 and were only required to use the appropriate form for the particular credit or credit carryforward.

Heads of Households, Returns of

These returns were filed by "unmarried" persons who furnished over half the cost of maintaining a household for more than six

months for at least one qualifying relative. Unmarried persons, for purposes of this classification, were defined as single persons, married persons legally separated, certain married individuals living apart but not legally separated, or persons married to non-resident aliens.

"Qualifying" relatives, such as children, parents, brothers, and sisters, generally had to qualify as the taxpayer's dependents and actually had to live with the taxpayer. There were two exceptions to this rule. Parents of the taxpayer had to be dependents, but did not have to live in the same household; children of the taxpayer did not have to be dependents, but did have to reside in the same household as the taxpayer. Taxpayers had to maintain a household for a full year for dependent parents living apart.

A special tax rate schedule was provided for heads of households which gave a portion of the benefits for lower rates accorded joint returns.

Home Mortgage Interest Deduction

See "Interest Paid Deduction."

Income Averaging (#)

Certain taxpayers with unusual fluctuations in income were able to reduce the tax in higher income years by using income averaging. The standard income averaging computation permitted a part of an unusually large amount of taxable income for any one year to be taxed at a lower rate (i.e. changed the effective bracket or tax rate), thus resulting in a lower amount of tax due than would have resulted if the taxpayers had computed their tax using the regular tax computation method.

An eligible individual could choose this computation if the "averageable income" for the year was more than \$3,000. "Averageable income" was the amount by which "adjusted taxable income" (taxable income for the computation year) exceeded 140 percent of the average "base period income" (the average of taxable income, with certain other adjustments for the three preceding tax years).

Briefly, the income averaging computation operated to tax all averageable income at the same rate which applied to the first one-fourth of such income. "Adjusted taxable income," from which the "averageable income" was derived covered all income except "excess community property income" and certain amounts received by owner-employees. "Base period income" included taxable income and income earned outside the United States or within U.S. possessions which had been excluded from taxation under the IR Code.

To be eligible to use the income averaging method taxpayers had to meet citizenship or

residence tests. Taxpayers claiming the foreign earned income exclusion or deduction or those excluding income from sources within the U.S. possessions, the Virgin Islands, Guam, or Puerto Rico could not use the income averaging method.

For 1986, individuals could not average their income if they were a full-time student during any base period year unless they filed a joint return in the computation year and their income in the computation year was not more than 25 percent of total AGI on the joint return.

Income Subject to Tax

For taxpayers filing Tax Year 1986 returns and using the regular computation method, income subject to tax was the same as taxable income (adjusted gross income less the personal exemption amount and excess itemized deductions or the contributions deduction for non itemizers).

For taxpayers using the income averaging method, income subject to tax was a reduced amount of taxable income which was specially computed for the statistics by working backward from the tax itself. For taxpayers filing returns from prior years income subject to tax was adjusted for the statistics by working backward from the tax itself.

Income Tax After Credits

To arrive at income tax after credits, taxpayers deducted total personal credits (line 44, Form 1040) from income tax before credits (line 40, Form 1040). If the result was greater than zero, the foreign tax credit, and the general business credit, (the sum of the research and experimentation credit, the jobs credit, the credit for alcohol used as a fuel, the low-income housing credit, and the employee stock ownership plan credit), were then deducted from the residual to arrive at income tax after credits.

The portion of the earned income credit which did not result in a negative amount is tabulated as "earned income credit used to offset income tax before credits." (See also "Total Personal Credits" in this section.)

Income Tax After Personal Credits

For Tax Year 1986, this amount represented the deduction of "total personal credits" from "income tax before credits."

Income Tax Before Credits

This amount consisted of two components: "tax generated" or "taxes from income averaging" plus "taxes from special tax computations." Generally, "tax generated" was the tax liability computed on current-year "taxable income" based on:

- (1) the regular tax, whether derived from the tax tables or tax rate schedules; or
- (2) the income averaging tax.

(See also "Tax Generated" and "Taxes from Income Averaging.")

Income Tax Withheld

An employer could use either of the major methods of withholding--the "percentage" method, the "wage bracket" method, or an authorized alternative method. All the major methods of withholding were based on graduated rates ranging from 12 to 37 percent. Similarly, the result of any alternative method had to approximate the same amount as computed under one of the major methods.

Income tax withheld included amounts deducted from salaries, wages, tips, and other forms of remuneration as reported on Form W-2; from pensions and annuities, and certain gambling winnings as reported on Form W-2P and W-2G respectively. Amounts withheld for distributions from profit-sharing, retirement plans, and individual retirement arrangements had withholding reported on Form 1099-R.

Also, a backup withholding rate of 20 percent was required to insure that income tax was collected from payments generally not subject to withholding. The purpose of this measure was to insure that certain taxpayers who failed to report or correctly report certain kinds of tax information paid an adequate withholding amount.

Individual Retirement Arrangement (#)

An Individual Retirement Arrangement (IRA) is a savings program that allows a taxpayer to set aside money for retirement. An individual could establish an IRA at a bank or other qualified financial institution, or by investing directly in individual annuity contracts issued by an insurance company. Contributions to such a plan were limited to the lesser of:

- (1) an individual's compensation for the year;
- (2) \$2,000 (\$2,250 if a nonworking spousal IRA was created); or
- (3) the amount actually paid.

Such contributions could be deducted from the employee's gross income in arriving at adjusted gross income. Unless they were disabled, taxpayers could not start withdrawing funds from the account until they reached age 59-1/2 and had to start doing so upon reaching age 70-1/2. Penalty taxes were assessed in the event the taxpayer failed to comply with these limitations.

Individuals could set up an IRA to include a nonworking spouse. To qualify the following conditions must have been met:

- (1) the individual must have been married at the end of the tax year;
- (2) they must have met the IRA requirements discussed earlier;
- (3) they must have filed a joint return;
- (4) the spouse must not have received any compensation during the tax year; and
- (5) the spouse must have elected to be treated as if having no compensation by allowing a spousal IRA deduction on the joint return.

Only IRA contributions made before the due date of the return were deductible.

Interest Paid Deduction

Interest paid on personal debts, credit cards, mortgages, bank loans, and installment purchases of real or personal property was deductible, but interest paid on money borrowed to buy tax-exempt securities or single premium life insurance and endowment contracts was not. The amounts deductible as an interest expense included "investment interest" (that amount paid or accrued on indebtedness incurred, or continued, to purchase or carry property held for investment) as reported on Form 4952, Investment Interest Expense Deduction, subject to the limitations prescribed in the law. Interest relating to business, royalty, and rental income was deducted directly from these items and was, therefore, not reflected in the interest paid statistics.

For installment purchases, interest paid included amounts stated in the contract, certain unstated amounts of interest, and finance charges.

Interest Received

This amount was the taxable portion of interest received from bonds, debentures, notes, mortgages, certain insurance policy proceeds, personal loans, bank deposits, savings accounts, tax refunds, U.S. savings bonds, and money-market funds. Taxpayers were also instructed to include so called dividends on deposits or withdrawable accounts in mutual savings banks, cooperative banks, savings and loan associations, and credit unions. Excluded was most interest on State or local government obligations. Such interest was tax-exempt and, therefore, did not have to be reported on the tax return. If interest on accounts frozen by insolvent financial institutions was not received during the tax year, it was also excluded from income.

Investment Credit (#)

The Tax Reform Act of 1986 repealed the investment credit for most property put in service after December 31, 1985. A taxpayer could not claim any investment credit unless the property was:

- (1) Transition property
- (2) Qualified progress expenditure property
- (3) Qualified timber property
- (4) Certain rehabilitation property
- (5) Business energy property

This meant that a taxpayer could no longer claim investment credit on property such as automobiles, delivery trucks, office equipment, and farm equipment.

The investment credit was claimed as one of the components of the general business credit and was subject to the net tax liability limitation thereof. Total investment credit was the sum of: (1) the regular investment credit, (2) the rehabilitation investment credit, and (3) the business energy investment credit.

The regular investment credit rate was 10 percent of the "qualified investment" in certain new and used depreciable assets (numbers 1 through 3 above) with a useful life of three years or more. The "qualified investment" was determined by the cost of the property, taking into account the length of the property's intended life and whether the property was new or used.

For qualified rehabilitation structures, there were three credit rates, namely:

- (1) 25 percent for expenditures of certified historical structures;
- (2) 20 percent for expenditures of 40-year old buildings; and
- (3) 15 percent for expenditures of 30-year old buildings.

The business energy investment credit could be claimed against qualified biomass property, hydroelectric generating property, solar equipment, ocean thermal equipment, and geothermal equipment at rates of 10, 11, 12, 15, and 10 percents, respectively. For Tax Year 1986, the business energy investment credit was combined with the regular investment credit and limited to 75 percent of tax liability over \$25,000.

Itemized Deductions

See "Total Itemized Deductions," and specific types.

Jobs Tax Credit (#)

For Tax Year 1986 the jobs tax credit was claimed as one of the components of the general business credit and was subject to the net tax liability limitations thereof. This tax credit could be elected by employers who hired individuals from certain targeted groups.

The credit was limited to 40 percent of the first \$6,000 in qualified first year wages paid to eligible individuals who began work after January 1, 1986. The employee must have been employed for a minimum of a 90-day period between May 1 and September 15. A credit of 85 percent of first year wages up to \$3,000 were paid to qualified summer youth employees (with a 14 day or 20 hour minimum employment requirement).

Employee targeted groups were:

- (1) handicapped individuals referred by vocational rehabilitation programs;
- (2) economically disadvantaged Vietnam-era veterans;
- (3) economically disadvantaged youths between 18 and 24 years of age;
- (4) recipients of supplemental social security income benefits;
- (5) recipients of general assistance;
- (6) economically disadvantaged youths between 16 and 19 years of age participating in a qualified cooperative education program;
- (7) certain economically disadvantaged ex-convicts;
- (8) eligible work incentive employees; and
- (9) qualified summer youth employees.

In addition to being employed as a member of a group that was certified as a specified targeted group, the employee could not be a relative or dependent of the employer. More than half of the qualified wages received had to be income from working in the employer's trade or business. Those wages received from a Federally funded, on-the-job training program or payments from the Social Security Act did not qualify for the credit.

Any unused jobs credit could be carried back three years then forward fifteen years until it was used up.

Joint Returns of Husbands and Wives

These were returns of married taxpayers electing the joint return filing status. The income of each spouse had to be reported on these returns.

A married couple could not elect to file a joint return if: (1) their tax years began on a different date, or (2) they were separated under a decree of divorce or separate maintenance on the last day of the tax year.

Marital Filing Status

The five marital filing status classifications were:

- (1) joint returns of husbands and wives;
- (2) separate returns of husbands and wives;
- (3) returns of heads of households;
- (4) returns of surviving spouses; and
- (5) returns of single persons (not heads of households or surviving spouses).

Marital status was usually determined as of the last day of the taxable year. If one spouse died during the tax year, the other was considered married for the entire year. If a taxpayer was divorced during the tax year and did not remarry, the taxpayer was considered to be unmarried for the entire year. Each of the above classifications is defined under a separate heading in this section.

Medical and Dental Expense Deduction

In general, medical and dental expenses could be claimed as itemized deductions to the extent that they exceeded 5 percent of adjusted gross income. Amounts paid for medicine and drugs or insulin were deductible only if they were prescribed. Taxpayers could also deduct a maximum of \$50 per day for certain lodging expenses incurred for medical care. Qualified medical expenses included payments made for the diagnosis, treatment, or prevention of disease.

Miscellaneous Deductions

Taxpayers were allowed to deduct certain specified nonbusiness deductions from adjusted gross income for which separate categories were not provided on the Schedule A.

Miscellaneous deductions included deductible employee expenses (for example, dues to professional societies, union dues, employment related education expenses, employment agency fees, and subscriptions to professional journals); deductible income producing expenses (for example, collection fees for interest or dividends, investment counsel fees); gambling losses not in excess of gambling winnings; certain business use of a home computer; certain legal and accounting fees; tax preparation fees; and qualified adoption expenses.

Modified Taxable Income (#)

Modified taxable income is the technical term used to describe the actual base computed for the statistics. For taxpayers using the regular tax computation method, modified taxable income is identical to taxable income. However, for taxpayers who used the income averaging computation, a modified taxable income was computed for the statistics. This was done by imputing a hypothetical taxable income amount necessary to yield the given amount of tax reported, using the tax rate schedule, as if income averaging had not been used.

Mortgage Interest Credit (#)

As a result of the Tax Reform Act of 1984, state and local governments may issue mortgage credit certificates (MCCs) to be used in connection with the acquisition, qualified rehabilitation, or qualified home improvement of your principal residence. A qualified MCC entitled a taxpayer to claim a credit against federal income tax and the certificate specified the amount of the debt that qualified for the credit and the credit's percentage rate (10 percent to 50 percent).

The credit was figured by multiplying the interest paid on the debt during the year by the credit's percentage rate. If the credit's percentage rate exceeded 20 percent, the maximum allowable credit was \$2,000 a year. Taxpayers had to reduce their Schedule A itemized deduction for interest expense by the amount of the credit.

Moving Expense Adjustment

An employee (with the exception of members of the armed services) who had to move to a new residence as a result of changing jobs could deduct from gross income certain reasonable expenses for moving and house hunting. For employees to qualify for this deduction, the new job location had to be at least 35 miles farther from the former residence than the old job was. Retirees could deduct moving expenses for a move to a new home in the United States when they permanently retired if both their former main job location and home were outside the United States. In addition, the employee had to work full time for at least 39 weeks of the 12 months after the move. Self-employed individuals had to work full time for at least 78 weeks during the first 24 months to be eligible for this deduction.

Deductible expenses included those incurred from moving household goods and personal effects; and travel, meals, and lodging of the taxpayer and household members en route to the new residence. There were no dollar limita-

tions for these expenses. Other allowable expenses, subject to a \$3,000 limitation, included house-hunting trips, cost of meals, lodging in temporary quarters for up to 30 days, and costs related to settlement of an unexpired lease or acquisition of a new lease, or selling of a residence and purchase of a new residence.

Nontaxable Returns

See "Taxable and Nontaxable Returns."

Other Income

Included here were such items as prizes, awards, sweepstakes winnings, gambling profits, recoveries of bad debts, insurance received as reimbursement for medical expenses taken as a deduction in a previous year, repayment of real estate taxes deducted in an earlier tax year if they reduced tax, free tours received from travel agencies, Veterans Administration rehabilitative program payments, Alaskan oil royalties, payments by a union to unemployed members, certain life insurance payments and any other income subject to tax for which there was no specific line provided on the return form. Taxpayers were required to apply any deduction for carryovers or carrybacks of business net operating losses against "other income." The foreign earned income exclusion was included in the calculation to reduce other income.

Other Tax Credits

"Other tax credits" is used as a residual category in the statistical tables and does not relate to a line item on a tax form. The two credits included in "other tax credits" were the "orphan drugs credit" and the "credit for fuel from a nonconventional source". The category included, in general, only those statutory credits which were used to offset income tax before credits and could not be identified as one of the following:

- research and experimentation credit,
- child care credit,
- investment credit,
- foreign tax credit,
- jobs credit,
- political contributions credit,
- residential energy credit,
- general business credit,
- elderly and permanently and totally disabled credit (credit for the elderly), and
- mortgage interest credit.

Other Taxpayments

"Other taxpayments" included the "throwback tax credit" allowed trust beneficiaries for

certain taxes previously paid by the trust, and any other unidentified amounts that could not be allocated to one of the specified tax-payment items. Other tax credits, to the extent that they were in excess of total tax liability and were refundable, were also included in other taxpayments.

Overpayment

An overpayment of tax occurred when the "taxpayments" exceeded "total tax liability," including the amount of any "refundable portion of the earned income credit." Overpayments could be refunded; or, at the taxpayer's election, taken as a credit on the subsequent year's estimated tax; or taken partly as a refund and partly as a credit against estimated tax. (See also "Credit on 1987 Estimated Tax" and "Refund.")

Overpayment of Windfall Profit Tax

This excise tax was imposed on producers of crude oil, but the tax was withheld and reported to the Internal Revenue Service by the first purchaser of such oil. If the tax was over withheld in the course of the year, the producer could claim a refund on his or her income tax return.

The overpayment could be due to two possible reasons. First, whenever withholding errors occurred, a refund of the amounts over withheld could be claimed by filing a Form 6249, Computation of Overpaid Windfall Profit Tax, with the Form 1040. And second, any over withholding due to the net income limitation could also be claimed on the Form 6249.

The two types of overpayment were combined and carried over to the Form 1040 and entered in the margin of the taxpayments section. For purposes of this report overpayment of windfall profit tax was reported as a separate item.

Partnership Net Profit or Loss

Partnership net profit or loss was reported by persons who were members of a partnership, syndicate, joint venture, or unincorporated association. The taxpayer's profit or loss shown in SOI data was his or her share of the ordinary gain/loss of the enterprise and certain payments made to the taxpayer for the use of capital or as a salary. If the individual was a member of more than one partnership, the single amount of partnership profit or loss reported in adjusted gross income, whether actually received or not, was the net result of all shares.

One of the deductions from partnership gross income, the Section 179 property expense deduction could not be determined for Tax Year 1986 due to a change in the design in 1985, of Schedule E (Supplemental Income Schedule). The new design resulted in the merging of

Section 179 property expense deductions from partnerships with Subchapter S corporations. The 179 property expense deduction covers certain qualifying depreciable business assets which could have been treated as an expense.

If a return showed net income from one partnership and a net loss from another, that return was tabulated in both the "total income" and "total loss" columns. The columns labeled "net income" and "net loss" represent the sum of all income and loss reported from all partnerships; i.e., the net amount, on a return-by-return basis.

Additional information for partnerships can be found in the Statistics of Income Bulletin, Publication 1136, Summer, 1988.

Payment with Request for Extension of Filing Time

This payment was made when the taxpayer filed Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return or Form 2688, Application for Additional Extension of Time to File. The extension gained the taxpayer either a four or six month extension of time to file Form 1040 or 1040A. The application did not extend the time for payment of expected tax since full payment of any tax due had to be made with the application for extension. When taxpayers filed their Form 1040 or 1040A, they entered the amount paid with Form 4868 or Form 2688 to determine any tax still due or any overpayment of tax.

Penalty Tax on Individual Retirement Arrangements

Taxpayers could start withdrawing funds from an Individual Retirement Arrangement if they were disabled or after reaching age 59-1/2, and had to start doing so after reaching age 70-1/2. Withdrawals prior to reaching age 59-1/2 were subject to a penalty tax equal to 10 percent of the premature distribution unless the individual was disabled. Failure to withdraw funds after reaching age 70-1/2 resulted in the taxpayer's paying a 50-percent excise tax on the amount by which the minimum required distribution exceeded the distributions actually received by the individual during the year. Contributions to the retirement arrangement in excess of the legal limitation for the year (the lesser of \$2,000 or the taxpayer's compensation for the year) were subject to an excise tax equal to six percent of the excess contribution. (See also "Individual Retirement Arrangement.")

Pensions and Annuities (#)

Generally, pensions represented periodic income received after retirement and made in

consideration of past services with an employer, while annuities were income payable at stated intervals in consideration of a specific premium. A taxpayer could acquire a pension or annuity either by purchase from a commercial organization (usually life insurance, endowment, or annuity contracts) or under a plan or contract connected with the taxpayer's employment. Those pensions or annuities obtained in connection with employment could be purchased entirely by the taxpayer or could be financed in part (a contributory plan) or in whole (a non-contributory plan) by contributions of the employer.

Since a non-contributory pension was one paid for entirely by an employer, the amount received by the employee was fully taxable. This fully taxable pension was reported on line 16, "Fully taxable pensions and annuities," of Form 1040 rather than on line 17a, "Other pensions and annuities."

For the taxpayer who participated in a contributory retirement plan while employed, the amount received was only partially taxable. In general, the amount excludable from gross income, the nontaxable portion, represented the taxpayer's contributions under the plan, while the taxable portion represented the employer's contribution. (In the case of a survivor beneficiary of a deceased employee, a death benefit exclusion of up to \$5,000 could be excluded in addition to the deceased employee's contribution.) The entire amount of pensions received for the year was reported on line 17a, "Other pensions and annuities, including rollovers" of the Form 1040, with the taxable portion being computed on a separate worksheet and entered on line 17b, "Taxable amount."

The "three-year rule" which permitted an employee to exclude qualified retirement annuity payments from income until the employee had recovered the amount contributed to the plan, was no longer available after July 1, 1986. The employee was required to report payments under the general rule which provided that the nontaxable portion be amortized over the expected lifetime of the taxpayer.

Political Contributions Credit

An individual taxpayer was allowed to take a credit against income tax for political contributions paid during the year. These political contributions could be to a candidate or candidates for election to a Federal, State, or local office, in a primary, general, or special election; a political campaign committee; a newsletter fund; or a national, State or local committee of a national political party. The credit equaled 50 percent of the amount contributed, limited to \$50 (\$100 on a joint return).

Refund

A refund of tax included all overpayments of taxes not applied by the taxpayer as a credit to the next year's estimated tax. (See also "Overpayment.")

Regular Tax Computation

Typically, the taxpayer, in determining "tax generated," first computed taxable income. Depending on marital status and size of taxable income, the taxpayer then used the tax tables or applied rates from one of three tax rate schedules to determine tax. In some instances, the taxpayer requested the Internal Revenue Service to compute the tax. Returns of all such taxpayers are classified under the regular tax computation method. In addition, current year returns of taxpayers whose taxable income was greater than zero, but less than or equal to the zero bracket amount, were also shown as having a regular tax computation. For these returns, no "tax generated" is shown.

Rent Net Income or Loss

Rent net income or loss constituted a part of adjusted gross income and was determined by deducting from gross rent, amounts for depreciation, repairs, improvements, interest, taxes, commissions, advertising, utilities, insurance, janitorial services, and any other allowable expenses related to the rented property. If a taxpayer used the rental property as a residence, rental expenses were limited to rental income.

Research and Experimentation Credit (#)

This credit was established to encourage businesses to increase the amounts spent on certain qualified research and experimentation. The credit was equal to 20 percent (25 percent prior to 1986) of the amount by which the qualified expenses for the year exceeded the average qualified expenses during the three years preceding the year for which the credit was taken. If the taxpayer had been in business less than three years special rules existed for imputing prior year research and experimentation expenditures on which to base the credit. Qualified expenses included: wages, cost of research supplies, payment to others for the use of computer time, and 65 percent of qualified research expenses performed under a contract.

The credit applied to research in the experimental or laboratory sense. It excluded research in the social sciences or humanities, or the part funded by any grant or contract by another person or government entity. In addition, to be eligible, the research had to have taken place within the United States.

This credit was extended through calendar year 1988. It was redesignated as a general business credit and was subject to the general business credit tax liability limitations.

Residential Energy Credit (#)

In order to reduce energy consumption and to encourage the development and use of alternative energy sources, a residential energy credit was available to taxpayers. The credit was made up of two separate parts, one based on qualified "energy conservation expenditures" and the other on qualified "renewable energy source expenditures," with different requirements for each type of qualifying expenditures. The entire residential energy credit was available for qualified items installed in or on the taxpayer's principal residence from April 20, 1977, through December 31, 1985.

The credit for energy conservation property was 15 percent of the first \$2,000 of expenditures, including original installation costs, with a maximum credit of \$300 per residence over the entire period the credit was to be in effect. This credit could only be taken if the residence was completed by April 20, 1977 and the residence was in the United States.

Qualifying energy conservation property included the following items:

- (1) insulation designed to reduce the heat loss or gain of a home or water heater,
- (2) storm or thermal windows or doors for the outside of the home,
- (3) caulking or weatherstripping of outside doors or windows,
- (4) clock thermostats or other automatic energy saving setback thermostats,
- (5) furnace replacement burners, ignition systems that replace a gas pilot light, and flue opening modifications, and
- (6) meters that show the cost of energy use.

The credit for renewable energy source property was 40 percent of the first \$10,000 of expenditures, including labor costs for on-site preparation, assembly, or original installation, with a maximum credit of \$4,000 per residence over the entire period the credit was to be in effect.

The renewable energy source property had to be new, and expected to remain in operation at least five years. Renewable energy source property included the following items:

- (1) solar energy property for heating or cooling the home or for providing hot

water or electricity for use in the home,

(2) wind energy property for generating electricity or other forms of energy for home use, and

(3) geothermal energy property for heating or cooling the home or for providing hot water for use in the home.

The residential energy credit could not be claimed for energy saving items or renewable energy source property installed after 1985. However, unused credits from prior years could be carried forward.

Royalty Net Income or Loss

Net royalties consisted of gross royalties less deductions for depletion, depreciation, office rent, legal fees, clerical help, interest, taxes, and similar items. Gross royalties included revenues from oil, gas, and other mineral rights; revenue from patents; and revenue from literary, musical, or artistic works. Certain royalties received under a lease agreement on timber, coal, and domestic iron ore were eligible for capital gains or ordinary loss treatment under IR Code Section 1231, and, as a result of the separate computation required by that section, are reflected in the statistics for "sales of capital assets" and "sales of property other than capital assets."

Salaries and Wages

Salaries and wages as reported on the tax return were amounts of compensation primarily for personal services. The following items were included:

- commissions,
- bonuses,
- tips,
- fees,
- excess reimbursement over employee business expenses,
- moving expense allowances,
- employer's payments to a nonqualified pension plan,
- the difference between the fair market value of certain property and the discount price for which it was purchased by a taxpayer from his employer,
- severance pay,
- sick pay,
- the employee's portion of social security tax when paid by an employer,
- exercising a stock appreciation right,
- vacation allowances,
- payments received as the result of winning some legal suits,
- most disability payments,

- certain group-term life insurance premiums paid by an employer,
- strike and lockout benefits,
- certain meals or lodging, and
- the value of non-monetary payments for services (e.g., merchandise, accommodations, certain meals or lodging, certain stock purchase plans, or property).

Identifiable amounts for any of these categories which may have been reported by taxpayers as "other income" were treated as salaries and wages for the statistics.

Sales of Capital Assets Net Gain or Loss

In general, capital assets for tax purposes included all property held for personal use or investment. Examples of such assets were personal residences, furniture, automobiles, and stocks and bonds. Assets used in the normal course of business activities, such as inventory held for sale during the ordinary conduct of business, and depreciable or real property held for sale or used in a trade or business, were specifically excluded from treatment as capital assets.

In addition, net gains from the disposition of certain types of property which were not classified as capital assets were treated as capital gains under IR Code Section 1231. These included property used in business, such as buildings and machinery, and also certain specific types of assets such as livestock, cut timber, coal, domestic iron ore and timber royalties, and unharvested crops sold with the land, if the land was held for more than six months.

On the other hand, all or a portion of net gains from some types of property included under the definition of capital assets could be denied capital gains treatment under certain other sections of the IR Code. Generally, these sections denied capital gains treatment to gains that resulted from using the asset in a trade or business.

The following concepts were used in the computation of net capital gain or loss for the purposes of this report:

Net short-term gain or loss--These were gains and losses from the sales or exchanges of capital assets held for six months or less. Short-term gains or losses from current year sales were combined with any short-term capital loss carryover, any net short-term gain or loss received from partnerships, S corporations, or fiduciaries, gains from the sale or exchange of a principal residence held six months or less, and gains from installment sales.

Net long-term gain or loss--These were gains and losses from sales or exchanges of capital assets held for more than six months. Long-

term gains and losses were eligible for special tax treatment (see "Net capital gain" below). To obtain the net long-term gain or loss, gains or losses for which taxpayers received Forms 1099-B (stocks, bonds, etc.) were combined with:

- (1) net long-term gain or loss received from partnerships, fiduciaries, or S corporations,
- (2) capital gain distributions of regulated investment companies (mutual funds) and real estate investment trusts,
- (3) long-term capital loss carryover from prior years,
- (4) gains and losses from sales or exchange of assets used in a trade or business and involuntary conversions,
- (5) gains from the sale or exchange of a principal residence held more than six months, and
- (6) long-term capital gains from installment sales.

Short-term capital loss carryover--This carryover equaled that portion of short-term capital loss incurred, but not deducted, in a previous tax year because of the limitation to net capital loss claimable, as discussed below under "Net capital loss."

Long-term capital loss carryover--This carryover equaled that portion of long-term capital loss incurred, but not deducted, in a previous tax year because of the limitation to net capital loss claimable, as discussed below under "Net capital loss."

Net capital gain--If the combination of net short-term gain or loss and net long-term gain or loss resulted in a positive amount, the taxpayer had a net capital gain. For taxpayers with long-term capital gains the actual amount shown as net capital gain (and thus carried into adjusted gross income) was computed by first subtracting short-term capital losses (if any), and then subtracting 60 percent of the remaining amount. Short-term capital gains, on the other hand, were always fully includable in net capital gain.

Net capital gain also included capital gain distributions which would have been reported on Schedule D, Capital Gains and Losses, except for the provision that taxpayers who had no other gains or losses could simply enter the portion of capital gain distributions included in adjusted gross income on line 14 of Form 1040. These distributions were always considered to be long-term capital gains. The statistics include a separate tabulation of capital gain distributions not reported on

Schedule D (Capital Gains and Losses and Reconciliation of Forms 1099-B).

Net capital loss--If the combination of net short-term gain or loss and net long-term gain or loss resulted in a negative amount, the taxpayer generally showed a net capital loss. In many cases, however, the actual amount included in net capital loss (and thus carried into adjusted gross income) was less than the computed combined amount. For taxpayers with long-term capital losses, only 50 percent of such losses (reduced by any short-term capital gains) was includable in net capital loss.

After this reduction, net capital loss was further limited to the lesser of (a) net capital loss, (b) taxable income (computed without regard to capital loss or zero bracket amount), or (c) \$3,000 (\$1,500 for married persons filing separately).

Amounts of capital losses in excess of the above limitations, whichever was applicable, could be carried over to subsequent tax years.

Sales of Property Other Than Capital Assets Net Gain or Loss

Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets. Some types of property specifically included in this group were:

- (1) certain depreciable, depletable, and real business property;
- (2) accounts and notes receivable in the ordinary course of business generated from the sale of goods and services ordinarily held for sale by the business or includable in the inventory of the business;
- (3) certain copyrights; literary, musical, or artistic compositions; or similar properties;
- (4) any share of gain or loss that otherwise qualified under this heading and was received through partnerships, S corporations or fiduciaries; and
- (5) amounts resulting from certain "involuntary conversions," including net losses from casualty and theft.

Gains from the disposition of some property types not considered to be capital assets could be treated as capital gains under certain conditions. Conversely, under certain other conditions gains from the disposition of some property types considered to be capital gains could be denied capital gains treatment. Taxpayers reported all gains and losses not receiving capital gains treatment on Form

4797, Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions.

S Corporation Net Profit or Loss

Net income from a qualified S corporation (defined in Section 1361 of the IR Code) was taxed directly through each stockholder. Net losses were allocated to each stockholder to be offset against income from other sources.

S corporation income shown in this report was the amount taxable to stockholders as ordinary income. Net long-term capital gain, reduced by the special tax imposed at the corporate level, retained its character in the hands of the stockholders and is included in the statistics for net gain or loss from sales of capital assets. Undistributed income earned in previous years was taxable to stockholders in the year it was earned and could be distributed during the current year without any further tax.

If a return showed net income from one S corporation and a net loss from another, that return was tabulated in both the "total income" and "total loss" columns. The columns labeled "net income" and "net loss" represent the sum of all income and loss reported from all S corporations; i.e., the net amount on a return-by-return basis.

Additional information on S Corporations can be found in Statistics of Income--Corporation Income Tax Returns, 1985.

Self-Employed Retirement (Keogh) Plan Adjustment

The tax law allowed self-employed individuals to contribute to a qualified retirement plan (Keogh or H.R. 10 plan) and deduct all or a part of such contributions in computing adjusted gross income. The amount which could be deducted was based on earned income. For self-employed persons participating in simplified employment pensions (SEPs) compensation could not include amounts received as deferred compensation or as a pension or annuity. Thus, earned income was defined as:

- (1) net earnings from self-employment, but only with respect to a trade or business in which personal services of the taxpayer were a material income-producing factor, and
- (2) income from the disposition of certain property by individuals whose personal efforts created the property, excluding capital gains.

Additionally, the maximum amount of the annual deduction was the lesser of \$30,000 or 25 percent of the participant's compensation.

Self-Employment Tax (#)

This tax, levied under the Social Security system, was reported by most individuals who had self-employment earnings of at least \$400 derived from a sole proprietorship or from any share of partnership profits. In the case of individuals who were paid as an employee of a church or qualified church controlled organization that had in effect a certificate electing exemption from social security taxes, they were required to pay self-employment tax if they had remuneration of \$100 or more. Ministers or members of certain religious orders could elect not to be covered by social security if they opposed social insurance on religious principle.

U.S. citizens employed by foreign governments or international organizations were not subject to self-employment tax on salaries. Certain types of income and deductions such as investment income, capital gains and losses, deductions for net operating losses, and casualty and theft losses were not allowed in computing self-employment earnings.

The maximum amount subject to self-employment tax for 1986 was \$42,000, reduced by any wages on which social security tax had been withheld by any employer. The maximum self-employment tax payable was \$5,166, based on the 12.3 percent rate in effect for that year. For 1985, the rate was 11.8 percent with the maximum amount of earnings being \$39,600 and the maximum tax, \$4,672.80.

Separate Returns of Husbands and Wives

Generally, these were returns of married persons, each of whom filed a return independently of his or her spouse and reported only his or her own income, exemptions, and tax. Also included were returns of married persons where only one spouse had income, but elected to use this classification.

If only one spouse filed a separate return, the other spouse's exemption could be claimed on that return, but only if the spouse who was not filing had no gross income and was not the dependent of another taxpayer.

Single Persons, Returns of

These were returns of (a) unmarried persons who did not qualify as head of household or surviving spouse, or (b) certain married individuals living apart from their spouses who maintained a home, independently of the spouse, that was the home of the individual's child or stepchild (who could be claimed as a dependent) for more than 6 but less than 12 months of the year.

Size of Adjusted Gross Income

The amount of adjusted gross income reported by the taxpayer on the return was the basis

for classifying data by size of adjusted gross income. Returns without positive adjusted gross income, such as deficit returns or returns on which income and loss were equal, were classified as having no adjusted gross income and appear as a separate class in most basic tables. The absence of a class labeled "no adjusted gross income" indicates that any deficit or break-even returns in a table were included in the lowest income class.

Social Security Taxes on Tip Income

This amount consisted of social security tax on unreported tip income and uncollected employee social security tax on tips.

Cash tips amounting to \$20 or more that the taxpayer received in a month while working for any one employer were subject to withholding of income tax, social security tax, or railroad retirement tax. Cash tips counted toward social security and railroad retirement benefits and an employee was required to report these tips to the employer; the employer then withheld the social security tax or railroad retirement tax. However, if the employer was unable to withhold the amount of social security tax or railroad retirement tax, the amount of uncollected social security tax or railroad retirement tax on tips was indicated on the employee's Form W-2, and the taxpayer was required to report the uncollected tax and pay it with the Form 1040.

If the employee did not report the tips to the employer, the employee was required to compute the social security tax on unreported tips on Form 4137 and attach it to Form 1040.

State Income Tax Refunds

These amounts represented that part of a refund of State income tax attributable to itemized deductions taken in a prior year that resulted in a Federal tax benefit. Taxpayers were instructed not to net the refundable amount against the current year's itemized deduction for State and local income tax.

Statutory Adjustments

These were certain adjustments to gross income allowed as deductions in arriving at adjusted gross income. Statutory adjustments consisted of the moving expense deduction, employee business expense deduction, payments to a self-employed retirement (Keogh) plan, forfeited interest penalty, payments to an individual retirement arrangement (IRA), alimony paid, the two-earner married couple deduction, and the foreign housing deduction. Each of the above is described in this section. In addition, statutory adjustments included the forestation/reforestation amortization deduction and the repayment of supplemental unemployment benefits under the Trade Act of 1974.

Surviving Spouses, Returns of

These returns were filed by widows or widowers whose spouse had died during either of the two preceding years, who had not remarried, and who had maintained a home which was the principal abode of a child or stepchild for whom the taxpayer was entitled to an exemption.

Surviving spouse taxpayers could use the joint return tax rates for the two taxable years following the year of death of the spouse; however, the deceased spouse could not be claimed as an exemption, except for the year of death.

Tax Credits

This item represents the sum of "Total Personal Credits", the "Foreign Tax Credit", the "General Business Credit", and "Other Tax Credits".

Tax Due at Time of Filing

"Tax due" was reported on returns on which "total tax liability" exceeded the "total taxpayments."

Tax From Recomputing Prior-Year Investment Credit

The investment tax credit provisions of the law included a recapture rule which required taxpayers to pay back all or a portion of any investment credit taken on property disposed of before the end of the useful life claimed in computing the credit. The law specified that if property qualifying for the credit was disposed of before the end of its intended useful life, the tax for the year of disposal was increased by the difference between the credit originally claimed and the credit that would have been allowed based on the shorter actual life.

Tax credits could not be applied against this additional tax.

Tax Generated

This amount was the tax on "taxable income." On most returns (those without one of the "taxes from special computations or those not electing to use the income averaging method for determining their income tax"), this equaled "income tax before credits."

Tax Savings From Income Averaging

In this report, the amount of tax savings is the difference between the tax resulting from using the provision of the income averaging method from Schedule G (Income Averaging) and the amount of regular tax that would have resulted from not using this provision.

Taxable and Nontaxable Returns

The taxable and nontaxable classification of a return for this report was determined by the presence of "total income tax" (the sum of income tax after credits and the additional tax for tax preferences). Some returns classified as "nontaxable" may have had a liability for self-employment or Railroad Retirement Tax Act (RRTA) taxes, social security taxes on tip income, tax from recomputing prior-year investment credit, penalty taxes on individual retirement arrangements, Section 72 penalty taxes, advance earned income credit payments, golden parachute payments, or uncollected employee social security and RRTA tax on tips. However, these taxes were disregarded for purposes of this classification, since three of the above taxes were considered social security (rather than income) taxes, and the remaining ones, except for advance earned income payments, were either based on prior-year's income or were penalty taxes. For the purposes of this report, the earned income credit was treated as an amount which could be used to offset income tax before credits. (Since the earned income credit was refundable, it was subtracted from income tax after reduction by all other statutory credits for the statistics.) As a result, some returns became nontaxable strictly because of the earned income credit when there was not additional tax for tax preferences and the earned income credit equaled or exceeded income tax before credits reduced by any other credits.

It should be noted that classification as taxable or nontaxable was based on each return as it was originally filed; the classification does not reflect any changes resulting from audit or other enforcement activities.

Taxable Income

Taxable income was the amount to which taxpayers applied the tax tables or the tax rate schedules to arrive at "tax generated." It was determined by subtracting from adjusted gross income "excess itemized deductions" (or by adding the "unused zero bracket amount"), the charitable contribution deduction claimed by taxpayers who did not itemize, and the exemption amount. The zero bracket amount, that portion of income subject to tax at the zero percent rate, represented the first portion of taxable income.

Taxable income was not tabulated for deficit returns or for returns on which excess itemized deductions plus the exemption amount equaled or exceeded adjusted gross income.

Taxes From Special Computations

These taxes represented the second component

of "income tax before credits" (in addition to "tax generated") and consisted of:

- (1) the "special averaging tax" (from Form 4972), computed by a taxpayer who received a lump-sum distribution from a qualified pension or retirement plan; and was eligible to use the 10-year averaging method;
- (2) the "multiple recipient special averaging tax" (from Form 5544), computed by a taxpayer who received a share of a single lump-sum distribution from a qualified pension or retirement plan; and
- (3) the tax on accumulation distributions of trusts (from Form 4970), computed by a taxpayer who received a distribution in the current year which was based on income accumulated by a trust in prior years.

Taxes Paid Deduction

Taxes allowed as a deduction from adjusted gross income included personal property taxes, state and local income taxes, certain state and local general sales taxes, taxes paid to foreign countries or U.S. possessions unless a foreign tax credit was claimed, and real estate taxes except those levied for improvements that tended to increase the value of the property. Federal taxes and State and local taxes on cigarettes, tobacco and alcoholic beverages were not deductible, nor were State and local fees for vehicle license plates (unless the fees were based on the value of the vehicle) or driver's licenses.

Mandatory employee contributions to a state disability fund and employee contributions to a state unemployment fund were deductible.

Taxes paid on business property were deducted separately on the schedules for business, rent, farm, and royalty income and are excluded from the "taxes paid" in this report.

Taxpayments

These payments were generally made before the return was filed and were applied against tax liability to determine any amount payable or refundable at the time of filing. They consisted of the following:

- (1) income tax withheld, including backup withholding,
- (2) excess social security taxes or railroad retirement tax withheld,
- (3) credit for tax on certain gasoline, fuel, and oil,

- (4) payments on 1986 declaration of estimated tax,
- (5) payment with request for extension of filing time,
- (6) credit from regulated investment companies,
- (7) overpayment of windfall profit tax, and
- (8) other taxpayments.

Each of the above is described under a separate heading in this section.

While the earned income credit was shown as a taxpayment of the tax return itself, it is tabulated separately for purposes of this report and not included as part of taxpayments. (See also "Earned Income Credit.")

Total Income Tax

Total income tax was the sum of income tax after credits and the additional tax for tax preferences. It did not include any of the other taxes which made up "total tax liability." Total income tax was the basis for classifying returns as "taxable or nontaxable."

Total Itemized Deductions

Itemized deductions from adjusted gross income could be claimed for medical and dental expenses, taxes paid, interest paid, contributions, casualty and theft losses, and miscellaneous deductions.

Four groups of taxpayers were required to itemize their deductions, even if those deductions were less than the zero bracket amount. Those individuals were dependents with unearned income of \$1,080 or more; married persons filing a separate return when the taxpayer's spouse elected to itemize; dual status aliens (i.e., one who was both a nonresident alien and a resident alien or U.S. citizen during the year); and persons excluding income received from sources in U.S. possessions. Dependents with unearned income could substitute their earned income, if it was larger than their itemized deductions.

Total itemized deductions was the amount before the zero bracket amount was taken into account. It was tabulated only from returns showing positive adjusted gross income.

Total Personal Credits

For purposes of this report, total personal credits consisted of the following:

- (1) child care credit;
- (2) credit for the elderly and permanently and totally disabled;

- (3) residential energy credit,
- (4) political contributions credit, and
- (5) mortgage interest credit.

This amount was deducted from income tax before credits to arrive at income tax after personal credits. (See also "Income Tax After Personal Credits.") Each of the above credits is described under a separate heading in this section.

Total Tax Liability

Total tax liability was the sum of income tax after credits, additional tax for tax preferences, self-employment or Railroad Retirement Tax Act taxes, social security tax on tips, tax from recomputing prior-year investment credits, taxes from individual retirement arrangements, Section 72 penalty taxes, uncollected employee social security and Railroad Retirement Tax Act tax on tips, tax on golden parachute payments reduced by the "earned income credit used to offset all other taxes" (defined under "Earned Income Credit"). For purposes of this report, total tax liability did not include any advance earned income credit payments.

Type of Tax Computation

There were two methods of computing the tax on income subject to tax. These methods were:

- (1) regular tax, as computed from the tax tables or tax rate schedules accompanying the Forms 1040, 1040A, or 1040EZ; and
- (2) income averaging, computed on Schedule G, Income Averaging.

Unemployment Compensation

All or a portion of payment received for unemployment compensation was includable in adjusted gross income, and thus subject to tax.

The taxable amount of unemployment compensation was determined by adding adjusted gross income and unemployment compensation for the year and subtracting the exclusion for unemployment compensation payments. The excluded amounts were \$12,000 for single persons or married couples who filed separate returns and did not live together anytime during the year and \$18,000 for married couples who filed joint returns. Married couples who filed separate returns and lived together anytime during the year were not eligible for the exclusion.

One-half of the excess over the exclusion, but not more than gross unemployment compensation, was determined to be taxable unemployment compensation.

Unused Zero Bracket Amount

This concept represented the amount by which the zero bracket amount exceeded total itemized deductions. It could arise only on returns of taxpayers who were required, by law, to itemize their deductions. Such taxpayers consisted of: (1) married persons filing separately whose spouse chose to itemize; (2) dual status aliens; (3) persons excluding income from sources in U.S. possessions, and (4) dependents with unearned income if their earned income was less than the zero bracket amount.

This last category of taxpayers consisted of any individual who could be claimed as a dependent by another taxpayer and had to file a tax return if he or she had unearned income (such as interest, dividends, or capital gains) in excess of \$1,080. In addition, these taxpayers were required to itemize their deductions, even if the total amount of deductions was less than the appropriate zero bracket amount. (This was in contrast to most other taxpayers who could itemize their deductions only if the total itemized deductions exceeded their zero bracket amount.) If these dependent taxpayers also had earned income, such as wages, they could substitute the

earned income, if larger, for the amount of itemized deductions. The amount of any earned income substituted, however, was limited to the zero bracket amount. For purposes of statistics in this report, those returns for taxpayers being claimed as dependents with earned income equal to or greater than the zero bracket amount were tabulated as "zero bracket amount only" returns. Those returns with earned income less than the zero bracket amount were tabulated as returns with itemized deductions, with any specified itemized deductions tabulated as reported by the taxpayer. Earned income used in lieu of itemized deductions to offset taxable income was tabulated as part of "miscellaneous deductions."

(See also "Zero Bracket Amount," and "Total Itemized Deductions.")

Zero Bracket Amount

This amount replaced the "standard deduction" which was in effect for 1976 and earlier years. For 1986, the zero bracket amount was \$3,670 for married taxpayers filing jointly and surviving spouses, \$2,480 for single persons and heads of households, and \$1,835 for married taxpayers filing separately.

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1040 U.S. Individual Income Tax Return 1986

Department of the Treasury - Internal Revenue Service. For the year January 1, 1986, or other tax year beginning 1986, ending 1986. Your last name and initials (if joint return, also give spouse's name and initials). Last name. OMB No. 1545-0074. Your social security number.

Present home address (number and street or rural route). If you have a P.O. Box, see page 4 of instructions. City, town or post office, state, and ZIP code. If this address is different from the one shown on your 1985 return, check here: Yes/No. Yes/No. Spouse's social security number.

Do you want \$1 to go to this fund? If joint return, does your spouse want \$1 to go to this fund? For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Filing Status: 1 Single, 2 Married filing joint return, 3 Married filing separate return, 4 Head of household, 5 Qualifying widow(er) with dependent child.

Exemptions: 6a Yourself, 6b Spouse, 6c First names of your dependent children who lived with you.

Income: 7 Wages, salaries, tips, etc., 8 Interest income, 9a Dividends, 9b Exclusion, 10 Taxable refunds of state and local income taxes.

Income (continued): 11 Alimony received, 12 Business income or loss, 13 Capital gain or loss, 14 40% of capital gain distributions, 15 Other gains or losses.

Income (continued): 16 Fully taxable pensions, IRA distributions, and annuities, 17a Other pensions and annuities, 17b Taxable amount, 18 Rents, royalties, partnerships, estates, trusts, etc., 19 Farm income or loss.

Income (continued): 20a Social security benefits, 20b Taxable amount, 21a Taxable amount, 21b Other income (list type and amount).

Adjusted Gross Income: 22 Add the amounts shown in the bracketed column for lines 7 through 22. This is your total income.

Adjustments to Income: 24 Moving expenses, 25 Employee business expenses, 26 IRA deduction, 27 Keogh retirement plan and self-employed SEP deduction, 28 Penalty on early withdrawal of savings, 29 Alimony paid (recipient's last name and social security no.), 30 Deduction for a married couple when both work (attach Schedule W).

Adjusted Gross Income: 31 Add lines 24 through 30. These are your total adjustments. 32 Subtract line 31 from line 23. This is your adjusted gross income. If this line is less than \$11,000 and a child lived with you, see "Earned Income Credit" (line 58) on page 16 of instructions. If you want \$15 for your four, see page 13 of instructions.

33 Amount from line 32 (adjusted gross income)

34a Caution: If you have unearned income and can be claimed as a dependent on your parents' return, see page 13 of instructions and check here. 34b If you do not itemize but you made charitable contributions, enter your cash contributions here (if you gave \$3,000 or more to any one organization, see page 14).

35 Subtract line 34a or line 34b, whichever applies, from line 33. 36 Multiply \$1,000 by the total number of exemptions claimed on line 6 (see page 14).

37 Taxable income. Subtract line 36 from line 35. Enter the result (but not less than zero). 38 Enter tax here. Check if from Tax Table, Tax-Rate Schedule X, Y, Z, or Schedule G.

39 Additional taxes (see page 14 of instructions). Enter here and check if from Form 4970, Form 4972, or Form 5544. 40 Add lines 38 and 39. Enter the total.

41 Credit for child and dependent care expenses (attach Form 2441). 42 Credit for the elderly or for the permanently and totally disabled (attach Schedule R).

43 Partial credit for political contributions for which you have receipts. 44 Add lines 41 through 43. Enter the total. 45 Subtract line 44 from line 40. Enter the result (but not less than zero).

46 Foreign tax credit (attach Form 7176). 47 General business credit. Check if from Form 3800, Form 3468, Form 5884, Form 6478, or Form 6765. 48 Add lines 46 and 47. Enter the total. 49 Subtract line 48 from line 45. Enter the result (but not less than zero).

50 Self-employment tax (attach Schedule SE). 51 Alternative minimum tax (attach Form 6251). 52 Tax from recapture of investment credit (attach Form 4255).

53 Social security tax on tip income not reported to employer (attach Form 4137). 54 Advance EIC Payments. 55 Add lines 49 through 54. This is your total tax.

56 Federal income tax withheld. 57 1986 estimated tax payments and amount applied from 1985 return. 58 Earned income credit (see page 16).

59 Amount paid with Form 4868 and W-2P. 60 Excess social security tax and RRTA tax withheld (two or more employers). 61 Credit for Federal tax on gasoline and special fuels (attach Form 4138). 62 Regulated investment company credit (attach Form 2439).

63 Add lines 56 through 62. These are your total payments. 64 If line 63 is larger than line 55, enter amount OVERPAID. 65 Amount of line 64 to be REFUNDED TO YOU.

66 Amount of line 64 to be applied to your 1987 estimated tax. 67 If line 55 is larger than line 63, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to Internal Revenue Service. Write your social security number, daytime phone number, and 1986 Form 1040 on it.

68 If line 63 is larger than line 55, enter amount OVERPAID. 69 Amount of line 64 to be applied to your 1987 estimated tax. 70 If line 55 is larger than line 63, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to Internal Revenue Service.

71 Your signature, Date, Your occupation. 72 Spouse's signature (if joint return, BOTH must sign), Date, Spouse's occupation. 73 Preparer's signature, Date, Preparer's social security no. 74 Firm's name for your use only, Firm's address, E-mail, ZIP code.

U.S. GOVERNMENT PRINTING OFFICE: 1986-800-974



1986 Instructions Form 1040

From the Commissioner

The new tax reform act makes sweeping changes in our tax laws that will affect all taxpayers. However, you will find that your tax forms this year are very similar to those you filed in the past. This is because most of the new tax changes do not take effect until after 1986 and therefore will not affect your 1986 taxes. We will be providing additional information throughout the coming year about these changes so that you will be familiar with them by the time you receive next year's tax forms.

I also am happy to tell you that the last tax filing season was one of our best ever, primarily because of the excellent efforts of our employees, and their improvements in our system which permitted us to more quickly process your tax returns and issue refunds. We hope that you are pleased with the improvement in our performance, and we want you to know that we will continue to work to improve our system.

You can do some important things to make sure that your 1986 return can be processed promptly this year. First, after you complete your tax return, please check it carefully to make sure it is correct and also be sure to sign it. Second, if you received a preprinted name and address label from us, please use it because this label reduces the chance of error that may delay processing your return. Finally, please mail your return as soon as possible to avoid delays that may occur at the end of the filing season.

As your new Commissioner, I am committed to the continued improvement in the quality of the service that we are providing to you. All of us at the Internal Revenue Service are working very hard to improve the quality of our performance in order to deserve and obtain your continued respect and confidence. If you have any suggestions for improving our forms and instructions or our administration of the tax laws, please let me know by writing me at the Internal Revenue Service, Mail Stop 1040, 1111 Constitution Avenue, N.W., Washington, DC 20224.

Lawrence B. Gibbs

Lawrence B. Gibbs
Commissioner of Internal Revenue

and instructions for Schedules A, B, C, D, E, F, and SE

(Tax Table—pages 37-42)
(Telephone Numbers for Ordering Forms—page 49)
(Telephone Numbers for Recorded Tax Information—page 46)

Note: This booklet does not contain any tax forms.

Important Reminders

Contribution for Charitable Contributions. Generally, for 1986, you may deduct all of your qualified charitable contributions even if you do not itemize your deductions. See the instructions for lines 34b through 34d on page 14 for more details.

Residential Energy Credit. You may not take a credit for energy-saving expenditures made after 1985. However, if you have an unused credit from a prior tax year, you may be able to take a credit against your tax. Get Form 5695, Residential Energy Credit Carryforward, for details.

Tax Shelter Registration Number. A person who sells (or otherwise transfers) to you an interest in a tax shelter must maintain a list of investors and give you the tax shelter registration number assigned to the tax shelter. You must attach to your tax return Form 8271, Investor Reporting of Tax Shelter Registration Number, to report this number. Penalties are provided if you fail to report this number on your tax return.

Could You Pay Less Tax by Income Averaging? If there has been a large increase in your income this year, you may be able to pay less tax by using the income averaging method to figure your tax. Get Schedule G (Form 1040) to see if you qualify.

Tax Law Changes Effective for 1987

The following information has no effect on your 1986 tax return. It is provided to give you enough time to comply with three of the many new changes included in the recently enacted Tax Reform Act of 1986.

Social Security Numbers for Dependents. Any person age 5 or over whom you claim as a dependent on your tax return next year must have a social security number, and that number must be shown on your 1987 return. If your dependent does not already have a social security number, the Social Security Administration will let you know how to apply for one.

Employment Taxes for Household Employers. If you have a household employee, both you and the employee may have to pay a share of the social security tax on the employee's wages. You may also have to pay Federal unemployment tax, which is for your employee's unemployment insurance. For more details, get Publication 503, Child and Dependent Care Credit, and Employment Taxes for Household Employers.

Voluntary Contributions To Reduce the Public Debt. If you wish to make a contribution to reduce the public debt, enclose a separate check with your income tax return and make it payable to "Bureau of the Public Debt." You may be able to deduct this contribution on your 1987 tax return if you itemize your deductions. Please do not add it to any tax you may owe. If you owe tax, include a separate check for that amount payable to "Internal Revenue Service."

Assembling Your Return. Attach all schedules and forms in order of the "Attachment Sequence No.," that is shown in the upper right corner of the schedule or form. For example, the "Attachment Sequence No." for Schedule A (Form 1040) is 07. Attach forms without an attachment sequence

number and any additional information sheets at the end of your return. See Step 5 on page 4 for more details.

Mailing Your Return. If you received an envelope with your forms booklet, please use it. If you didn't receive an envelope, or if you moved during the year, see Where To File on page 18. Envelopes with insufficient postage will be returned by the post office.

Telephone Service for Tax Return Information. If it has been at least 10 weeks since you mailed your 1986 tax return, you can call a telephone number to find out the status of your income tax refund. For details on how to use this service, see Tele-Tax Information (the page numbers are in the index).

Unresolved Tax Problems. The Problem Resolution Program is for taxpayers who have been unable to resolve their problems with IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. Although this office cannot change the tax law or technical decisions, it can assist in resolving problems that resulted from previous contacts.

Estimated Tax Payments. Generally, for 1987 you should prepay, through withholding or estimated tax payments, at least 90% (previously 80%) of your 1987 tax or 100% of your 1986 tax, whichever is less. Otherwise, you may have to pay a penalty. Form 1040-ES, Estimated Tax for Individuals, is used to pay estimated tax. You can get Form 1040-ES from IRS.

If you want more information about these and other tax law changes effective for 1987, get Publication 553, Highlights of 1986 Tax Changes.

Form W-4 Filing Requirement. You must file a new 1987 Form W-4, Employee's Withholding Allowance Certificate, with your employer before October 1, 1987. Otherwise, Federal income taxes will be withheld from your wages as if you claimed only one withholding allowance (two withholding allowances if your most recent W-4 form shows you are married). However, because of the numerous tax law changes effective for 1987, you may want to file the 1987 Form W-4 with your employer early in 1987 to make sure you have the right amount of income tax withheld from your wages. If you do this, you will meet the requirement for filing before October 1, 1987. You can get the new 1987 Form W-4 from your employer.

How To Use This Instructional Booklet

The instructions are divided into five main sections:

- **Section 1** contains information on who must file, how to choose the correct form to use, and when to file a return.
- **Section 2** contains helpful steps to get you ready to prepare your return.
- **Section 3** contains line-by-line instructions for most of the lines on the return.
- **Section 4** contains general information about your marital status, age, and gross income to determine whether you have to file a tax return. It also contains information on how to determine if you can file a joint return with your spouse.
- **Section 5** contains instructions for most of the lines on many of the 1040 schedules that may be attached to Form 1040.

If you follow the steps in Section 2 and Section 3, you can fill in your return quickly and accurately. You may also find some of the publications and **Tax Information** listed in the instructions helpful.

Section 1

Filing Information

First, be sure you need to file a tax return.

Who Must File (Caution: Also see Other Filing Requirements below)

You must file a tax return if—

- your marital status at the end of 1986 was:
 - Single (including divorced and legally separated).

Married with a dependent child (or a child whom you cannot claim as a dependent because of the rules on payments for Children Living Apart from your spouse during the last 6 months of 1986)

Married and living with your spouse at end of 1986 (or on the date your spouse died)

Married (or living with your spouse at end of 1986 (or on the date your spouse died), widowed in 1985 or 1985 and not remarried in 1986

Widowed before 1984 and not remarried in 1986

Other Filing Requirements. Even if your income was less than the amounts shown above, you must file a return if any one of the following applied for 1986:

- You could be claimed as a dependent on your parents' return and you had \$1,080 or more in income that was not earned income—for example, taxable interest and dividends.
- You owe any special taxes, such as:
 - an excise tax on tips you did not report to your employer.
 - an uncollected social security tax, or
 - RETA tax on tips you reported to your employer.
- You received any advance earned income credit (EIC) payments from your employer(s).
- You had net earnings from self-employment in excess of \$400.
- You had wages of \$100 or more from a church or qualified church-controlled organization that is exempt from employer social security taxes.

Who Should File

Even if you do not have to file, you should file a tax return if you have any of the following items withheld from any payments to you for 1986 you can take the earned income credit. If you file for either of these reasons only, you may be able to use Form 1040A if you file only to get a refund of tax withheld. You may be able to use Form 1040EZ.

and at the end of 1986 you are:

- under 65
- 65 or over

 Single or Head of household

under 65 (both spouses) or 65 or over (one spouse)

any age

any age

under 65 or 65 or over

under 65 or 65 or over

under 65 or 65 or over

When To File
 You should file as soon as you can after January 1, but not later than April 15, 1987 if you are a taxpayer who may owe any penalties and interest. See Penalties and Interest on page 18.

If you know that you cannot file by the due date, you should ask for an extension using Form 4868. Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

Note: Form 4868 does not extend the time to pay your income tax. See the instructions for Form 4868.

If you are planning to travel outside the United States and Puerto Rico, you should get an automatic 2-month extension of time to file. Just attach a statement to your return explaining the details.

When To File

When To File

You should file as soon as you can after January 1, but not later than April 15, 1987 if you are a taxpayer who may owe any penalties and interest. See Penalties and Interest on page 18.

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Note: Form 4868 does not extend the time to pay your income tax. See the instructions for Form 4868.

If you are planning to travel outside the United States and Puerto Rico, you should get an automatic 2-month extension of time to file. Just attach a statement to your return explaining the details.

- Your taxable income is less than \$50,000.
- You do not itemize deductions or claim any adjustments to income or tax credits on lines 39, 50 through 54, or any write-in advance cash charitable contributions on line 55 (other than advance EIC payments).

You May Be Able To Use Form 1040A

If you had income only from wages, salaries, tips, unemployment compensation, interest, or dividends.

- Your taxable income is less than \$50,000.
- You do not itemize deductions.
- You can also use Form 1040A to claim the deduction for a married couple with both work. The deduction for certain contributions to an individual Retirement Arrangement (IRA), the credit for child and dependent care expenses, and deductions for state, local, and foreign taxes are easier to complete than Form 1040. You should use one of them unless using Form 1040 lets you pay less tax. However, even if you meet the above tests, you must file Form 1040 if any of the following situations applies to you.

You MUST Use Form 1040 if:

- Your taxable income is \$50,000 or more.
- You itemize deductions (Read line 34a instructions that begin on page 13 to see if it would benefit you to itemize.)
- Your spouse files a separate return and itemizes deductions. Exception: You may file a separate return if you and your spouse can meet the tests on page 5, under Married Persons Who Live Apart.
- You can be claimed as a dependent on your parents' return AND you had interest, dividends, or other unearned income of \$1,080 or more.
- You are a qualifying (widower) with a dependent child.
- You were a nonresident alien during any part of 1986 and do not file a joint return with your spouse.
- You were married to a U.S. citizen or U.S. resident alien at the end of 1986 to whom you are treated as a resident alien. Exception: You may be able to use Form 1040A if you meet the tests on page 5 under Married Persons Who Live Apart.
- You received as a nominee, interest or dividends that actually belong to another person.
- You received or paid accrued interest on securities transferred between interest payment dates.
- You received any nontaxable dividends or capital gain distributions.
- You are required to file in Part III of Schedule B for foreign accounts and foreign trusts (see page 23 of the instructions).
- You show on Form 1040 lines 10 through 19 or railroad retirement benefits.
- You take any of the adjustments to income shown on Form 1040, lines 24, 25, 26, 28, 29, or any write-in amount included on line 31.

When To File

You should file as soon as you can after January 1, but not later than April 15, 1987 if you are a taxpayer who may owe any penalties and interest. See Penalties and Interest on page 18.

If you know that you cannot file by the due date, you should ask for an extension using Form 4868. Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

Note: Form 4868 does not extend the time to pay your income tax. See the instructions for Form 4868.

If you are planning to travel outside the United States and Puerto Rico, you should get an automatic 2-month extension of time to file. Just attach a statement to your return explaining the details.

- You claim any of the credits on Form 1040, lines 42, 46, 47, or any write-in amount included on lines 44 or 48.
- You owe any of the taxes on Form 1040, lines 39, 50 through 54, or any write-in amount included on line 55 (other than advance EIC payments).
- You claim any of the payments on Form 1040, lines 57, 61, 62, or any write-in amount included on lines 62 or 63.

You MUST Use Form 1040 if:

- Your taxable income is \$50,000 or more.
- You itemize deductions (Read line 34a instructions that begin on page 13 to see if it would benefit you to itemize.)
- Your spouse files a separate return and itemizes deductions. Exception: You may file a separate return if you and your spouse can meet the tests on page 5, under Married Persons Who Live Apart.
- You can be claimed as a dependent on your parents' return AND you had interest, dividends, or other unearned income of \$1,080 or more.
- You are a qualifying (widower) with a dependent child.
- You were a nonresident alien during any part of 1986 and do not file a joint return with your spouse.
- You were married to a U.S. citizen or U.S. resident alien at the end of 1986 to whom you are treated as a resident alien. Exception: You may be able to use Form 1040A if you meet the tests on page 5 under Married Persons Who Live Apart.
- You received as a nominee, interest or dividends that actually belong to another person.
- You received or paid accrued interest on securities transferred between interest payment dates.
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Note: Form 4868 does not extend the time to pay your income tax. See the instructions for Form 4868.

If you are planning to travel outside the United States and Puerto Rico, you should get an automatic 2-month extension of time to file. Just attach a statement to your return explaining the details.

Before you fill in your return, look it over to see if you need more forms or schedules.

If you think you will need any other forms, get them before you start to fill in your return. Most IRS offices and many local banks, post offices, and libraries may have some of them. Or, you can use the order blank on the next to the last page of the booklet. The forms you will send you for free. For more information, see the instructions you ask for.

Step 3

Check your return to make sure it is correct.

Step 4

Sign and date your return. Form 1040 is not considered a return unless you sign it. Your spouse must also sign it if it is a joint return.

Step 5

Attach all necessary forms and schedules. Attach the first copy of Copy B of Forms W-2, W-2G, and W-2P in the front of Form 1040.

If you need more space on forms or schedules, attach separate sheets and use the same format as the printed forms, but show your totals on the printed forms. Please use sheets that are the same size as your tax return. Write your name and social security number on these separate sheets and attach them at the end of your return.

If you owe tax, be sure to attach your payment to the front of Form 1040.

Section 3

Line-By-Line Instructions

Name, Address, and Social Security Number Blocks

If you received a mailing label from us, please use it. But don't attach your label to your return until you complete the return. Make sure the label is correct. If it isn't, mark through the label and make corrections on the label. If you do not have a label, use the appropriate name, address and social security number. Address: **Caution:** If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.

P.O. Box. If your post office does not deliver mail to your street address and you have a P.O. Box, enter your P.O. Box number on the line for your present home address instead of your street address.

Special Security Number. If you are married, give social security numbers for both you and your spouse whether you file joint or separate returns.

If your spouse is a nonresident alien, has no income, does not have a social security number, and you file a separate return, enter "NRA" in the block for your spouse's social security number. Your spouse must get a social security number.

If you, your spouse, or your child, are filing a joint return, you must get Form SS-5 from a Social Security Administration (SSA) office. File it with your local SSA office early enough to get your number before April 15 of the year you are filing. Attach Form 11 to your tax return. Attach Form 11 in the block for your social security number.

Name Change. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration (SSA) so the name on your tax return is the same as the name SSA has on its records. This may prevent a joint return being prepared.

Joint Return. Show the social security numbers in the same order that you show your first names. If you are filing a joint return and have different last names, please separate the names with an "and". For example, "John Brown and Mary Smith."

Presidential Election Campaign Fund. Congress established the fund to support public financing of Presidential election campaigns.

You may have \$1 go to the fund by checking the Yes box. On a joint return, each of you may choose to have \$1 go to this fund, or each may choose not to. One may choose to have \$1 go to this fund and the other may choose not to. You may change the tax of refund shown on your return, or political contributions on line 43.

Filing Status Lines 1 through 5 Single

Consider yourself single if on December 31 you were unmarried or separated from your spouse either by divorce or separate living. If you are married, you do not qualify for another filing status. You are single if you are married, divorced, or legally separated.

If you were married on December 31, consider yourself married for the whole year if you were separated from your spouse for less than 90 days. If you were separated from your spouse for 90 days or more, you are single for the whole year, unless you remarried before the end of 1986.

Married Joint or Separate Returns?

Most married couples will pay less tax if they file a joint return. You should discuss all the tax advantages and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

Return even if you did not live together for the whole year. Both of you are responsible for the taxes on a joint return; so if one of you dies, the other spouse may be liable. **Note:** If you file a joint return, you must file separate returns for that year if your spouse died in 1986. You can also file a joint return if your spouse died in 1987 before filing a 1986 return. For details on how to file the joint return, see **Death of Taxpayer** on page 13.

Tax Tip: You decide not to file a joint return if you can lower your tax by meeting the tests described on this page under **Married Persons Who Live Apart**.

Special Rule for Aliens. If at the end of 1986, you were a nonresident alien or dual-status alien married to a U.S. citizen or resident alien, you may be able to file a joint return. You and your spouse must agree to be taxed on your combined worldwide income. For more details, get Publication 519, U.S. Tax Guide for Aliens.

Separate Returns. You can file separate returns if both you and your spouse had income, or if only one of you had income. If you file a separate return, you each report only your own income, exemptions, deductions, and credits. You are responsible only for the tax due on your own return. Special rules apply, however, for taxpayers who live in community property states. For details, get Publication 555.

In most instances if you file a separate return, you will pay more Federal tax because the tax rate is higher for married persons filing separately. The following also apply to married couples when both work:

- a. You cannot take the deduction for a married couple when both work.
- b. You cannot take the credit for child and dependent care expenses in most cases.
- c. You cannot take the earned income credit.
- d. If you lived with your spouse at any time in 1986—
- e. You will have to include in income more of any unemployment compensation you received in 1986.
- f. You cannot take the credit for the elderly or for the permanently and totally disabled.
- g. You may have to include in income up to one-half of any social security benefits (including railroad retirement benefits) that are based on social security you received in 1986.
- h. You must itemize your deductions if your spouse itemizes, even if it is not to your tax benefit to do so.

If you file a separate return, enter your spouse's full name in the space provided on line 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file, check the boxes on line 6b that apply if you can claim the exemptions for your spouse. Please see **Married Spouse on page 6**. Some married persons who live apart, however, do not live with their spouse, may file as head of household and use tax rates that are lower than the rates for single or for married filing a separate return. This also means that if your spouse itemizes deductions, you do the earned income tax credit. You must be able to claim the head of household if you meet ALL 4 of the following tests:

- 1. You file a separate return from your spouse.
- 2. You paid more than half the cost to keep up your home in 1986.
- 3. Your spouse did not live with you at any time during the last 6 months of 1986.
- 4. For over 6 months of 1986, your home was the principal home of your child or stepchild who can claim as a dependent. OR
- a. You claim as a dependent a child or dependent under the rules set forth on page 7 for Children of Divorced or Separated Parents. (Enter this child's name in the space provided on line 4.)

Head of Household

Tax Tip: The tax rates for a person who can meet the tests for head of household are lower than the rates for single or for married filing a separate return. You may use this filing status ONLY if on December 31, 1986, you were unmarried (including certain married persons who live apart, as discussed above) or legally separated and meet test 1 or 2 below. You must keep more than half the cost of keeping up your home in 1986 in your own home of your father or mother whom you can claim as a dependent. OR

2. You paid more than half the cost of keeping up the home in which you lived and in which one of the following also lived for more than 6 months of the year (except for temporary absences, such as for vacation or school):

- a. Your unmarried child, grandchild, adopted child, or stepchild. This child must not have to be your dependent. However, your foster child must be your dependent. **Note:** If this child is not your dependent, you must enter the child's name in the space provided on line 4.
- b. Your married child, grandchild, adopted child, or stepchild. This child must be your dependent. But if your married child is your dependent, you must enter the child's name on line 4 for Children of Divorced or Separated Parents. This child does not have to be your dependent (if your child is not your dependent because of these rules, you must enter the child's name in the space provided on line 4.)

c. Any other relative listed below whom you can claim as a dependent:

Parent	Brother-in-law
Grandparent	Sister-in-law
Brother	Son-in-law
Sister	Daughter-in-law, or if related by blood
Stepbrother	Aunt
Sister-in-law	Uncle
Stepfather	Nephew
Stepmother	Niece
Mother-in-law	
Father-in-law	

Note: See instructions for lines 6c through 6e below for the definition of dependent.

Special rules

- a. If you receive payments under the Aid to Families with Dependent Children (AFDC) program and use them to pay part of the cost of keeping up this home, you may not claim a dependent child. You must use a separate return to claim a dependent child. You claim a relative described on 1 or 2 on page 5 as a dependent under a Multiple Support Declaration. (See page 7 for details on dependents supported by two or more taxpayers.)

Qualifying Widow or Widower With a Dependent Child

If your spouse died in 1984 or 1985 and you did not remarry in 1986, you may be able to use joint return tax rates for 1986. You can figure your tax at joint return rates if you meet ALL 3 of the following tests:

- 1. You could have filed a joint return with your spouse for the year your spouse died, even if you didn't actually do so.
- 2. Your dependent child, stepchild, adopted child, or grandchild lived with you (except for temporary absences, such as for vacation or school).
- 3. You paid over half the cost of keeping up the home for this child for the whole year.

Check the box on line 5 for Qualifying widow(er) with dependent child and show the year your spouse died in the space provided. Do not claim an exemption for your spouse.

If your spouse died before 1984 and you were single in 1985, you may check the box on line 5 for Qualifying widow(er) with dependent child and show the year your spouse died in the space provided. Do not claim an exemption for your spouse.

Exemptions Line 6a

For Yourself

You may take one exemption for yourself. Take two exemptions if you are blind, or 65 or over. Take three exemptions if you are blind and 65 or over. Be sure to check all the boxes on line 6a for the exemptions you can take for yourself.

You can take the extra exemptions for aged, blind, or 65 or over only for yourself and your spouse. You cannot take the extra exemptions for anyone else. Age and blindness are determined as of December 31. However, if your 65th birthday was on January 1, 1987, you can take the extra exemption for age for 1986.

Proof of Exemption. If you are completely blind, attach a statement to your return to show this effect.

In cases of partial blindness, you must attach to your return each year a certified statement from an eye physician or registered optometrist that:

- 1. you cannot see better than 20/200 in the better eye with glasses or contact lenses, OR
- 2. your field of vision is not more than 20 degrees.

If this eye condition will never improve beyond the standards in 1 or 2, you may not be eligible for the exemption. Attach to your return an examining eye physician. You must attach this certification to your return only once. In later years you can just include a statement referring to it.

Line 6b For Your Spouse

You can take exemptions for your spouse if your spouse was either blind nor 65 or over. You can take only one exemption for your spouse if your spouse is not filing a dependent of someone else.

Your spouse's exemptions are like your own. Take one exemption for your spouse if your spouse was neither blind nor 65 or over. You can take only one exemption for your spouse if your spouse was blind and 65 or over. Be sure to check all the boxes on line 6b for the exemptions you can take for your spouse.

If at the end of 1986 you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were divorced or legally separated (interdictary decree), you are considered married for the whole year. If your spouse died in 1986 and you did not remarry before the end of 1986, check the boxes for the exemptions you could have taken for your spouse on the date of death.

Nonresident Alien Spouse. If you do not file a joint return, you may claim your spouse's exemption if your spouse was a nonresident alien spouse. Use the boxes on line 6b to claim exemptions for a nonresident alien spouse. When claiming your spouse's exemption, enter "NRA" above the word Spouse on line 6b.

Lines 6c through 6e Children and Other Dependents

Line 6c. Enter the first names of your dependent children who lived with you (except for temporary absences, such as for vacation or school). Fill in the total number in the box to the right of the arrow.

Line 6d. Enter the first names of your dependent children who did not live with you (except for temporary absences, such as for vacation or school). Fill in the total number in the box to the right of the arrow.

Line 6e. Enter the first names of your dependent children who did not live with you (except for temporary absences, such as for vacation or school). Fill in the total number in the box to the right of the arrow.

in the total number in the box to the right of the arrow. You can take an exemption for each person who is your dependent.

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during 1986 if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

For more details, get Publication 501, Explanations of How to Claim Your Dependents. You must meet ALL 5 of these tests:

- 1. income.
- 2. married dependent.
- 3. citizenship or residence.
- 4. relationship.
- 5. These tests are explained below.

1. Income. In general, the person must have received less than \$1,080 of gross income. Gross income does not include nontaxable, nonexempt social security benefits.

Income received by a permanently and totally disabled person for services performed at a sheltered workshop school is generally not included in gross income for purposes of the income test. Get Publication 501 for details.

Special Rules for Your Dependent Child. Even if your child had income of \$1,080 or more, you can claim your child as a dependent if tests 2, 3, and 4 below are met, and:

- a. your child was under 19 at the end of 1986, or
- b. your child was enrolled as a full-time student at a school during any 5 months of 1986, or
- c. your child took a full-time, on-farm training course during any 5 months of 1986. (The course had to be given by a school, university, or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

A school includes:

- a. elementary, junior, and senior high schools,
- b. colleges and universities, and
- c. technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

2. Support. In general, you must have given over half of the dependent's support in 1986. If you file a joint return, the support can be from you or your spouse. If you do not give over half of the dependent's support, you must be treated as having given over half of the support if you meet the tests explained on page 7 for Children of Divorced or Separated Parents or More Than Two Supporters.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was

banks, credit unions, and savings and loan associations.

- Building and loan accounts
- Notes, loans, and mortgages. Special rules apply to loans with below market interest rates. **Get Publication 325.**
- There is interest income on the interest on these assets (recognition of the interest on them as interest income).
- Bonds and debentures. Also arbitrage bonds issued by states and local governments after October 9, 1969. (Do not report interest on other state and local bonds and securities.) Also report as interest any gain on the disposition of bonds after July 18, 1984, to the extent of the accrued market discount.
- U.S. Treasury bills, notes, and bonds
- U.S. Savings Bonds. The interest is the yearly increase in the value of the bond. Interest on Series E or EE bonds can be reported using method a or b below.

e. Report the total interest when you calculate the bond's longer-term actual maturity. Do not report interest on OID.

f. Each year report on your return the yearly increase of the bonds' value.

If you change to method b, report the entire increase in all your bonds from the date they were issued. Each year after report only the yearly increase. Once you have used method b to report your interest, you must continue to do so for all your U.S. Savings Bonds.

Note: If you receive for 1986 a Form 1099-INT for U.S. Savings Bond interest, which includes amounts reported before 1986, see Publication 550.

g. Original Issue Discount (OID). This is the difference between the issue price of a debt instrument and the stated redemption price at maturity. For U.S. Savings Bonds, reported as a discount after May 27, 1969 for bonds at certain noncorporate instruments after July 1, 1982, include in your interest income the discount for the part of the year you held it.

If you bought a corporate debt instrument at a price other than its face value at the end of 1986, but did not report the total OID from Form 1099-OID if you bought a corporate instrument after its original issue, or if you did not hold it for all of 1986, get Publication 1212. List of original issue discount instruments. List of original issue discount instruments eligible for OID. If you held a noncorporate debt instrument (such as a zero coupon U.S. Treasury backed security) during 1986, see Publication 1212 to figure your taxable OID.

If you had OID for 1986, but did not receive Form 1099-OID, or if the price you paid for the instrument was less than the issue price plus accumulated OID, see Publication 1212. It provides total OID on the instruments listed and gives computational information.

Also include in your interest income any other periodic interest shown on Form 1099-OID.

Line 9a Dividends
Dividends are distributions of money, stock, or other property that corporations pay to stockholders. They also include dividends

• Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. Don't report the value of meals and living quarters if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept on your employer's business premises as a condition of employment.

- Strike and lockout benefits paid by a union from union dues. Include cash and in-kind benefits that were gifts.
- Don't report benefits that were gifts.
- Don't report your employer paid for your moving expenses (including the value of services furnished in kind) that is not included in Box 10 on Form W-2.

Note: You must report on line 7 all wages, salaries, etc., paid for your personal services, even if the income was signed over to a partner, a corporation, or a tax exempt organization.

For more details on reporting income received in the form of goods, property, meals, stock options, etc., get Publication 523, Taxable and Nontaxable Income.

Fringe Benefits. If you used an employer provided highway motor vehicle for both personal and business purposes, your rental value of the vehicle in the wages, tips, and other compensation box (Box 10) of your Form W-2 form, you must use Form 2106, Employee Business Expenses, to claim a deduction for the business use of the vehicle. This total fair rental value of the vehicle (the total fair rental value of the W-2 form or on a separate statement.) You must report on Form 1040, line 7, the total amount shown in Box 10 of your W-2 form. For more details, get Publication 523.

Line 8 Interest Income
Enter your TOTAL taxable interest income. If the total interest is more than \$400, first fill in Schedule B (see page 22 of instructions).

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered on Form 1099-INT or 1099-IT if you did not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 1986 income. For details, get Publication 550, Investment Income and Expenses.

Generally, the payer will send you a Form 1099-INT for this interest.

If you received, as a nominee, interest that actually belongs to someone else, see Schedule B instructions on page 22.

Caution: Be sure to give each payer of interest income your correct social security number. Otherwise, the payer may have withheld 20% of the interest. You may also be subject to penalties.

For more details, get Publication 550.

Examples of Interest Income You Must Report
Report interest from

- Accounts (including certificates of deposit and money market accounts) with

U.S. Citizens Living Abroad
Generally, foreign source income must be reported. Get Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, for more details.

Community Property States
Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

If you and your spouse live in a community property state, you must follow state law to determine what is community property. If you live in a community property state, different rules could apply if:

- you and your spouse lived apart all year,
- you do not file a joint return, and
- no part of the community income you earn is transferred to your spouse.

For details, get Publication 555, Community Property and the Federal Income Tax.

Rounding Off to Whole Dollars
You may round off cents to the nearest whole dollar on lines 10 through 13. But if you round off, do so for all amounts. You can drop amounts under .50 cents to the next dollar. For example, \$1.39 becomes \$1, and \$2.50 becomes \$3.

Line 7 Wages, Salaries, Tips, Etc.
Show the total of all wages, salaries, fees, commissions, tips, bonuses, supplemental unemployment benefits, and other amounts you were paid before taxes, insurance, etc. allocated tips. Get Publication 531, Reporting Tips, Get Form 7-TP.

Include in this total

- The amount that should be shown in Box 10 on Form W-2. Report all wages, salaries, and tips you received, even if you do not have a Form W-2.
- Tips received that you did not report to your employer (see page 53—see the instructions on page 15).

Note: Any tip allocation amount shown on Form W-2 may be added to your gross income unless you are able to prove a lesser amount with adequate records.

- Disability pensions if you have not reached the minimum retirement age set by your employer.

Note: Except for those disability pensions described above, pension or annuity payments reported on line 16 of Form 7-TP (Form 1040).

- Payments by insurance companies, etc. not included on Form W-2. If you receive sick pay or a disability payment from anyone other than your employer, and it is not included in the wages shown on Form W-2, include it on line 7. Attach a statement showing the amount of sick pay or disability income and amount of sick pay or disability income (Get Form W-4S for information on withholding of Federal income tax from your sick pay).

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not taxable (for example, gifts, savings, welfare benefits). If your child was a student, do not include amounts he or she received as scholarship.

Support includes items such as food, a place to live, clothes, medical care, figuring support. Use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as: income and social security taxes, premiums for life insurance, or funeral expenses.

Capital items—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent (his or her share of a capital item for the household or for use by persons other than the dependent).

If you care for a foster child, see Publication 501 for special rules that apply.

Children of Divorced or Separated Parents. The parent who has custody of a child for most of the year (the custodial parent) can generally take the exemption for that child in the child's parents' joint return. This general rule also applies to parents who did not live together at any time during the last 6 months of the year. But the parent who does not have custody, or who has the child for the shorter time (the noncustodial parent), may take the exemption if either a or b below applies.

a. The custodial parent signs Form 8332, Declaration of Custodial Parent, or similar statement, agreeing not to claim an exemption for the child in 1986, and the noncustodial parent attaches the form, or similar statement, to his or her 1986 tax return. OR

b. A decree of divorce or separate maintenance (or a written agreement) that was entered into after 1985 states that the noncustodial parent can take the exemption and he or she gave at least \$600 for the child's support in 1986. The noncustodial parent must check the box on line 6d for pre-1985 agreements. (This rule does not apply to agreements entered into after 1984, to specify that the noncustodial parent cannot claim the exemption.)

Note: In figuring support, a parent who has remarried may count the support provided by the new spouse.

Dependent Supported by Two or More Taxpayers. Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays more than half. In this case, the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship, discussed on page 6 and this page are met.

In addition, the taxpayer who claims the dependent must:

- have paid more than 10% of the dependent's support, and

Interest on certain state and municipal bonds.

Amounts you received from insurance because you lost the use of your home due to fire or other casualty to the extent of your normal expenses while living in your home. (You must report as income reimbursements for normal living expenses.)

Amounts an employer contributed on your behalf and benefits provided to you as an employee, or the spouse or dependent of an employee, under a qualified group legal services plan.

Cancellation of certain student loans where the student, under the terms of the loan, is required to make payments for any of a broad class of employers.

Examples of Income You Must Report
The following kinds of income should be reported on Form 1040, or related forms and schedules, in addition to the types of income shown on Form 1099-INT through 13. You may need some of the forms and schedules mentioned below.

- Original Issue Discount (Schedule B)
- Distributions from SEPs and DECS
- Amounts received in place of wages, from pay and disability pensions, if your employer paid for the policy.
- Bartering income (fair market value of goods or services you received in return for your services)
- Business expense reimbursements you received that are more than you spent for these expenses.
- Tier 2 and supplemental annuities under the Railroad Retirement Act.
- Life insurance proceeds from a policy you cashed in if the proceeds are more than the premium you paid.
- Your share of profits from S corporations (Schedule E)
- Endowments
- Lump-sum distributions (Form 4972 or Form 5544). (See page 10.)
- Gains from the sale or exchange (including barter) of real estate, securities, coins, gold, silver, gems, or other property (Schedule D or Form 4797).
- Gains from the sale of your personal residence (Schedule D and Form 2119)
- Accumulation distributions from trusts (Form 4970)
- Prizes and awards (contests, raffles, lottery, and gambling winnings)
- Earned income from sources outside the United States (Form 2555)
- Director's fees
- Fees received as an executor or administrator of an estate
- Embarrassed or other illegal income

Income Examples of Income You Do Not Report
(Do not include these amounts when you decide if you must file a return.)

- Welfare benefits
- Disability retirement payments (and other Administration by the Veterans)
- Workers' compensation benefits, insurance damages, etc., for injury or illness
- Gifts, money, or other property you inherited or that was willed to you
- Dividends on veterans' life insurance
- Life insurance proceeds received because of a person's death

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Unemployment Compensation Worksheet (keep for your records)

- Check only one box
a. Married filing a joint return—enter with your spouse at any time during the year—enter 0 on line 20b below
c. Married not filing a joint return and did not receive a Form SSA-1099 showing the total social security benefits paid to you in 1986—enter \$12,000 on line 8 below
d. All others—enter \$12,000 on line 8 below
1. Enter total unemployment compensation received on Form 1040, line 20a
2. If you received an overpayment of unemployment compensation in 1986, enter the amount here. Show the "repayment" and also the amount repaid on the dotted line to the left of line 20b
3. Subtract line 2 from line 1
4. Enter line 3 through 19 plus line 22 (do not include any unemployment compensation in this figure)
5. Enter line 4 and 5
6. Enter line 6, shown on Form 1040, lines 24 through 29, plus any wage adjustments included in the total on line 31. Do not include any amount from line 30
7. Subtract line 6 from line 5
8. Enter 0 if you checked box A or B on Form 1040, line 20b. If zero or less, enter 0 on Form 1040, line 20b. Do not complete line 10 or 11. Otherwise, go to line 10
9. Subtract line 8 from line 7. If zero or less, enter 0 on Form 1040, line 20c. Do not complete line 10 or 11. Otherwise, go to line 10
10. Divide the amount on line 9 by 2
11. Enter the amount on line 10 on Form 1040, line 20c

Lines 21a and 21b Social Security Benefits (and Railroad Retirement Benefits) Treated as Social Security

Social security benefits you receive may be taxable in some instances. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as social security benefits. Do not include any Supplemental Security Income (SSI) payments. By February 2, 1987, you should receive a Form SSA-1099 showing the total social security benefits paid to you in 1986, and the amount of any social security benefits you repaid in 1986. If you received a Form SSA-1099, you should treat it as social security benefits. If you received Form RR-1099, For more information, get Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits. Use the worksheet on page 11 to see if any of your benefits are taxable, but please do not check any box before you begin to complete it.

Total Distributions From Profit-Sharing, Annuity, and Individual Retirement Plans, and Rollover Distributions, A "roll-over" is a tax-free transfer of cash or other assets from one retirement program to another. There are two kinds of rollovers to an individual retirement arrangement (IRA). (1) A rollover from one IRA to another, and (2) a rollover from a qualified employer's plan to an IRA. Rollover distributions are reported to you on Form 1099-R. For a rollover distribution, enter the total distribution (including your nondeductible contribution, if any) on line 17a. If the total on line 17a is rolled over, enter zero on line 17b. Otherwise, enter the total on line 17b. Special rules apply to partial rollovers of property. For details on partial rollovers of property, get Publication 590, Individual Retirement Arrangements (IRAs), including details on other rollovers, including distributions orders, get Publication 575, Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 16 of Form 1040 and the capital gain part on Schedule D (Form 1040), line 1099-R. Show the amount of this gain on line 1099-R. Show the amount of this distribution if you are eligible to use the special 10-year averaging method. (This method cannot be used for lump-sum distributions from IRAs plans.) For more details, get Form 4972, Special 10-Year Averaging Method, and Publication 575, Lump-Sum Distributions. Multiple Method, and separate instructions.

Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a deceased employee or deceased former employee, employee paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. Special rules apply if you are the survivor of a decedent's annuity. For details, get Publication 575. If you are entitled to this exclusion, add it to the cost of the pension or annuity.

Lines 20a and 20b Unemployment Compensation

Unemployment compensation (unemployment benefits) is taxable under certain conditions. By February 2, 1987, you should receive a Form 1099-G showing the total unemployment compensation paid to you during 1986. Note: Supplemental unemployment benefits (SUIB) are not considered unemployment benefits. If you received a Form RR-1099, For more information, get Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits. Report these benefits on Form 1040, line 7. To see if any of the unemployment compensation you receive is taxable, fill in the worksheet that follows.

Do not use lines 17a and 17b to report social security benefits, railroad retirement benefits, or Form SSA-1099 and RRB-1099. Instead, see the instructions for lines 21a and 21b.

The pension, annuity, or employee distributions are reported to you on Form 1099-R. For a rollover distribution, enter the total distribution (including your nondeductible contribution, if any) on line 17a. If the total on line 17a is rolled over, enter zero on line 17b. Otherwise, enter the total on line 17b. Special rules apply to partial rollovers of property. For details on partial rollovers of property, get Publication 590, Individual Retirement Arrangements (IRAs), including details on other rollovers, including distributions orders, get Publication 575, Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 16 of Form 1040 and the capital gain part on Schedule D (Form 1040), line 1099-R. Show the amount of this gain on line 1099-R. Show the amount of this distribution if you are eligible to use the special 10-year averaging method. (This method cannot be used for lump-sum distributions from IRAs plans.) For more details, get Form 4972, Special 10-Year Averaging Method, and separate instructions.

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social security number. If you do not provide a social security number, the employer must pay a \$50 penalty. For more details, get Publication 504, Tax Information for Divorced or Separated Individuals.

Line 14 Capital Gain Distributions

If you do not need Schedule D for other capital transactions, enter 40% of your capital gain distributions on line 14. Other Gains or (Losses) If you sold or exchanged assets used in a trade or business, see the instructions for Form 4797. Enter the gain or (loss) from Form 4797.

Line 16 Fully Taxable Pensions, IRA Distributions, and Annuities

Use this line to report fully taxable pension or annuity income. Do not include distributions from an IRA or Form 1040EZ. If the refund was for a tax you paid in a year for which you itemized deductions on Schedule A, use the following worksheet to figure the amount, if any, you must report as income for 1986. (However, see Recoveries in Publication 575.) Instead of using the worksheet below if any of the following applies: a. The refund you received in 1986 is for a year other than 1985 b. You received a refund (other than an income tax refund, such as a real property tax deduction) or credit you claimed in an earlier year c. Your 1985 taxable income was less than your zero bracket amount d. Your last payment of 1985 estimated state income tax was made in 1986 e. You were liable for the alternative minimum tax in 1985

Worksheet (keep for your records)

- 1. Enter the income tax refund from Form(s) 1099-G (or similar statement) from your 1985 state income tax return
2. Enter the amount from your 1985 Form W-2P, showing the amount of your pension or annuity you must figure the taxable amount as explained on page 10. Also, use these lines to report distributions from profit-sharing plans, retirement plans, employee savings arrangements, and individual retirement arrangements
3. Compare the amounts on lines 1 and 2 above, and enter the smaller of the two amounts here and on Form 1040, line 10

Line 11 Alimony Received

Enter amounts you received as alimony or annuity from a trust that was established by the person who made the payments under your divorce or separation agreement. For information, get Publication 575, Divorced or Separated Individuals.

Do not use lines 17a and 17b to report social security benefits, railroad retirement benefits, or Form SSA-1099 and RRB-1099. Instead, see the instructions for lines 21a and 21b.

The pension, annuity, or employee distributions are reported to you on Form 1099-R. For a rollover distribution, enter the total distribution (including your nondeductible contribution, if any) on line 17a. If the total on line 17a is rolled over, enter zero on line 17b. Otherwise, enter the total on line 17b. Special rules apply to partial rollovers of property. For details on partial rollovers of property, get Publication 590, Individual Retirement Arrangements (IRAs), including details on other rollovers, including distributions orders, get Publication 575, Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 16 of Form 1040 and the capital gain part on Schedule D (Form 1040), line 1099-R. Show the amount of this gain on line 1099-R. Show the amount of this distribution if you are eligible to use the special 10-year averaging method. (This method cannot be used for lump-sum distributions from IRAs plans.) For more details, get Form 4972, Special 10-Year Averaging Method, and separate instructions.

Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a deceased employee or deceased former employee, employee paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. Special rules apply if you are the survivor of a decedent's annuity. For details, get Publication 575. If you are entitled to this exclusion, add it to the cost of the pension or annuity.

Lines 20a and 20b Unemployment Compensation

Unemployment compensation (unemployment benefits) is taxable under certain conditions. By February 2, 1987, you should receive a Form 1099-G showing the total unemployment compensation paid to you during 1986. Note: Supplemental unemployment benefits (SUIB) are not considered unemployment benefits. If you received a Form RR-1099, For more information, get Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits. Report these benefits on Form 1040, line 7. To see if any of the unemployment compensation you receive is taxable, fill in the worksheet that follows.

Do not use lines 17a and 17b to report social security benefits, railroad retirement benefits, or Form SSA-1099 and RRB-1099. Instead, see the instructions for lines 21a and 21b.

The pension, annuity, or employee distributions are reported to you on Form 1099-R. For a rollover distribution, enter the total distribution (including your nondeductible contribution, if any) on line 17a. If the total on line 17a is rolled over, enter zero on line 17b. Otherwise, enter the total on line 17b. Special rules apply to partial rollovers of property. For details on partial rollovers of property, get Publication 590, Individual Retirement Arrangements (IRAs), including details on other rollovers, including distributions orders, get Publication 575, Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 16 of Form 1040 and the capital gain part on Schedule D (Form 1040), line 1099-R. Show the amount of this gain on line 1099-R. Show the amount of this distribution if you are eligible to use the special 10-year averaging method. (This method cannot be used for lump-sum distributions from IRAs plans.) For more details, get Form 4972, Special 10-Year Averaging Method, and separate instructions.

Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a deceased employee or deceased former employee, employee paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. Special rules apply if you are the survivor of a decedent's annuity. For details, get Publication 575. If you are entitled to this exclusion, add it to the cost of the pension or annuity.

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Do not use lines 17a and 17b to report social security benefits, railroad retirement benefits, or Form SSA-1099 and RRB-1099. Instead, see the instructions for lines 21a and 21b.

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Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a deceased employee or deceased former employee, employee paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. Special rules apply if you are the survivor of a decedent's annuity. For details, get Publication 575. If you are entitled to this exclusion, add it to the cost of the pension or annuity.

Lines 20a and 20b Unemployment Compensation

Unemployment compensation (unemployment benefits) is taxable under certain conditions. By February 2, 1987, you should receive a Form 1099-G showing the total unemployment compensation paid to you during 1986. Note: Supplemental unemployment benefits (SUIB) are not considered unemployment benefits. If you received a Form RR-1099, For more information, get Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits. Report these benefits on Form 1040, line 7. To see if any of the unemployment compensation you receive is taxable, fill in the worksheet that follows.

for 1985 or 1984, you may be able to reduce the amount of income on the worksheet. Get Publication 915 for details.

Line 22 Other Income

Use line 22 to report any income you can't find a place for on your return or other schedules. List the type and amount of income. For more information, see Publication 525, Taxable and Nontaxable Income.

Caution: Do not report any income from self-employment on line 22. If you do have any income from self-employment, you must use Schedule C or Schedule F. Amounts your employer paid you for business expenses that are more than your share of the actual business expenses should be reported on line 27 unless they were already included on your Form W-2.

Examples of income to be reported on line 22 are: Prizes, awards, and gambling winnings. Proceeds from lotteries, raffles, etc. are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may deduct them as an itemized deduction on Schedule A. An itemized deduction for losses that exceed your winnings is reported on line 27.

Repayment of medical expenses or other items such as real estate taxes that were deducted in an earlier year. If you reduced your tax. See Publication 525 for information on how to figure the amount to include in income.

Amounts you recovered on bad debts that you deducted in an earlier year.

Fees received for jury duty and precinct election board duty.

Net Operating Loss. If you had a net operating loss in an earlier year, you carry it over to 1986; enter it as a minus figure on line 27.

Amounts you received on line 27 that you figured on how to figure the amount to include in income. Get Publication 536, Net Operating Losses and the At-Risk Limits, for more details.

Adjustments to Income

Line 24 Moving Expenses

Employees and self-employed persons (except partners) can deduct certain moving expenses for their job or business connection. For more information, see Publication 536, Net Operating Losses and the At-Risk Limits, for more details.

You can take this deduction only if you change your job location by at least 35 miles to the distance from your old residence to your work place. If you had no former principal work place, your new work place must be at least 35 miles from your former residence.

If you meet these requirements, you should see Form 3903 to figure the amount of moving expenses to enter on line 24. If you began

work at a new work place outside the United States or its possessions, see Form 3903.

If your employer paid for any part of your income on Form 1040, line 7, "Your Share of the Cost of Group-Term Life Insurance," include the amount paid in the wages and salaries section on page 10 for more details on rollover contributions.

Do not include the fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.

Tax Tip: Alimony payments received under certain divorce or separation instruments are considered earned income for purposes of the IRA deduction. Get Publication 590, (IRAs) for details.

Use the worksheet below to figure your IRA deduction. However, the worksheet in Publication 590 instead of the one below to figure your deduction.

1. Your employer made contributions to your IRA under a SEP plan.

2. You made deductible employee contributions (DECs) to a qualified employer plan.

3. You file Form 2555, Foreign Earned Income, to exclude income or housing costs.

IRA Worksheet (keep for your records)

Your IRA—Complete lines 1 through 4 if you are a self-employed individual who has earned income and had an IRA, or a qualified plan or IRA. Enter the amount of your IRA deduction on line 27.

1a. Amount contributed to your IRA in 1986. Do not include rollover contributions.

1b. Amount contributed to your IRA in 1987, by April 15, 1987, that you are deducting for 1986.

1c. Add lines 1a and 1b. Enter the total.

2. Enter your wages and other income on line 7, minus any deduction you claim on Form 1040, line 27. (Do not include your spouse's wages or interest from IRAs.)

3. Maximum amount.

4. Compare amounts on lines 1c, 2, and 3, and enter the smallest of the three amounts on line 24. If you do not have an IRA, enter 0. If you do not have an IRA, enter 0. If you do not have an IRA, enter 0. If you do not have an IRA, enter 0.

If you were married and you and your spouse worked and you both have IRAs, the total of the two accounts on line 26 must be less than \$25,000.

Do not include rollover contributions in figuring your deduction. See the instructions on page 10 for more details on rollover contributions.

Do not include the fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.

Tax Tip: Alimony payments received under certain divorce or separation instruments are considered earned income for purposes of the IRA deduction. Get Publication 590, (IRAs) for details.

Use the worksheet below to figure your IRA deduction. However, the worksheet in Publication 590 instead of the one below to figure your deduction.

1. Your employer made contributions to your IRA under a SEP plan.

2. You made deductible employee contributions (DECs) to a qualified employer plan.

3. You file Form 2555, Foreign Earned Income, to exclude income or housing costs.

IRA Worksheet (keep for your records)

Your IRA—Complete lines 1 through 4 if you are a self-employed individual who has earned income and had an IRA, or a qualified plan or IRA. Enter the amount of your IRA deduction on line 27.

1a. Amount contributed to your IRA in 1986. Do not include rollover contributions.

1b. Amount contributed to your IRA in 1987, by April 15, 1987, that you are deducting for 1986.

1c. Add lines 1a and 1b. Enter the total.

2. Enter your wages and other income on line 7, minus any deduction you claim on Form 1040, line 27. (Do not include your spouse's wages or interest from IRAs.)

3. Maximum amount.

4. Compare amounts on lines 1c, 2, and 3, and enter the smallest of the three amounts on line 24. If you do not have an IRA, enter 0. If you do not have an IRA, enter 0. If you do not have an IRA, enter 0.

Complete lines 5a through 10 ONLY if contributions were made to an IRA for your nonworking spouse (as defined on page 11).

5a. Amount contributed to your IRA in 1986 that you are deducting for 1986.

Note: Do not include on line 5a any amount you contributed in 1986 and deducted on your 1985 return, or any rollover contributions you made in 1987, by April 15, 1987, that you are deducting for 1986.

5b. Nonworking spouse's earned income on line 7.

5c. Add lines 5a and 5b. Enter the total.

6. Enter the amount from line 2 of the worksheet.

7. Maximum amount.

8. Compare amounts on lines 5c, 6, and 7, and enter the smallest of the three amounts on line 8.

9. Add amounts on lines 4 and 8 and enter the total. Do not include amounts on lines 4 and 8 if you are deducting on line 10.

10. Compare the amounts on lines 6 and 9 and enter the smaller of the two amounts on line 10.

Line 27 Keogh Retirement Plan and Self-Employed SEP Deduction

Caution: You must be self-employed to claim the Keogh deduction. Sole proprietors and partners enter the allowable deduction for contributions to your Keogh plan and your SEP on line 27.

There are two types of Keogh retirement plans:

1. Defined-contribution plan.—This plan is set up to account for each person in the plan. The amount of contributions to the plan are based on the employer's profits. The plan is a profit-sharing plan. If contributions are not based on the employer's profits, the plan is a money purchase pension plan.

2. Defined-benefit plan.—The deduction for this type of plan is determined by the amount of the employer's profit. The benefit is retirement age. Write "DB" on line 27 to indicate this type of plan.

For more details, get Publication 560, Self-Employed Retirement Plans.

Line 28 Penalty on Early Withdrawal of Savings

The Form 1099-INT given to you by your bank, savings and loan association will show the amount of any early withdrawals charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 28. (Be sure to include the interest income on Form 1040, line 8.)

Line 29 Alimony Paid

You can deduct periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement or a decree for support. Don't deduct lump-sum cash or property settlements, voluntary payments not made under a court order, or a written separation

agreement, or amounts specified as child support. For details, see "Tax Tip: Tax Information in the Index" (Topic no. 219) or Get Publication 504, Tax Information for Divorced or Separated Individuals.

Caution: You must enter the recipient's last name, if different than yours, and his or her address on line 29. If in the space provided on line 29, if you may have to pay a \$50 penalty. If you paid a deduction more than one person, enter the social security number and last name, if applicable, of one of the recipients. Show the required information for the other recipient on line 29.

Enter your total payments on line 29.

Divorce or Separation Instruments Executed After 1984. Generally, you may deduct any payment made in cash, to or on behalf of, your spouse or former spouse under a divorce or separation instrument executed after 1984 if:

a. the instrument does not prevent the payment from qualifying as alimony, and you and your spouse or former spouse did not live together at the time the payment was made if you are separated maintenance, and

b. you are not required to make any payment after the death of your spouse or former spouse, and

c. the payment is not treated as child support.

These rules also apply to certain instruments modified after 1984. Other rules apply if you paid more than \$10,000 in any calendar year. For more details, see Publication 504.

Line 30 Deduction for a Married Couple When Both Work

You can claim a deduction if:

a. both you and your spouse have qualified earned income, and

b. you do not file Form 2555 or Form 4563. Complete Schedule W (Form 1040) to figure the amount of your deduction.

Line 31 Total Adjustments

Add lines 24 through 30 and enter the total on line 31. Also include in the total on line 31 any of the following adjustments:

Forestation/Reforestation Amortization. If you can claim a deduction for the amortization of the costs of forestation or reforestation and you do not have to file Schedule D, you should include the total amount of your deduction on line 31.

31. Write "Reforestation" in the space to the left of the total.

Payment of Sub-Pay Under the Trade Act of 1974. If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, you should include the amount of the sub-pay on line 31. The total "TRA" in the space to the left of the total "Or" may be able to claim a credit against your tax instead. Get Publication 525, Taxable and Nontaxable Income, for more details.

Line 32

Adjusted Gross Income
If line 32 is less than zero, you may have a net operating loss that you can carry to another year.

IRS Will Figure Your Tax and Some of Your Credits

If you want us to, we will figure your tax for you. If you paid too much, we will send you a refund. If you did not pay enough, we will bill you for the balance.

We can figure your tax if you meet all of the conditions described below.
a. All of your income for 1986 was from one or more of these sources:
1. Salaries, wages, and tips.
2. Interest.

3. Dividends.
4. Pensions or annuities.
5. You do not itemize deductions.
6. You do not file Schedule G, Income Averaging.
7. You do not file Form 2553, Foreign Earned Income.
8. Your adjusted gross income (line 32) is not more than \$50,000.
9. You (and your spouse if you are filing a joint return) sign and date your return and mail it by April 15, 1987.

10. You do not want any of your refund applied to next year's estimated tax.
11. You do not have any unearned income so that we can figure the tax. Please read the following instructions.
a. Fill in the parts of your return through line 37 that apply to you. The Line-By-Line Instructions that start on page 4 explain how to fill in your return.

b. Read lines 41 through 63. Fill in the lines that apply to you, but do not fill in the Total Lines. Be sure to fill in line 56.
c. If you are filing a joint return, you and your spouse must file a separate tax return.
d. Fill in any forms or schedules asked for on the lines you completed, and attach them to the return when you file it.

e. If you are filing a separate return, use the space under the words "Adjustments to Income on the front of your return to show adjustments for your spouse's taxable income separately.
f. Fill in any forms or schedules asked for on the lines you completed, and attach them to the return when you file it.

g. We will figure the following credits too. Fill in your return through line 37 as explained above. Follow the instructions below and sign, date, and mail your return before the date shown on the return.

h. If you are filing a joint return, you and your spouse must file a separate tax return.
i. If you are filing a separate return, use the space under the words "Adjustments to Income on the front of your return to show adjustments for your spouse's taxable income separately.

Check the box on Schedule R for your filing status and age, and fill in lines 11 and 13 if applicable. Also, complete Part II if it applies.
1. Enter the amount from Form 1040, line 33.
2. If you checked Form 1040, Filing Status Box:
2 or 3, enter \$3,970
4, 5, or 6, enter \$3,460
3. Enter \$1,835
4. Enter the amount from Schedule A, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

5. Add lines 1 and 4. Enter here and on Form 1040, line 35. (Leave Form 1040, lines 34a through 34d blank. Bring the line 35 instruction to blank. Bring the line 34a instruction to line 33. Follow the rest of the instructions for Form 1040 to complete your return.)

The example below may help you to complete this worksheet.
Example. — Walter Green is single and is claimed as a dependent on his parents' return. His adjusted gross income, after the \$1,835 exemption, is \$2,500. His total income is \$2,500. He has had to complete Schedule A. Walter enters \$2,480, the zero bracket amount for a single individual, on line 2 and his earned income of \$4,980 on line 35. He then completes his return using the instructions that follow line 35.

1. Adjusted gross income \$4,000
2. Zero bracket amount for a single individual \$2,480
3. Earned income \$1,500
4. Subtract line 3 from line 2. Enter here and on Form 1040, line 35 \$1,520
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

5. Add lines 1 and 4. Enter here \$4,980 and on Form 1040, line 35.
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

6. Enter the amount from Form 1040, line 33.
7. Enter the amount from Form 1040, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

8. Add lines 6 and 7. Enter here and on Form 1040, line 34a \$3,155
9. Subtract line 8 from line 7. Enter here and on Form 1040, line 34b \$1,825

10. Add lines 9 and 4. Enter here and on Form 1040, line 34c \$3,155
11. Subtract line 10 from line 9. Enter here and on Form 1040, line 34d \$1,825

12. Subtract line 11 from line 10. Enter here and on Form 1040, line 34e \$1,825

13. Subtract line 12 from line 11. Enter here and on Form 1040, line 34f \$1,825

14. Subtract line 13 from line 12. Enter here and on Form 1040, line 34g \$1,825

15. Subtract line 14 from line 13. Enter here and on Form 1040, line 34h \$1,825

16. Subtract line 15 from line 14. Enter here and on Form 1040, line 34i \$1,825

17. Subtract line 16 from line 15. Enter here and on Form 1040, line 34j \$1,825

18. Subtract line 17 from line 16. Enter here and on Form 1040, line 34k \$1,825

19. Subtract line 18 from line 17. Enter here and on Form 1040, line 34l \$1,825

1. Enter the amount from Form 1040, line 33.
2. If you checked Form 1040, Filing Status Box:
2 or 3, enter \$3,970
4, 5, or 6, enter \$3,460
3. Enter \$1,835
4. Enter the amount from Schedule A, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

5. Add lines 1 and 4. Enter here and on Form 1040, line 35. (Leave Form 1040, lines 34a through 34d blank. Bring the line 35 instruction to blank. Bring the line 34a instruction to line 33. Follow the rest of the instructions for Form 1040 to complete your return.)

The example below may help you to complete this worksheet.
Example. — Walter Green is single and is claimed as a dependent on his parents' return. His adjusted gross income, after the \$1,835 exemption, is \$2,500. His total income is \$2,500. He has had to complete Schedule A. Walter enters \$2,480, the zero bracket amount for a single individual, on line 2 and his earned income of \$4,980 on line 35. He then completes his return using the instructions that follow line 35.

1. Adjusted gross income \$4,000
2. Zero bracket amount for a single individual \$2,480
3. Earned income \$1,500
4. Subtract line 3 from line 2. Enter here and on Form 1040, line 35 \$1,520
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

5. Add lines 1 and 4. Enter here \$4,980 and on Form 1040, line 35.
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

6. Enter the amount from Form 1040, line 33.
7. Enter the amount from Form 1040, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

8. Add lines 6 and 7. Enter here and on Form 1040, line 34a \$3,155
9. Subtract line 8 from line 7. Enter here and on Form 1040, line 34b \$1,825

10. Add lines 9 and 4. Enter here and on Form 1040, line 34c \$3,155
11. Subtract line 10 from line 9. Enter here and on Form 1040, line 34d \$1,825

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13. Subtract line 12 from line 11. Enter here and on Form 1040, line 34f \$1,825

14. Subtract line 13 from line 12. Enter here and on Form 1040, line 34g \$1,825

15. Subtract line 14 from line 13. Enter here and on Form 1040, line 34h \$1,825

16. Subtract line 15 from line 14. Enter here and on Form 1040, line 34i \$1,825

17. Subtract line 16 from line 15. Enter here and on Form 1040, line 34j \$1,825

18. Subtract line 17 from line 16. Enter here and on Form 1040, line 34k \$1,825

19. Subtract line 18 from line 17. Enter here and on Form 1040, line 34l \$1,825

You may choose to itemize your deductions if you are:
a. Married and filing a joint return, or a qualifying widower (with dependent child, and your itemized deductions are more than \$3,670)
b. Married and filing a separate return, and your itemized deductions are more than \$1,835
c. Single, or a head of household, and your itemized deductions are more than \$2,480

If you do itemize, complete and attach Schedule A and enter the amount from line 34a on Form 1040, line 34a.
Caution: Certain taxpayers must itemize even though their itemized deductions are less than the amount shown above for their filing status. See "You MUST Itemize Deductions" on page 13.

You Do Not Itemize
If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), enter zero on line 34a, unless you MUST itemize as described on page 13.

Lines 34b through 34d
Deduction for Charitable Contributions
For 1986, you may deduct what you actually gave to qualified charitable organizations on Schedule A (Form 1040) if neither of the above conditions applies to you, you MUST use the Tax Table to find your tax.

Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 38. Then, use the instructions that follow line 38 of the table to help you find the correct tax.

Additional Taxes
Check the boxes on line 39 to report any of the additional taxes listed below:
Form 9700, Tax on Accumulation
Form 4972, Special 10-Year Averaging Method
Form 5544, Multiple Recipient Special 10-Year Averaging Method

Credits
Line 41
Credit for Child and Dependent Care Expenses
You may be able to take a credit for payments you made for child and disabled dependent care while you (and your spouse if you were married) worked or looked for work.

The credit is allowed if you kept up a home that included a child under age 13 or a dependent who is physically or mentally handicapped. Use Form 2441 to figure the amount of any credit. Please see Form 2441 for more information, including special rules for divorced or separated parents and certain employment taxes for which you may be eligible.

Line 42
Credit for the Elderly or for the Permanently and Totally Disabled
You may be able to take this credit and reduce your tax if, by the end of 1986, you were:
a. age 65 or over, or
b. under age 65, you retired on permanent and total disability, and you had taxable disability income in 1986.

For more information, see the separate instructions for Schedule R. Enter the credit on line 42. Write "EIC" on the dotted line next to this total.
Some of Your Credits on page 13.

Line 43
Partial Credit for Political Contributions for Which You Have Receipts
You may take a tax credit on this line for contributions to candidates for public office or to political parties, committees, or public officials.
Caution: Do not take this credit for the \$1 or \$2 you checked to go to the Presidential Election Campaign Fund.

To figure your credit, add up the amounts you gave. Enter half of this total on line 43, but do not enter more than \$50 (\$100 if you are married and filing a joint return).
You cannot deduct political contributions as charitable contributions.
For more information, please get Publication 585.

Line 44
Add lines 41 through 43 and enter the total on line 44. Also include in the total on line 44 any of the following credits:
Carryforward of Refundable Energy Credit
Carryforward from a prior year. Use Form 5695, Residential Energy Credit. Carryforward to figure the amount allowed as a credit for 1986. Include the amount of the credit in your total for line 44.
Mortgage Interest Credit
Include the amount of the credit in your total for line 44. On the dotted line next to this total, write "MIC" (mortgage interest credit) and show the amount.

Line 45
Foreign Tax Credit
Form 1116 explains when you can take this credit for foreign income tax to a foreign country. Also get Publication 514. Enter the credit from Form 1116 on line 45.

On Form 1040, line 36, enter:
1 1,080
2 2,160
3 3,240
4 4,320
5 5,400
6 6,480
7 7,560
8 8,640
9 9,720
10 10,800

Line 30
Tax
To figure your tax, use one of the following methods:
Tax Rate Schedules
You must use the Tax Rate Schedules to figure your tax if your taxable income is \$50,000 or less.
Also use the Tax Rate Schedules if you use Schedule G, Income Averaging, to figure your tax. You may pay less tax by using this method if there has been a large increase in your income this year. In some cases, you may benefit even if your 1986 income will depend on the amount of your taxable incomes in the three base years (1983, 1984, 1985). Get Schedule G to see if you qualify. There is an example at the beginning of the schedules to help you figure the correct tax.

Line 31
Tax Table
If neither of the above conditions applies to you, you MUST use the Tax Table to find your tax.
Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 38. Then, use the instructions that follow line 38 of the table to help you find the correct tax.

Line 32
Additional Taxes
Check the boxes on line 39 to report any of the additional taxes listed below:
Form 9700, Tax on Accumulation
Form 4972, Special 10-Year Averaging Method
Form 5544, Multiple Recipient Special 10-Year Averaging Method

Credits
Line 41
Credit for Child and Dependent Care Expenses
You may be able to take a credit for payments you made for child and disabled dependent care while you (and your spouse if you were married) worked or looked for work.

The credit is allowed if you kept up a home that included a child under age 13 or a dependent who is physically or mentally handicapped. Use Form 2441 to figure the amount of any credit. Please see Form 2441 for more information, including special rules for divorced or separated parents and certain employment taxes for which you may be eligible.

Line 42
Credit for the Elderly or for the Permanently and Totally Disabled
You may be able to take this credit and reduce your tax if, by the end of 1986, you were:
a. age 65 or over, or
b. under age 65, you retired on permanent and total disability, and you had taxable disability income in 1986.

For more information, see the separate instructions for Schedule R. Enter the credit on line 42. Write "EIC" on the dotted line next to this total.
Some of Your Credits on page 13.

Line 43
Partial Credit for Political Contributions for Which You Have Receipts
You may take a tax credit on this line for contributions to candidates for public office or to political parties, committees, or public officials.
Caution: Do not take this credit for the \$1 or \$2 you checked to go to the Presidential Election Campaign Fund.

To figure your credit, add up the amounts you gave. Enter half of this total on line 43, but do not enter more than \$50 (\$100 if you are married and filing a joint return).
You cannot deduct political contributions as charitable contributions.
For more information, please get Publication 585.

Line 44
Add lines 41 through 43 and enter the total on line 44. Also include in the total on line 44 any of the following credits:
Carryforward of Refundable Energy Credit
Carryforward from a prior year. Use Form 5695, Residential Energy Credit. Carryforward to figure the amount allowed as a credit for 1986. Include the amount of the credit in your total for line 44.
Mortgage Interest Credit
Include the amount of the credit in your total for line 44. On the dotted line next to this total, write "MIC" (mortgage interest credit) and show the amount.

Line 45
Foreign Tax Credit
Form 1116 explains when you can take this credit for foreign income tax to a foreign country. Also get Publication 514. Enter the credit from Form 1116 on line 45.

Worksheet (Keep for your records)
1. Enter the amount from Form 1040, line 33.
2. If you checked Form 1040, Filing Status Box:
2 or 3, enter \$3,970
4, 5, or 6, enter \$3,460
3. Enter \$1,835
4. Enter the amount from Schedule A, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

5. Add lines 1 and 4. Enter here and on Form 1040, line 35. (Leave Form 1040, lines 34a through 34d blank. Bring the line 35 instruction to blank. Bring the line 34a instruction to line 33. Follow the rest of the instructions for Form 1040 to complete your return.)

The example below may help you to complete this worksheet.
Example. — Walter Green is single and is claimed as a dependent on his parents' return. His adjusted gross income, after the \$1,835 exemption, is \$2,500. His total income is \$2,500. He has had to complete Schedule A. Walter enters \$2,480, the zero bracket amount for a single individual, on line 2 and his earned income of \$4,980 on line 35. He then completes his return using the instructions that follow line 35.

1. Adjusted gross income \$4,000
2. Zero bracket amount for a single individual \$2,480
3. Earned income \$1,500
4. Subtract line 3 from line 2. Enter here and on Form 1040, line 35 \$1,520
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

5. Add lines 1 and 4. Enter here \$4,980 and on Form 1040, line 35.
Note: If Walter's earned income had been more than his earned income, he would have had to complete Schedule A.

6. Enter the amount from Form 1040, line 33.
7. Enter the amount from Form 1040, line 24 (or, if you can be claimed as a dependent on your return, the amount of earned income if earned income is more than \$1,835).

8. Add lines 6 and 7. Enter here and on Form 1040, line 34a \$3,155
9. Subtract line 8 from line 7. Enter here and on Form 1040, line 34b \$1,825

10. Add lines 9 and 4. Enter here and on Form 1040, line 34c \$3,155
11. Subtract line 10 from line 9. Enter here and on Form 1040, line 34d \$1,825

12. Subtract line 11 from line 10. Enter here and on Form 1040, line 34e \$1,825

13. Subtract line 12 from line 11. Enter here and on Form 1040, line 34f \$1,825

14. Subtract line 13 from line 12. Enter here and on Form 1040, line 34g \$1,825

15. Subtract line 14 from line 13. Enter here and on Form 1040, line 34h \$1,825

16. Subtract line 15 from line 14. Enter here and on Form 1040, line 34i \$1,825

17. Subtract line 16 from line 15. Enter here and on Form 1040, line 34j \$1,825

18. Subtract line 17 from line 16. Enter here and on Form 1040, line 34k \$1,825

19. Subtract line 18 from line 17. Enter here and on Form 1040, line 34l \$1,825

Line 47 General Business Credit

Check the box(es) on line 47 if you can take any of the four credits listed below. Use the appropriate credit form as described below to figure the credit. If you have only one credit, enter on line 47 the amount of the credit from the form.

However, if you have a credit carryforward or a nonrefundable credit, you must also complete Form 3800 to figure the total credit and enter on line 47 the amount from Form 3800. Also see Form 3800.

Form 3468. Computation of Investment Credit. This credit was generally repealed for property placed in service after 1985. See Form 5884, Instructions.

Form 5884. Tax Credit. If you are a business employer who hires people who are members of special targeted groups, you may qualify for this credit. Use Form 5884 to figure the credit. Get Publication 906, Jobs and Research Credits, for more details.

Form 6478. Credit for Alcohol Used as Fuel. You may claim a credit for using alcohol for fuel in your trade or business. You may be able to take a credit for the alcohol used as fuel. Use Form 6478 to figure the credit.

Form 6765. Credit for Increasing Research Activities. You may be able to take a credit for research and experimental expenditures paid or incurred increasing on qualified business. Use Form 6765 to figure the credit.

Line 48

Add amounts on lines 46 and 47 and enter the total on line 48. Also include in the total the amount from Form 3800.

Credit for Fuel from a Nonconventional Source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. See IR Code section 29 for a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the credit on the total for line 48. On the dotted line next to this total, write: "FNS" and show the amount.

Other Taxes

Line 50

Self-Employment Tax
If you had self-employment income in 1986, you may have to pay self-employment tax. Enter the amount from which social security tax or RRTA tax was withheld, you may have to pay self-employment tax. Please see Schedule SE (Form 1040) and instructions. If you have to pay self-employment tax, enter the amount from Schedule SE, line 14.

Line 51

Alternative Minimum Tax
You may be liable for the alternative minimum tax if your adjusted gross income added to your tax preference items total

more than

plan, and received income from a premature distribution, you may have to pay a penalty tax.

If you received certain premature distributions from an annuity, you may have to pay a 5% penalty tax on the taxable part of the distribution. Get Publication 575, for more details.

Publication 575. For more details on the amount of the penalty in next to this total, write "Section 72 penalty" and show the amount.

Advance Earned Income Credit (EIC). Advance EIC payments are made to eligible taxpayers (AEC). The amount will be shown on your Form W-2. Enter the amount of these payments in your total for line 55. On the dotted line next to this total, write "AEC" and show the amount.

Note: The amount of earned income credit that you can actually take will be figured on Form 4468, which is shown on page 16 and entered on line 58.

Uncollected Employee Social Security and RRTA Tax on Tips. If you did not have enough wages to cover the social security tax or railroad retirement tax (RRTA) due on tips you reported to your employer, the amount of tax due will be shown on your Form 4468. Enter the amount on line 55. On the dotted line next to this total, write "Uncollected Tax on Tips" and show the amount.

Golden Parachute Payments. Golden parachute payments are certain payments made by a corporation to key employees to compensate them in control of the corporation for an amount received as an excess parachute payment (EPP). You must pay a tax equal to 20% of this excess payment. Include the amount of this tax in your total for line 55. On the dotted line next to this total, write "EPP" and show the amount of the tax.

If you received a Form W-2 that includes a parachute payment, the amount of the tax should be shown in Box 16 of the total for line 55. If you received a Form 1099-MISC that includes a parachute payment, any excess payment will be separately identified on the form. Multiply the excess payment by 20% to find the amount to include in the total for line 55.

Payments

Line 56

Total Federal Income Tax Withheld
Add the amounts shown as "W" on Form W-2, and 1099-R. Enter the total on line 56. The amount of federal income tax withheld should be shown in Box 9 of Form W-2, Box 2 of Form W-2, Box 11 of Form W-2, and Box 6 of Form 1099-R. If line 56 includes amounts withheld as shown on Form 1099-R, on the dotted line to the right of Form 1099-R, enter the amount of Backup Withholding. If Form 1099-R includes any other income you received during 1986, include this amount withheld in the total on line 56. This should be shown in Box 4 on the 1099 forms. On the dotted line next to this total, write "Form 1099-R" and show the amount.

Line 55

Total Tax.
Add lines 45 through 54. Put the total on line 55. If you have any of the four taxes listed below that apply:

• **Section 72 Penalty Tax.** If you are or were a 5% owner of a business and you received income from a premature or excessive distribution from a Keogh plan or IRA, you may have to pay a penalty tax of 5% on the distribution. Get Publication 560, for more details. Also include an amount from Form 3800, if you have an employer who made any deductible contributions to your employer's qualified

plan, and received income from a premature distribution, you may have to pay a penalty tax.

If you received advance earned income credit payments from your employer(s), see the instructions for line 55 on page 15 for information on how to report these payments.

Who Can Take the Credit?

You may be able to take the credit if you meet ALL 5 of the following conditions:

1. You received wages, salaries, tips, or other earned income (see "Earned income" on this page).
2. The amount on Form 1040, line 33, is less than \$11,000.
3. You have a child (see "Definition of Child" that begins on this page) who lived with you for more than 6 months during 1986 (or all of 1986 if your filing status is qualifying widow(er) with dependent child).

Line 57

1986 Estimated Tax Payments
Enter on this line any payments you made on your estimated Federal income tax (Form 1040-ES) for 1986. Include any overpayment from your 1985 return that you applied to your 1986 estimated tax.

If you and your spouse paid joint estimated tax returns, enter at the top of each claim all of the amount paid. Or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now jointly liable for each, you should enter the amount on each paid.

Follow the above instructions even if your spouse died.

Divorced Taxpayers. If you were divorced during 1986 and you made joint estimated tax payments with your former spouse, please enter your former spouse's social security number in the block provided on the front of Form 1040. In the upper right corner write "DIV" (divorced) and your number, write "DIV" (divorced) and your number.

Name Change. If you changed your name since 1985, include the name you used on your 1985 return on the front of Form 1040. Also, enter your former spouse's social security number in the upper right corner above the blocks and write "DIV" above that number.

8686. If you changed your name since 1986, enter your present spouse's social security number in the block provided on the front of Form 1040. Also, enter your former spouse's social security number in the upper right corner above the blocks and write "DIV" above that number.

Married Couple. If you changed your name since 1985, include the name you used on your 1985 return on the front of Form 1040. Also, enter your former spouse's social security number in the upper right corner above the blocks and write "DIV" above that number.

Line 58

Earned Income Credit
Taxpayers who have a child and have earned income and adjusted gross incomes of less than \$11,000. If you can take the credit, you are eligible for a refund even if you had no tax withheld from your pay. The credit can be as much as \$550.

Note: If you received advance earned income credit payments from your employer(s), see the instructions for line 55 on page 15 for information on how to report these payments.

Who Can Take the Credit?
You may be able to take the credit if you meet ALL 5 of the following conditions:

1. You received wages, salaries, tips, or other earned income (see "Earned income" on this page).
2. The amount on Form 1040, line 33, is less than \$11,000.
3. You have a child (see "Definition of Child" that begins on this page) who lived with you for more than 6 months during 1986 (or all of 1986 if your filing status is qualifying widow(er) with dependent child).

If you were self-employed, enter the amount on line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.

Earned Income Credit Worksheet (Keep for your records)
To figure your credit, follow the instructions below. If you checked Filing Status box 1 or 3, you cannot take the credit. Do not complete this worksheet.

1. Enter the amount from Form 1040, line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
2. If you were self-employed, enter the amount on line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
3. **Earned Income.** Add lines 1 and 2. However, if line 2 is a loss, subtract the credit. If line 3 is more than zero, go on to line 4.
4. **Adjusted gross income.** Enter the amount from Form 1040, line 33. If the amount on line 4 is \$11,000 or more, stop here; you cannot take the credit. Otherwise, go on to line 5 or line 6, whichever applies.
5. If line 4 above is \$6,500 or less, use the amount from line 3 above to find your credit in the table on page 48. Enter the credit here and on Form 1040, line 58.
6. If line 4 above is over \$6,500:
a. Find the amount from line 3 above in the table and enter the credit for that amount here \$ _____.
b. Find the amount from line 4 above in the table and enter the credit for that amount here \$ _____.
c. Subtract the amount from line 6a or 6b, whichever is smaller, here and on Form 1040, line 58.

4. Do you not file Form 2555.

Foreign earned income, or Form 4563, Election of Passports. If you want IRS to figure the credit for you, see **MS: Your Credits on Page 13**.

You may be able to receive advance payment of your credit by filing Form W-5 with your employer.

For more details about the credit, get Publication 596, Earned Income Credit.

Earned Income Includes:
• Wages, salaries, and tips
• Earnings from self-employment—this is usually the amount shown on Schedule SE (Form 1040), line 9.
• Anything else or value (money, goods, or services) you performed regardless of whether it is taxable.

Note: The following are examples of amounts received from your employer that must be included on line 1 of the worksheet—
a. Housing allowance (or rental value of a parsonage) for members of the clergy
b. Meals and lodging
c. Earnings from self-employment (for example, dividends, social security payments, welfare benefits, veterans' benefits, workers' compensation, or income exempt from self-employment tax) as a result of the filing and approval of Form 4029 (relating to members of certain religious faiths)

Definition of Child. In general, for purposes of this credit, your child includes
• Your son or daughter
• Your stepchild or adopted child
• If your filing status is married filing a joint return or qualifying widow(er) with dependent child, your child also includes a child placed with you by an authorized placement agency for adoption by you, or a child placed with you by an authorized placement agency for adoption by your spouse.

If you meet all of the conditions listed above, use the worksheet below to figure the credit. Otherwise, do not fill in the worksheet.

Earned Income Credit Worksheet (Keep for your records)
To figure your credit, follow the instructions below. If you checked Filing Status box 1 or 3, you cannot take the credit. Do not complete this worksheet.

1. Enter the amount from Form 1040, line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
2. If you were self-employed, enter the amount on line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
3. **Earned Income.** Add lines 1 and 2. However, if line 2 is a loss, subtract the credit. If line 3 is more than zero, go on to line 4.
4. **Adjusted gross income.** Enter the amount from Form 1040, line 33. If the amount on line 4 is \$11,000 or more, stop here; you cannot take the credit. Otherwise, go on to line 5 or line 6, whichever applies.
5. If line 4 above is \$6,500 or less, use the amount from line 3 above to find your credit in the table on page 48. Enter the credit here and on Form 1040, line 58.
6. If line 4 above is over \$6,500:
a. Find the amount from line 3 above in the table and enter the credit for that amount here \$ _____.
b. Find the amount from line 4 above in the table and enter the credit for that amount here \$ _____.
c. Subtract the amount from line 6a or 6b, whichever is smaller, here and on Form 1040, line 58.

4. Do you not file Form 2555.

Foreign earned income, or Form 4563, Election of Passports. If you want IRS to figure the credit for you, see **MS: Your Credits on Page 13**.

You may be able to receive advance payment of your credit by filing Form W-5 with your employer.

For more details about the credit, get Publication 596, Earned Income Credit.

Earned Income Includes:
• Wages, salaries, and tips
• Earnings from self-employment—this is usually the amount shown on Schedule SE (Form 1040), line 9.
• Anything else or value (money, goods, or services) you performed regardless of whether it is taxable.

Note: The following are examples of amounts received from your employer that must be included on line 1 of the worksheet—
a. Housing allowance (or rental value of a parsonage) for members of the clergy
b. Meals and lodging
c. Earnings from self-employment (for example, dividends, social security payments, welfare benefits, veterans' benefits, workers' compensation, or income exempt from self-employment tax) as a result of the filing and approval of Form 4029 (relating to members of certain religious faiths)

Definition of Child. In general, for purposes of this credit, your child includes
• Your son or daughter
• Your stepchild or adopted child
• If your filing status is married filing a joint return or qualifying widow(er) with dependent child, your child also includes a child placed with you by an authorized placement agency for adoption by you, or a child placed with you by an authorized placement agency for adoption by your spouse.

If you meet all of the conditions listed above, use the worksheet below to figure the credit. Otherwise, do not fill in the worksheet.

Earned Income Credit Worksheet (Keep for your records)
To figure your credit, follow the instructions below. If you checked Filing Status box 1 or 3, you cannot take the credit. Do not complete this worksheet.

1. Enter the amount from Form 1040, line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
2. If you were self-employed, enter the amount on line 7, plus any other compensation from your employer, regardless of whether it is taxable. **Note:** If you are a dependent child, you cannot take the credit on the dotted line to the left of line 58 even if you cannot take the credit.
3. **Earned Income.** Add lines 1 and 2. However, if line 2 is a loss, subtract the credit. If line 3 is more than zero, go on to line 4.
4. **Adjusted gross income.** Enter the amount from Form 1040, line 33. If the amount on line 4 is \$11,000 or more, stop here; you cannot take the credit. Otherwise, go on to line 5 or line 6, whichever applies.
5. If line 4 above is \$6,500 or less, use the amount from line 3 above to find your credit in the table on page 48. Enter the credit here and on Form 1040, line 58.
6. If line 4 above is over \$6,500:
a. Find the amount from line 3 above in the table and enter the credit for that amount here \$ _____.
b. Find the amount from line 4 above in the table and enter the credit for that amount here \$ _____.
c. Subtract the amount from line 6a or 6b, whichever is smaller, here and on Form 1040, line 58.

foster child (any other child, such as your grandchild, whom you cared for as your own child for the whole year).

If your filing status is head of household, your child also includes a descendant of your son, daughter, or adopted child.

If your child was born, or died, in 1986 and you have a dependent on line 6b of the worksheet on page 16, whichever is later, your child is considered to have lived with you for more than 6 months or, if applicable, for all of 1986.

Note: The earned income credit must be reduced by the alternative minimum tax (Form 1040, line 51). If you owe this tax, subtract it from the amount on line 5 or line 6c of the worksheet on page 16, whichever is later, on Form 1040, line 28.

Line 39
Earned Income Tax Credit (Extension of Time To File)

If you had Form 4868 to get an extension of time to file Form 1040, enter the amount you paid with that form. Also include any amounts paid with Forms 2688 or 2350.

Line 40
Excess Social Security Tax and RRTA Tax, Withheld—Two or More Employers

If you had two or more employers in 1986 who together paid you more than \$42,000 in wages, too much social security tax and railroad retirement tax (RRTA) may have been withheld from your income. If you are able to take a credit against your income tax...

If you are filing a joint return, you must figure the credit separately for yourself and your spouse. Complete the worksheet below to check for the credit against your social security tax withheld from your wages, or if you had both RRTA tax and social security tax withheld from your wages, get Publication 505, Tax Withholding and Estimated Tax, for information on how to figure your excess RRTA or social security tax. Do not use the worksheet below if you are a Federal, state, or local government employee who paid only the 1.45% medicare (hospital insurance, do not include on line 1 of the worksheet below medicare tax withheld from your government wages. See the instructions for excess medicare tax paid.

Worksheet (keep for your records)
1. Add all social security tax, \$3,003 for each employer.*
2. Enter any uncollected social security tax on file, included in Form 1040, line 39.
3. Add lines 1 and 2.
4. Less:
5. Subtract line 4 from line 3. Enter this amount on line 60.

*Note: If any one employer withheld more than \$3,003 you should ask the employer to refund to you. You cannot take credit for it on your return.

Line 61
Credit for Federal Tax on Gasoline and Special Fuels

If you can claim a credit for tax on gasoline and special fuels used in your business, on a farm, or on a boat, or on certain diesel-powered cars, vans, and light trucks, please attach Form 4136. Enter the credit on line 61.

Line 62
Regulated Investment Company Credit

Enter on this line the total amount of the credit from Form 2439. Be sure to attach Form 2439 to Form 1040. Enter on line 62 any excess Medicare Tax Credit.

Excess Medicare Tax Credit. If you were a Federal, state, or local government employee whose wages in 1986 were subject only to the 1.45% medicare (hospital insurance benefits) tax and you had other social security or RRTA wages that when added to your government wages made your total wages subject to medicare tax, you may have been withheld, if so, medicare tax that has not been withheld. If so, you may take a credit against your income tax. Use Form 4469, Computation of Excess Medicare Tax Credit, to figure the credit. Include the amount of the credit in your total for line 62. On the dotted line show the amount.

Line 63
Total Payments

Add lines 56 through 62 and enter the total on line 63. Also include on line 63 any Overpaid Windfall Profit Tax.

Overpaid Windfall Profit Tax. You may be allowed a credit for overpaid windfall profit tax (OWPT). Use Form 6249 to figure the overpayment. Include this amount in your total for line 63. Also include on line 6249 to line 63 the OWPT amount. Do not include in this total, write "OWPT" and show the amount.

Refund or Amount You Owe

Line 64
Amount Overpaid (If line 63 is larger than line 55)

Subtract line 55 from line 63. You can choose to have all, or part, of this amount refunded to you (line 65). The remainder, if any, can be applied to your estimated tax for 1987 (line 66). If line 64 is under \$1, we will send a refund only on written request.

Income Tax Withholding for 1987. As explained on page 2 under Form W-4 Filing Requirements, if you are an employee, you must file a new 1987 Form W-4. Employee's Withholding Allowance Certificate, with your employer before October 1, 1987. However, because of the numerous tax law changes effective for 1987, you may want to file the 1987 Form W-4 with your employer in 1986 to make sure you have the right amount of income tax withheld from your 1987 wages. For more details, get Publication 505, Tax Withholding and Estimated Tax.

Line 66
Applied to 1987 Estimated Tax

Subtract line 65 from line 64. This is the estimated tax for 1987. Enter this amount on line 66.

We will apply amounts to your account unless you request us to apply to your spouse's account. The request should include your spouse's social security number.

Line 67
Amount You Owe (If line 55 is larger than line 63)

Subtract line 63 from line 55 and enter the result. This is the amount you owe. Attach your check or money order for the full amount when you file. Do not include any estimated tax payment in your check or money order. If line 67 is under \$1, you do not have to pay.

Income Tax Withholding for 1987. As explained on page 2 under Form W-4 Filing Requirements, if you are an employee, you must file a new 1987 Form W-4. Employee's Withholding Allowance Certificate, with your employer before October 1, 1987. However, because of the numerous tax law changes effective for 1987, you may want to file the 1987 Form W-4 with your employer in 1986 to make sure you have the right amount of income tax withheld from your 1987 wages. Otherwise, you may have to make estimated tax payments for 1987. See Should You Make Estimated Tax Payments for 1987 on page 18.

For more details, get Publication 505, Tax Withholding and Estimated Tax.

Underpayment or Estimated Tax. If line 67 is \$500 or more and more than 20% of the tax shown on your return, or you owe more than \$500, you may be liable for any payment penalty. Form 2210 (Form 2210 for farmers and fishermen) is used to see if you owe a penalty and to figure the amount of the penalty. You may figure the penalty yourself by completing and attaching that form to Form 1040-ES.

Tax return preparers should be familiar with their responsibilities. They should get Publication 1045, Information and Order Blank for Preparers of Federal Income Tax Returns, for more details.

If you underpaid your 1986 income tax, you will not owe a penalty or have to complete Form 2210 (or Form 2210F), if:

- 1. you had no tax liability for 1985.
- 2. you were a U.S. citizen or resident for all of 1985, and
- 3. your 1985 tax return was for a tax year of 12 full months.

If you attach Form 2210 or 2210F, be sure to check the box below line 67 and enter the amount of any penalty you owe in line 68.

Section 4
General Information

This section contains general information about the return and how long to keep tax records.

Penalties and Interest

Interest. We will charge you interest on 50% of the tax due after the due date, even if an amount is paid in full. We will also charge you interest on penalties imposed for failure to file, gross valuation overstatements, and substantial understatements of tax. Interest is charged on the penalty as of the date of the return (including extensions) to the date of return. You can avoid penalties for late filing by sending in your return by the due date. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return after the due date, you may be liable for late filing. The penalty will not be less than \$100 or 100% of the balance of tax due on your return, whichever is less.

Sign Your Return

Form 1040 is not considered a return unless you sign it. Your spouse must also sign it if it is a joint return. Be sure to date your return and show your occupation in the space provided. If you are a self-employed taxpayer, you must sign the return with your deceased spouse. See Death of Taxpayer on page 19.

Did You Have Someone Else Prepare Your Return?

If you fill in your own return, the Paid Preparer's space should remain blank. Someone who prepares your return but does not charge you, should not sign. Generally, anyone who is paid to prepare your tax return must sign your return and fill in the Paid Preparer's space. If you have questions about whether a preparer is required to sign your return, please contact an IRS office.

Where To File

If an addressed envelope came with your return, please use it. If you do not have one, or if you moved during the year, mail your return to the Internal Revenue Service Center for the place where you live. No Street address is needed.

If you are located in:
Alabama & Florida, Georgia
Mississippi, South Carolina
New Jersey, New York City
New York, Rhode Island
Westchester
Connecticut, Maine
Massachusetts, Vermont
New Hampshire, New York (all other counties), Rhode Island, Vermont
Andover, MA 05501

Use this address:
Atlanta, GA 31101
Holtzville, NY 05001
Rochester, NY 14620

Section 4
General Information

This section contains general information about the return and how long to keep tax records.

Penalties and Interest

Interest. We will charge you interest on 50% of the tax due after the due date, even if an amount is paid in full. We will also charge you interest on penalties imposed for failure to file, gross valuation overstatements, and substantial understatements of tax. Interest is charged on the penalty as of the date of the return (including extensions) to the date of return. You can avoid penalties for late filing by sending in your return by the due date. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return after the due date, you may be liable for late filing. The penalty will not be less than \$100 or 100% of the balance of tax due on your return, whichever is less.

Sign Your Return

Form 1040 is not considered a return unless you sign it. Your spouse must also sign it if it is a joint return. Be sure to date your return and show your occupation in the space provided. If you are a self-employed taxpayer, you must sign the return with your deceased spouse. See Death of Taxpayer on page 19.

Did You Have Someone Else Prepare Your Return?

If you fill in your own return, the Paid Preparer's space should remain blank. Someone who prepares your return but does not charge you, should not sign. Generally, anyone who is paid to prepare your tax return must sign your return and fill in the Paid Preparer's space. If you have questions about whether a preparer is required to sign your return, please contact an IRS office.

Where To File

If an addressed envelope came with your return, please use it. If you do not have one, or if you moved during the year, mail your return to the Internal Revenue Service Center for the place where you live. No Street address is needed.

If you are located in:
Alabama & Florida, Georgia
Mississippi, South Carolina
New Jersey, New York City
New York, Rhode Island
Westchester
Connecticut, Maine
Massachusetts, Vermont
New Hampshire, New York (all other counties), Rhode Island, Vermont
Andover, MA 05501

Use this address:
Atlanta, GA 31101
Holtzville, NY 05001
Rochester, NY 14620

penalty of \$500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax, because you take a frivolous position or desire to delay or interfere with the tax laws. This includes any litigation above the space provided for your signature.

Other Penalties. There are also other penalties that can be imposed for negligence, substantial understatement of tax, and fraud. Get Publication 17 for details on some of these penalties.

Address Change

If you move after you file your return and you are expecting a refund, you should notify the post office serving your old address. Also notify the IRS Service Center where you filed your return. You may change the address on the return by checking to your new address as soon as possible.

Corresponding With IRS

Be sure to include your social security number in any correspondence with IRS. Keep records of income, deductions, and credits shown on your return, as well as any state or local tax returns, for the 3-year period after the date the tax was paid, whichever is later. Also keep copies of your filed tax returns as part of your records. You should keep property records (including those on your own home) as long as they are needed to figure the basis of the original or replacement property. For more details, get Publication 552.

Requesting a Copy of Your Tax Return.

If you need a copy of your tax return or of the preparer's signature (Signature Stamps or Labels are not acceptable), you must request a copy of your Form 1040, Account Information. Generally, there is a charge for these requests. See Form 4506

California (all other)	Florida, CA 91388
Colorado (all other)	Denver, CO 80299
Connecticut	Philadelphia, PA 19255
Delaware	Philadelphia, PA 19255
District of Columbia	Washington, DC 20548
Florida	Florida, CA 91388
Georgia	Atlanta, GA 31101
Idaho	Boise, ID 83725
Illinois	Chicago, IL 60606
Indiana	Indianapolis, IN 46204
Iowa	Des Moines, IA 50319
Kansas	Topeka, KS 66606
Kentucky	Frankfort, KY 40601
Louisiana	Baton Rouge, LA 70803
Maine	Portland, ME 04101
Maryland	Baltimore, MD 21202
Massachusetts	Boston, MA 02108
Michigan	Lansing, MI 48226
Minnesota	Minneapolis, MN 55403
Mississippi	Memphis, TN 38101
Missouri	Jefferson City, MO 64599
Montana	Helena, MT 59601
Nebraska	Lincoln, NE 68509
Nevada	Las Vegas, NV 89101
New Hampshire	Manchester, NH 03101
New Jersey	Trenton, NJ 08646
New Mexico	Santa Fe, NM 87501
New York	Albany, NY 12242
North Carolina	Raleigh, NC 27601
North Dakota	Bismarck, ND 58101
Ohio	Columbus, OH 43269
Oklahoma	Oklahoma City, OK 73101
Oregon	Portland, OR 97201
Rhode Island	Providence, RI 02901
South Carolina	Columbia, SC 29201
South Dakota	Spearhead, SD 57701
Tennessee	Memphis, TN 38101
Texas	Austin, TX 78701
Utah	Salt Lake City, UT 84101
Vermont	Montpelier, VT 05601
Virginia	Richmond, VA 23219
Washington	Olympia, WA 98501
West Virginia	Charleston, WV 25301
Wisconsin	Madison, WI 53701
Wyoming	Cheyenne, WY 82001

deceased must file Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim the refund. For more details, see **Table 1-A** in Publication 559, Tax Information for Survivors, Executors, and Administrators.

Section 5

Instructions for Schedules to Form 1040

Amended Return If you file your income tax return and later make to income, deductions, or credits, file **Form 1040X**, Amended U.S. Individual Income Tax Return, to change the Form 1040, 1040A, or 1040EZ you already filed for any reason. It may affect your state income tax liability. You may also request a refund made as a result of an examination of your return by the IRS. Contact your state tax agency for more information.

Tax Help Videotape A videotape of live, one-to-one instructions for completing your return is available in either English or Spanish at participating libraries or you can buy or rent the tape at some videotape outlets.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)

Free help is available in most communities to lower income, elderly, handicapped, and non-English speaking individuals in preparing Form 1040EZ, Form 1040A, and Form 1040. Call your local community action telephone number for the time and location of the volunteer assistance site near you.

Death of Taxpayer

If the taxpayer died before filing a return for 1986, the taxpayer's spouse or personal representative must file and sign a return required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

The return should be filed on the date of the taxpayer's death in the name and address space at the top of the return. Also write "DECEASED" across the top of the tax return.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. If your spouse died in 1986 and you did not file a return for 1986, you may be able to file a return. You can also file a joint return if your spouse died in 1987 before filing a 1986 return. A joint return should show your spouse's 1986 income before death and your income for all of 1986. Also write: "Filing as surviving spouse—in the area where you sign the return." See **Section 1398** in the instructions. He or she must also sign the return. If you are claiming a refund as a surviving spouse filing a joint return with the above instructions, no other form is needed to have the refund issued to you. However, all other filers requesting a refund due the

- Nursing care for a healthy baby (You may also claim for a dependent child) can be claimed (see **Form 244**).
- Illegal operations or drugs.
- Medicines or drugs you bought without a prescription.
- Any fees that you could have claimed as a deduction on your return if that person had no dependent on 1/1/80 or more of gross income or had not filed a joint return.

Lines 6 through 10

State and local income taxes (line 6). Include on this line state and local income taxes that were withheld from your salary and state and local income taxes that you actually paid on your return. Do not include payments you made in 1986 or a tax for a prior year. Do not reduce your deduction by either of the following amounts:

- any state and local income tax refund (or credit) you expect to receive for 1986, or state and local income taxes you actually received in 1986 (see the instructions for **Form 1040**, line 10).

Real estate taxes (line 7).

Include taxes that you paid on real estate which was not used for business. **Publication 530**, Tax Information for Owners of Homes, Condominiums, and Cooperative Apartments, explains the deductions homeowners may take. If your mortgage payments include your real estate taxes, do not take a deduction for the amount you paid in 1986 if the mortgage company actually pays them to the taxing authority.

General sales taxes (line 8).

The Optional State Sales Tax Tables (see index) show how much you may deduct for your income and family size if you did not keep detailed records. You may add to the sales tax table amount the general sales tax you paid if you bought:

- a car, motorcycle, motor home, or truck (Note: Texas charges a higher motor vehicle sales or use tax than it does for other items. Figure how much you would have paid at the general sales tax rate and enter only that amount on line 8).
- a boat, plane, home (including mobile or prefabricated), or materials to build a new home.

If the tax rate was the same as the general sales tax rate, and:

- your sales receipt or contract shows how much tax was imposed on you, and
- you have records that show you paid more state sales tax than the tables list, you may deduct the larger amount on line 8a. Separately show the sales tax you paid on any motor vehicle you bought in 1986 on line 8b. Include state or local selective sales taxes on line 8c. The rates were the same as the general sales tax rates.

If you use the sales tax tables, count all available income. This includes the amount you received that is 33% plus most amounts on your home mortgage, the recipient of this interest will generally send you a **Form 1098**, Mortgage Interest Statement, or statement of interest earned. If the interest received during 1986. You should receive this statement by February 2, 1987. However, if you paid "points" (including loan origination fees), they will not be shown on this statement. Get **Publication 445** to see if the points qualify as interest. If included on line 11, line 13 Do not

Taxes You MAY NOT Deduct

- Federal income tax
- Social security tax
- Railroad retirement tax (RRITA)
- Federal excise tax on transportation, telephone, gasoline, etc.
- Customs duties
- Federal estate and gift taxes (However, see **Miscellaneous Deductions** on page 22.)
- Windfall profit tax (Use Schedules C or E of **Form 1040** to deduct this tax)
- Certain state and local taxes, including:
 - Tax on gasoline
 - Car inspection fees
 - Tax on liquor, beer, wine, cigarettes, and tobacco

Interest You Paid

Home mortgage interest (lines 11a and 11b).

If you paid more mortgage interest than is shown on **Form 1098**, or similar statement, get **Publication 545** to see if you can deduct the additional interest. If you can deduct the additional interest, attach a copy explaining the difference, and write "see attached" next to line 11a.

Credit card and charge account interest (line 12).

Interest you paid on bank and other general purpose credit cards. Deduct the finance charge paid as interest, if no part of it was for service charges, membership fees, loan fees, credit investigation fees, etc. Also deduct interest you paid on revolving charge accounts. Do not include interest you paid on revolving charge accounts added if the charges are based on your monthly unpaid balance.

Other interest you paid (line 13).

List each payee's name and the amount. Enter one total in the total amount column on line 13. Include on this line interest you paid on—

- Your personal note for money you borrowed from a bank, a credit union, or another person.
- Loans on life insurance if you paid the interest in cash and you report on the cash basis.
- Installment contracts on personal property, such as cars.
- Interest you paid late. Show only the interest you paid late. Do not include the considered a penalty. If the tax is deductible, show it under **Taxes You Paid** (lines 6 through 9 of this schedule).

Interest You MAY Deduct

- Personal mortgage interest you paid directly, or indirectly through an institution on line 11a. If you and at least one other person (other than your spouse if you file a joint return) were liable for, and you paid interest on the mortgage, and the other person received the net proceeds of the loan (including the net proceeds of your return showing the name and address of the person who received the loan, in the far left margin, next to line 11a, write "see attached").
- Any state and local taxes, including:
 - Federal income tax
 - Social security tax
 - Railroad retirement tax (RRITA)
 - Federal excise tax on transportation, telephone, gasoline, etc.
 - Customs duties
 - Federal estate and gift taxes (However, see **Miscellaneous Deductions** on page 22.)
 - Windfall profit tax (Use Schedules C or E of **Form 1040** to deduct this tax)
 - Certain state and local taxes, including:
 - Tax on gasoline
 - Car inspection fees
 - Tax on liquor, beer, wine, cigarettes, and tobacco

Lines 11a through 14

In general, a cash basis taxpayer who in 1986 paid interest that includes amounts that apply to any period after 1986 may deduct only the amount that applies for 1986.

Interest You Paid

If you file at the end of your tax year, you have a loan in existence whose term in excess of 5 years and the loan agreement in any way refers to the "Rule of 78's," get **Publication 545**, Interest Expense, for information on how to figure the amount of interest you may deduct on the loan (lines 6 through 9 of this schedule).

If you want to elect out of the installment method, report the sale as follows on a timely filed return (including extensions):

- (1) Report the full amount of the sale on Schedule D.
- (2) If you received a note or other obligation and are reporting it at less than face value (including an accounting entry), you received more than one, enter the amounts separately in the spaces in Part V.

Investment Interest Expense Deduction Adjustment

If you have an entry on Form 4952, line 20, and Schedule D, line 19 (or Form 4798, Part I, line 8), part of all line 20 of Form 4952 may be treated as ordinary income.

Determine the ordinary income for Schedule D of Form 4798 as follows:

Step 1—A separate computation, reduce the ordinary income for Schedule D by which line 15 of that form is amended by the sum of lines 16 through 19 of that form.

Step 2—Ordinary income will be the smaller of step 1 or line 19 of Schedule D (or line 8, Part I of Form 4798).

Enter the ordinary income in the margin to the right of line 19 of Schedule D (or line 8, Part I of Form 4798) by writing "Ordinary Income" in the margin. The ordinary income from the gain on lines 18 and 19 of Schedule D (or lines 7 and 8, Part I of Form 4798). In addition, enter the ordinary gain on line 9, Part II of Form 4797. If you do not use Form 4797 for other transactions, enter it on Form 1040.

Use Form 4952, if in the margin as Form 4952.

Section 1256 Contracts and Securities

Use Form 6781 to report gains and losses on Section 1256 contracts and securities. Get Publication 550 for more information.

Specific Instructions

Line 1

Reconciliation of Forms 1099-B for Sales of Stocks, Bonds, etc. Enter your total sales of stocks, bonds, etc. reported for 1986 by your broker to you on Form(s) 1099-B or on an equivalent substitute statement(s). If line 1 differs from the total of lines 2b and 9b, column (d), attach a statement explaining the difference between line 1 and the total of lines 2b and 9b. If you reported a Form 1099-B transaction in one year but did not receive a Form 1099-B until the following year, a difference would also occur if you received a Form 1099-B for an item that represents a return of capital.

Note. If you attach your own schedule to Form 1099-B, you must also attach a statement explaining the total sales price of all Form 1099-B transactions included in your own schedule on lines 2b and 9b. Report the total gain and the total loss separately on lines 7 and 16.

Column (d) Enter in this column either the gross sales price or the net sales price from the sale. If

Losses from the disposition of converted and highly erodible croplands withheld from agricultural use (other than livestock grazing) after 3/1/86 and disposed of in taxable years ending after that date are reported on Schedule D, but gains are reported on Form 4797.

For sales on nonexchange exchanges, gifts of property, and permitted property, get Publication 544.

For treatment by shareholders of corporate liquidations, get Publication 542. Tax information on Corporations transactions, get Publication 564. Mutual Fund Distributions.

Exchange of Like-Kind Property Report the exchange of "like-kind" property when you exchange business or investment property for other business or investment property. See Publication 544 for exceptions. Get Publication 544.

Identify in column (a) the property you disposed of (enter the date you acquired it in column (b), and the date you exchanged it in column (c). Write "like-kind exchange" in column (d).

(e) Enter zero in columns (f) and (g).

Sale or Exchange (Other Than Assets Held for Personal Use) Report the sale or exchange of capital assets, other than the sale or exchange of this property, is not deductible.

Disposition of Partnership Interest A sale or other disposition of an interest in a partnership may result in ordinary income. Get Publication 541. Tax information on Partnerships.

Long-Term Capital Gains From Regulated Investment Companies Include in income as a long term capital gain the amount(s) shown on Form 2439 that represents your share of the undistributed capital gains of a regulated investment company as shown on Form 2439 of line 62 of Form 1040. Add to the basis of your stock, the excess of the amount included in income over the credit.

Sale of Residence Use Form 2119, Sale or Exchange of Principal Residence, to report a gain from the sale of your principal residence whether or not you bought another one. For more information, get Publication 523. Tax information on Selling Your Home.

Installment Sales If you sold property at a gain and you will receive payments over a period of more than one year, you must report the installment method unless you elect not to. Use Form 6252, Computation of Installment Sale Income. Also use Form 6252 if you received a payment in 1986 for a sale made in an earlier year on the installment method basis taxpayer and you are using the installment method for a year-end stock sale when payment will be received in the following year, report the sale on Schedule D in the year you receive the payment.

• A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations)

• A grantor and a fiduciary of a trust

• A fiduciary and a beneficiary of the same trust

• A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor, individual and a tax-exempt organization controlled by the individual or the individual's family

• A partnership and a corporation if the same taxpayer's own directly or indirectly interest, or profits interest, in the partnership or corporation

• You dispose of (1) an asset used in an activity in which you are an individual (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk. Get the instructions for Form 6199, Computation of Deductible Loss From an Activity Described in Section 465(c).

Items for Special Treatment and Special Cases

The following items may require special treatment:

- Transactions by a securities dealer
- Wash sales of stock or securities
- Gifts and other evidence of indebtedness
- Certain real estate subordinated for sale

• Distributions received from an employee pension, profit sharing, or stock bonus plan (Get Form 4972, Special 10-Year Averaging Method, or Form 554a, Multiple Recipient Special 10-Year Averaging Method Also Use Publication 375, Pension and Annuity Income)

• Gain on the sale of depreciable property to more than 50% owned entity, or to a Charge Domestic International Sales Corporation

• Gain on the sale or exchange of stock in certain foreign corporations

• Gain or loss on options to buy or sell, Transfer of property to a foreign corporation as paid in surplus or as a contribution to capital, or to a foreign trust or partnership

• Transfer of property to a partnership which would be treated as an investment in a partnership if the partnership were incorporated

• Sale of qualified preferred stock to shareholders from a qualified public utility. Get Publication 550 for details

• Transfer of appreciated property to a political organization

• Loss on sale, exchange or worthlessness of small business stock (section 1244 loss stock)

• In general, no gain or loss is recognized on a transfer of property from an individual to a spouse, child, grandchild, or grandchild of the transferor is subject to the divorce. Get Publication 504, Tax Information for Divorced or Separated Individuals

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Capital Asset

Most property you own and use for investment is a capital asset. For example, your house, furniture, car, and stocks and bonds are capital assets.

A capital asset is any property held by a taxpayer except the following:

- Stock in trade or held for sale to customers in inventory or held for other purposes
- Accounts or notes receivable you received for services in the ordinary course of your trade or business, or from the sale of any property performed as an employee
- Depreciable property used in your trade or business even if it was fully depreciated
- Real property (real estate) used in your trade or business

• A copyright, literary, musical, or artistic composition, a letter or memorandum, or similar property

1. created by your personal efforts, or prepared or produced for you (in the case of a letter, memorandum, or similar property) or

2. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the property owned by the taxpayer.

U.S. government publications (including the Congressional Record) that you received from the government, other than by purchase at the normal sales price, or that you got from another taxpayer who had received it in a similar way, if your basis is determined by reference to the previous owner.

Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long term is more than 12 months. The holding period for short term is 6 months or less.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds on an exchange or over the counter market.

Generally, a nonbusiness bad debt must be treated as a short-term capital loss.

Capital Losses The capital loss that can be applied against other income after offsetting capital gains is limited to \$3,000 (\$1,500 if married filing a separate return).

Unrealized capital losses are carried over to later years to the extent allowed, until fully used. If any of your capital losses are from before 1970, use Form 4798, Carryover of Pre-1970 Capital Losses, Part II, to figure your capital loss carryovers. If all of your capital losses were after 1969, use Publication 544, Part IV, to figure your capital loss carryovers.

Losses That Are Not Deductible Do not deduct a loss from the sale or exchange of property, directly or indirectly, to a beneficiary of the following:

- Members of a family

2. You own more than 50% of the stock in a corporation and you own more than 1% of the foreign bank accounts.

Get Form TD F 9022.1 to see if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

If you checked Yes to question 10, file Form TD F 9022.1 by June 30, 1987, with your 1986 return. Attach a copy of the address shown on that form. Form TD F 9022.1 is not a tax return, so do not attach it to Form 1040.

You can get Form TD F 9022.1 by writing to the IRS Forms Distribution Center for your state, as shown on the inside back cover.

If you checked Yes to question 10, write the name of the foreign country or countries in the space provided. Attach a separate sheet if you need more space.

Instructions for Schedule D

Capital Gains and Losses and Reconciliation of Forms 1099-B

Purpose of Schedule

Use Schedule D (Form 1040) to report a sale or exchange of a capital asset and to reconcile Forms 1099-B to your actual net gain or loss from the sale or exchange of capital assets. Schedule D is also used to report gains from involuntary conversions of capital assets that are not held in connection with a trade or business or a transaction entered into for profit.

Use Form 4797, Gains and Losses From Sales or Exchanges of Assets, Used in a Trade or Business, to report gains and losses from Form 4798, Carryover of Pre-1970 Capital Losses, instead of Schedule D to report the following:

- The sale or exchange of trade or business property, depreciable and amortizable property, oil, gas, and geothermal property and section 126 property
- The involuntary conversion (other than by casualty or theft) of trade or business property and capital assets held in connection with a trade or business or a transaction entered into for profit
- Disposition of other noncapital assets not mentioned above

Use Form 4684, Casualties and Thefts, to report involuntary conversions of property due to casualty or theft.

Get Publication 544, Sales and Other Dispositions of Assets, and Publication 550, Investment Income and Expenses, for more information.

Form 1099-B, Information Return for Acquisition or Abandonment of Property Report the net gain or loss from the sale or exchange of property, directly or indirectly, to you or your partner, you may have gain or loss to report because of the acquisition or abandonment. Get Publication 544 for more information.

The payer should send you a Form 1099-DIV showing dividends you are entitled to receive. If all payers are over \$400, fill in Parts II and III of this schedule.

Line 4

Report on line 4 ALL of your dividend income, including dividends from nonexempt distributions on this line. They will be deducted on lines 6 and 7. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, Publication 564, Mutual Fund Distributions, may be helpful.

List the payers in the order they show the amounts on the subtotal and enter the amounts from the subtotal and enter the name of the brokerage firm (street name), list the name of the issuer (street name).

Noninterest. Include on line 4 all dividends you received, including dividends you received as a nominee, that actually belong to another person, even if the dividends are reported to you on line 5, but to others. Several lines above line 4, subtotal all dividends listed on line 4.

Below this subtotal, write: Nominee Distribution; and show the amounts you received as a nominee. Subtract these amounts from the subtotal and enter the net amount on line 4.

Note. If you received dividends as a nominee for the actual owner, give that person a Form 1099-DIV.

Part III

Foreign Accounts and Foreign Trusts Fill in this part if you had more than \$400 of interest or dividend income, if you had a foreign financial account, or if you were the grantor of, or transferor to, a foreign trust.

Line 10

Check the Yes box if either 1 or 2 below applies to you:

- 1. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account) or
- 2. You were the grantor of, or transferor to, a foreign trust.

Exclusion. Check No if any of the following applies to you:

- The combined value of the accounts was \$10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

• You are an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation.

• The account is in your employer's name. AND you do not have a personal financial interest in the account.

• You are an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$500 million and 500 or more employees.

• You are an officer or employee of a personal financial institution in the account, and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

Enter your depletion deduction on line 19. Get Publication 535, Business Expenses, for information on depletion.

Rental Income From Farm Production or Crop Shares
Report term rental income and expenses on Form 4835, Farm Rental Income and Expenses, if you meet these two tests:

- a. You received rental income that was based on crops or livestock produced by the tenant.
- b. You did not manage or operate the farm to any great extent.

Certified Historic Structures
If you own a certified historic structure and pay or incur certain capital expenditures to rehabilitate it, special rules apply. Get Publication 535 for more details.

Expenses To Rehabilitate Low-Income Housing
You may amortize over a 60-month period up to \$20,000 of the costs you paid or incurred in 1986 to rehabilitate qualified low-income housing. Get Publication 535 for more details.

Deduction For Removal of Barriers to the Handicapped and Elderly
You can deduct up to \$35,000 of the costs you paid or incurred in 1986 to remove architectural or transportation barriers to the handicapped and the elderly. Get Publication 535 for more details.

Part II
Income or (Loss) From Partnerships, S Corporations, Estates, or Trusts

If you need additional space in Part II to list your income or losses, attach a continuation sheet. However, be sure to complete columns (e) and (f) of line 27 or line 31, as appropriate.

Tax Shelter Registration Number. If you are claiming or reporting any tax shelter reporting income from an interest purchased or otherwise acquired in a tax shelter, you must attach Form 8271, Investor Reporting return to report the tax shelter registration number as well as other information about the tax shelter.

Tax Preference Items. If you are liable for the alternative minimum tax and you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of tax preference items from these entities on Form 4798, 1986, in order of completing Schedule D, Parts III or IV.

Partnerships
If you are a member of a partnership or joint venture, you must report your share of the partnership income (whether or not

A day of personal use is any day, or part of a day, that the unit is used—

- for personal purposes by you, or any other person who has an interest in it, unless the unit is rented to that person under a shared equity financing agreement, or
- by a member of your family or family member of any other person who has an interest in that person's residence, or
- by anyone under an arrangement that lets you use some other dwelling unit, or
- by anyone at less than fair rental and rented to you for less than 15 days, you may not deduct any rental expenses. However, if you itemize your deductions, you may deduct any interest, taxes, and casualty losses on Schedule A (Form 1040). You do not have to report the rental income.

Family. Includes ONLY brothers, sisters, half brothers, half sisters, spouse, ancestors (parents, grandparents, etc.), and lineal descendants (children, grandchildren, etc.)

Mortgage Interest Paid to Financial Institutions. If you have a mortgage on your rental property, enter on line 10 the interest you paid for 1986 to financial institutions. Be sure to fill in the "Totals" column.

If you paid \$600 or more of interest on the mortgage, you must also report the amount on Form 1098, Mortgage Interest Statement, or similar statement, showing the total interest received from you during 1986. You should receive this statement by February 2, 1987.

If you and at least one other person (other than your spouse if you file a joint return) have a mortgage on the property, you must also report the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of the person who received the Form 1098, the left margin, next to line 10, write "see attached."

If you paid more mortgage interest than is shown on your Form 1098, the interest expense is to be reported on line 13. Attach an additional interest statement to your return explaining the difference and write "see attached" in the left margin next to line 10.

Royalties
Do not deduct the value of your own mineral properties, copyrights, and patents, not including operating oil, gas, or mineral interests. If you are in business as a self-employed writer, inventor, artist, or musician (Form 1040). Under certain circumstances you can treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For more details, get Publication 554, Sale and Use of Real Estate, or Publication 555, Royalties from Oil, Gas, and Coal Leases.

oil or gas payments you received, enter on line 3b the gross amount of royalty include the taxes withheld by the producer on line 14. But DO NOT include on line 14 the amount of windfall profit taxes actually withheld in 1986. Instead, enter that amount in Part III, line 34.

If you use Part I to report rental and royalty income, enter your rental and royalty expenses for each property in the appropriate column on lines 4 through 20. If you have a loss on an activity, except the holding of real property (other than mineral property) placed in service before January 1, 1987, see the At-Risk Rules on page 25.

You have more than three rental or royalty properties, complete and attach as many Schedules E as are needed to list the properties. Complete lines 1 and 2 for each property. However, fill in the "Totals" column for lines 3, 10, 19, and 22 through 26 on only one Schedule E. Schedule E should be the combined totals of all the Schedules.

If you also need to use page 2 of Schedule E, use the same Schedule E that you used to enter the combined totals in Part I.

Rentals
If you were not in the real estate sales business and you received rent from property you own or control, report it on line 3a. If you received services or property, instead of money, as rent, report its fair market value. You can deduct an amount for the depreciation of rental property. You can also deduct all normal expenses, such as taxes, interest, repairs, maintenance, and insurance, subject to a net lease or held in common property arrangement.

For investment purposes, is considered deduction on debts incurred to acquire such property is subject to limitations. If your total interest on investment debts created after 1963, including investment interest expense, exceeds the amount of your adjusted net long-term capital gain, you may deduct only \$10,000 (\$5,000 if married filing separately). See Form 4932, Investment Interest Expense Deduction.

Do not deduct the value of your own improvements, instead, add these to the basis at the property for depreciation. Example: A landlord can deduct the cost of improvements, such as a new roof.

Renting Out Part of Your Home. If you rent out only part of your home or other property, deduct the part of your expenses that apply to the rented part.

Renting Out a Home That Is Also Used for Personal Purposes. Generally, you may deduct only those expenses which apply to the time that the home or other dwelling is used as a rental. For more details, see house, apartment, condominium, mobile home, boat, or similar property. Also, if you or your family used the property as a residence, certain expenses cannot be more than the gross rental income. Only interest, taxes, and casualty losses do not have to be included as a residence if you or your family used it for personal purposes for more than the greater of:

- a. 14 days, or
- b. 10% of the number of days during 1986 that the property was actually rented out as a rental.

activity, or acquire your interest in the activity unless they are secured by property not used in the activity.

- 2. amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement.
- 3. loans from someone who has an interest in the activity, other than as a creditor or who is related, under section 170(b)(4). (A related person (other than your partner) having such an interest, or
- 4. amounts contributed to the activity, or your interest in the activity that is covered by a similar arrangement, stop-loss agreement, or similar guarantee.

loans from a person described in 3 above. For more details, get Publication 536, Net Operating Losses and the At-Risk Limits.

The at-risk rules may apply to a member of a partnership or joint venture, a shareholder in an S corporation, or a lessor of property. For more details, see the instructions for more information.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and S corporation. See Form 6198 and the related instructions for more information.

If, in addition to the amount that you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the instructions for Form 6198.

If you have amounts that are not at risk, deductible loss. If the loss is from Part I, Schedule E, enter the deductible amount from Form 6198 in the appropriate column(s) on line 21 of Schedule E. If the loss is from Part II, Schedule E, enter the deductible amount from Form 6198 in column (e) of Schedule E.

Any loss from an activity not allowed for the at-risk rules is a loss that is not allocable to the activity in the next tax year.

Part I
Rental and Royalty Income (or Loss)
Generally, you should use this part to report rental and royalty income. Report rents from property you own or control, including room and other space rentals. However, if you provided services to the renter, or if you are in business as a self-employed writer, inventor, artist, or musician (see Schedule C (Form 1040)), report the income on Schedule C (Form 1040). For more information on rental income and expenses, see Tax Information in the index (topic no. 143) or get Publication 527, Rental Property.

Report royalties from oil, gas, or mineral properties, copyrights, and patents on line 13. However, if you hold an operating oil, gas, or mineral interest, you must also report self-employed writer, inventor, artist, etc., report gross income and expenses on Schedule C (Form 1040).

3. Figure the amount from Form 1040, line 35, without regard to gains and losses from sales or exchanges of capital assets.

- b. Subtract from the amount in a one of the following:
 - 1. \$2,480 if you are filing as single or head of household.
 - 2. \$3,670 if you are married filing a joint return or you are a qualifying widow(er) with a dependent child.
 - 3. \$1,835 if you are married filing a separate return.

Part VI
Reconciliation of Forms 1099-B For Bartering Transactions
This part will enable IRS to compare amounts of bartering income reported to you on Forms 1099-B with amounts you report on your tax return.

Instructions for Schedule E Supplemental Income
Reminder
If you claim any expenses for use of an automobile or other "listed property" in a business, you must complete the appropriate sections of Part III of Form 4562, Depreciation and Amortization. For more information, get Publication 534.

If you claim the standard mileage allowance for your automobile, you must also complete Part III of Form 4562.

Purpose of Schedule E
Use Schedule E to report income (or loss) from rents and royalties, partnerships, S corporations, estates, trusts, and trusts.

Note: If you attach your own schedules to report income or (loss) from any of these sources, use the same format as the Schedule E. Enter separately on Schedule E the total of net income and the total of net loss for each part. DO NOT combine the loss from the separate schedules.

Files of Forms 1041 and 1041S. Enter your employer identification number in the block labeled "Your social security number."

At-Risk Rules (Parts I and II)
If you have (1) a loss from any activity that you, your partner, or your spouse (or for the activity as a partner or business) or for the production of income, except the holding of real property (other than mineral property) placed in service before January 1, 1987, and (2) you have amounts for which you are not at risk in the activity, use Form 6198, 1986, to determine the amount of your net loss. Activity described in Section 465(c) to determine the allowable loss to report on Schedule E.

Amounts for which you are not at risk are amounts such as the following:
1. nonrecourse loans used to finance the activity, acquire property used in the

you sold stocks or bonds and your broker provided you with a Form 1099-B or similar statement that shows gross sales price, less commissions and other expenses, enter that amount in column (d). However, if the broker advised you that gross proceeds (gross sales price) less commissions and other expenses are your net income, enter that amount in column (d). If the net amount is entered in this column, do not include the commissions and option premiums in column (e).

Important: Be sure to add all sales price entries in column (d) on lines 24 and 9a and enter the totals on lines 2b and 9b.

Column (e)
Cost or Other Basis
In general, the cost or other basis is the cost of the property plus purchase commissions, improvements, and minus depreciation, amortization, and depletion. If you inherited the property or got it as a gift, in a tax-free exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the cost or other basis. If you must not use cash cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits.

The basis of property acquired by gift generally is the basis of the property in the hands of the donor.

The basis of property acquired from a decedent is generally the fair market value at the date of death.

If a charitable contribution deduction is allowed because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any commission and option premium before making an entry in column (e), unless you reported net sales price in column (d). For more information, get Publication 551, Basis of Assets.

Line 6
Short-Term Capital Loss Carryover From Years Beginning After 1969
Enter the amount from your 1985 Schedule D (Form 1040), line 36, or your 1985 Form 4798, Part II, line 26.

Line 15
Long-Term Capital Loss Carryover From Years Beginning After 1969
Enter the amount from your 1985 Schedule D (Form 1040), line 36, or your 1985 Form 4798, Part II, line 26.

Note: If you used Form 4798 in 1985 and had a net capital loss on line 17 or 23, being carried over to 1986, include it on Schedule D, Parts III or IV.

Line 23c
(or Form 4798, Part I, line 30c)
Taxable Income as Adjusted
Figure your taxable income, as adjusted, with a separate calculation. Do this in the following way:

1. nonrecourse loans used to finance the activity, acquire property used in the

received (or not) or net loss for the prior year that you could not deduct in the prior year. You should also attach to your return a copy of the partnership agreement. If you are a partner in a partnership, do not attach that schedule to your return. Keep it for your records. If you have other partnerships, such as depletion, show each item on a separate line in Part II. If you claimed a credit for Federal tax on gains from other lines on Form 1040, be sure to include the amount of the credit in the amount of income received from the partnership) enter as income in column (f) the amount of the credit claimed in 1985. If you have unremitted partnership expenses, show them on a separate line and enter the amount of the credit claimed in column (f). 179). enter the amount of the credit claimed in column (f). 179). enter the amount of the credit claimed in column (f).

Note: The amount of your section 179 deduction from ALL sources cannot be more than \$5,000 (\$2,500 if you are married filing a separate return).

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings reported on Schedule SE (Form 1040). Enter the amount from Schedule K-1 (Form 1065), line 13a, on Schedule SE, Part I, after you have reduced this amount by any section 179 deduction claimed. If you are a partner in a partnership, you must also determine the Business Expenses. Get Publication S95, allowable depletion deduction.

If you have a loss, see the At-Risk Rules on page 25.

For more information for this part, please see your copy of Schedule K-1 (Form 1065) and Partner's Instructions for Schedule K-1 (Form 1065). If you did not receive a Schedule K-1 (Form 1065), you can get a copy at most IRS offices.

If you are treating partnership items on your tax return differently from the way the partnership reported the items on its return, you may have to file Form 8082, Notice of Inconsistent Treatment or Amended Return.

If you have losses or deductions from a prior year that you could not deduct in the prior year, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report on separate lines on Schedule E prior year amounts and current year amounts.

S Corporations
If you are a shareholder of an S corporation, you should receive a Schedule K-1 (Form 1120S) from the S corporation. Do not attach the schedule to your return. Keep it for your records. If you are a partner in a partnership, you must also determine the Business Expenses. Get Publication S95, allowable depletion deduction.

If you have a loss, see the At-Risk Rules on page 25.

For more information for this part, please see your copy of Schedule K-1 (Form 1041) and Beneficiary's Instructions for Schedule K-1 (Form 1041). If you did not receive a Schedule K-1 (Form 1041), you can get a copy at most IRS offices.

If you are a beneficiary of an estate or trust, you should receive a Schedule K-1 (Form 1041) from the fiduciary. Do not attach the schedule to your return. Keep it for your records. Report your taxable part of the income (whether you received it or not) as follows:

- Dividends qualifying for the dividend tax credit—Schedule O (Form 1040), Part II, line 4. If total dividends received from all sources are \$400 or less, enter the total on Form 1040, line 9a. Do not list them on Schedule B.
- Capital gains—Schedule O (Form 1040).
- Other taxable income less deductions—Schedule E, Part II.

For more information, contact the fiduciary or see Schedule K-1, Form 1041 on page 25.

If you have a loss, see the At-Risk Rules on page 25.

A U.S. person who transferred property to a foreign trust may have to include in income the income received by the trust as if the trust were a U.S. resident. During 1986, the trust had a U.S. beneficiary. For more information, get Form 3520-A, Annual Return of Foreign Trust With U.S. Beneficiaries.

Part III

Caution: If you are a member of a partnership, the amounts entered on lines 23 and 34 may affect your net earnings from self-employment on Schedule SE.

Line 33

In certain situations, you must report as income on line 33 the amount of any credit received in 1986 for tax year 1985, based on the withholding of the net income limitation.

Line 34

If you are a cash method taxpayer, if you deduct on line 34 the amount of windfall profit tax actually withheld in 1986.

Part IV

Line 37

Enter on this line your total share of gross farming and fishing income as shown on Form 4835, line 3b; Schedule K-1 (Form 1065), line 13b; Schedule K-1 (Form 1041), line 10; and Schedule K-1 (Form 1041), line 10. You will not be charged a penalty for underpayment of estimated tax if you meet the following tests:

1. You gross farming or fishing income for 1985 or 1986 is at least two-thirds of your gross income, and
2. You file your 1986 tax return and pay the tax due by March 2, 1987.

Part V

You can deduct an amount each year for property you buy to use in your business in order to produce investment income. The amount you deduct is based on the cost and personal use property.

You may use Part V to figure depreciation only on property placed in service before 1981. Its use is optional. However, if you placed any property in service after 1980, you must get Form 4562, Depreciation and Amortization, to report depreciation on all property. Enter in Part IV, line 19, the amount from Form 4562, Part I.

For more information on depreciation, see the instructions for Form 4562 and Publication S34, Depreciation.

Instructions for Schedule C

Profit or (Loss) From Business or Profession

Changes You Should Note

Investment Credit. The credit was reduced from 10% to 6% for property placed in service after 1985, but it is still available for business energy property, expenditures to rehabilitate older buildings, and certain transition property constructed for before 1986. To see if you qualify to take this credit, see Form 3468.

Tax Shelter. If you are claiming or reporting benefit, or income on Schedule C from an interest purchased or otherwise acquired in a tax shelter required to be registered, you must check the box on line 1, and you must file Form 8271, Information Reporting of Tax Shelter Transactions, with your return. For additional information, see Form 8271 and its instructions.

Purpose of Schedule

If you operated a business or practiced a profession, you must report the net profit or loss from that business or profession on this schedule. If you had more than one business, or if you and your spouse had separate businesses, you must complete a Schedule C for each business. Farmers should use Schedule F.

File of Forms 1041 and 1041-S.

You are not required to complete the block, labeled "Security number of taxpayer," be sure to enter the taxpayer identification number on line D.

Deduct interest, taxes, and casualty losses not related to your business as itemized deductions on Schedule A.

Report sales, exchanges, and involuntary conversions (other than casualty or theft) of trade or business property on Form 4797. Use Form 4684, Casualties and Thefts, to report a casualty or theft involving trade or business, or income-producing property.

You must pay social security self-employment tax on net income from trade or business unless you are specifically exempt. Please see Schedule SE.

For more details about business income and expenses, get Publication S34, Tax Guide for Small Business. It contains more information regarding the line items discussed below.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployees, and compensation, interest, rents, royalties, and annuities. You must file a return if you are a person or more of consumer products to a person on a buy-sell deposit commission, or other basis for resale. For more information, get instructions for Form W-3, Transmittal of Income and Tax Statements.

If you use the accrual method, report income on line 1. Do not report expenses when you incur them, even if you do not pay them during the tax year.

Accrual basis taxpayers are out on a cash basis for deducting business expenses owed to a related cash basis taxpayer. Other rules also apply that determine the timing of deductions based on economic events. See Accounting Periods and Methods, or details.

Line H

Within certain limits, you may deduct from gross income the amount of interest on your home only if that part is exclusively used on a regular basis.

1. as your principal place of business for any of your trades or businesses, or 2. as a place of business used by or for patients, clients, or customers to meet or deal with you in the normal course of your trade or business, or 3. in connection with your trade or business if it is a separate structure that is not attached to your home.

You may also deduct expenses that apply to the location of your trade or business. The space must be used on a regular basis to store inventory held for use in your trade or business of selling products at retail or wholesale.

If you use space in your home on a regular basis in your trade or business of selling products at retail or wholesale, you may also deduct expenses that apply to the location of your trade or business. The space must be used on a regular basis to store inventory held for use in your trade or business of selling products at retail or wholesale.

If you use space in your home on a regular basis in your trade or business of selling products at retail or wholesale, you may also deduct expenses that apply to the location of your trade or business. The space must be used on a regular basis to store inventory held for use in your trade or business of selling products at retail or wholesale.

Use of Your Home. For more information on deducting expenses for your home, please get Publication S87, Business Expenses.

Line I

See Changes You Should Note on this page for information on when you must complete this line.

Part I

Income (Lines 1 through 5)
Line 1a
Enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on Form(s) 1099-MISC.

Installment Sales. If you use the installment method of reporting sales separately for 1986 and the three preceding years, gross sales, cost of goods sold, gross profit, percentage of gross profits to gross sales, amounts collected, and gross profits on amounts collected.

Line 1b
You should enter on line 1b such items as returned sales, rebates, and allowances from the sales price.

Line 4a
In certain situations, you must report as income on line 4a the amount of any credit or refund of overpaid windfall profit tax you received in 1986 for tax year 1985, based on overwithholding or the net income limitation.

Instructions for Forms 1099-1098, S-998, 1096 and W-2C, and Publication 916, Information Returns.

In addition, if you receive cash of more than \$10,000 in one or more related transactions in the course of your trade or business, you may have to file Form 8300. Get the instructions for Form 8300 for details.

Line A

Describe the business or professional activity that provided your principal source of income on line 1. Give the general field or industry in which you are engaged. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), then also give the type of customer or client. For example, "wholesale sale of hardware to retailers" or "real estate for lending."

Line B

Enter on this line the code that identifies your principal business or profession. See the instructions on page 2 of Schedule C for details.

Line C

Use your home address only if you actually conducted the business from your home. You should show a street address instead of a box number.

Line D

You don't need an employer ID number unless you had a keogh plan or were required to file an employment, casual, or contract agreement. Enter the tax return.

Line E

Your inventories can be valued at:

- cost,
- any other method approved by the Commissioner of Internal Revenue.

Line F

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method, accrual method, or in some cases, the completed contract or percentage-of-completion method. The method used must clearly reflect your income.

To change your accounting method (including the treatment of any item such as inventories or bad debts), you must usually first get the permission of the Internal Revenue Service. In general, file Form 3115 within the first 180 days of the tax year for which you want to make the change.

Items of taxable income actually or constructively received during the year (in cash, property, or services). Also show amounts actually paid during the year for deductible expenses. Income is constructively received when it is credited to your account or set aside for you to use.

In general, the amount of credit or refund you received is income to the extent you deducted windfall profit tax withheld in 1985 on Schedule C, and received a tax benefit for the deduction on your 1985 tax return. For more information, see the instructions for Overpaid Windfall Profit Tax.

Line 4b

Include finance reserve income, scrap sales, amounts recovered from bad debts, interest (such as on notes and accounts receivable), and other miscellaneous income from the business or profession.

If you have listed property that you placed in service after June 18, 1984, and the business use percentage decreased to 15% or less in 1986, report on this line any depreciation and amortization claimed on the section 179 expense deduction. Use Form 4787 to figure the amounts to be recaptured.

Part II Deductions (Lines 6 through 31)

Line 7 Caution: Cash method taxpayers are not entitled to a bad debt deduction unless the amount was previously included in income. Include debts and partial debts arising from sales and services that were included in income and are definitely known to be uncollectible. Do not deduct a reasonable amount that is added during the tax year to a bad debt reserve that you later collect a debt that you deducted as a bad debt. Include it as income in the year you collect it unless you use the bad debt reserve method. For more information, please get Publication 546, Deduction for Bad Debts.

Line 9

You can deduct the actual cost of running your car or truck, or take the standard mileage rate. You must use actual costs if you use more than one vehicle in your business during 1986. Actual costs, show depreciation on line 12.

Note: If you claim any car expenses (actual costs or the standard mileage rate) you must complete Part III of Form 4562, Depreciation and Amortization.

The standard mileage rate is figured at 21 cents a mile up to 15,000 miles, and 11 cents for each mile after that. Add to this amount your parking fees and tolls.

For cars and trucks that have been fully depreciated, the rate is 11 cents a mile. If you use the standard rate, the vehicle is considered to have a life of 60,000 miles of business use at the maximum standard mileage rate.

If you place a car or truck in service after December 31, 1980, and take the standard mileage rate, you are treated as having elected to exclude this vehicle from ACRS. For more details, get Publication 917, Business Use of a Car.

Note: If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in

your trade or business, you may have to pay a Federal highway use tax on these vehicles. Get Form 2290, Heavy Vehicle Use Tax. Return to see if you are subject to the tax.

Line 11

Enter your total deduction for depletion on this line. If you claim a deduction for timber depletion, please attach Form T. Get Publication 535 for details.

Line 12

You can deduct an amount each year for depreciation on property that you hold to produce investment income. The deduction for depreciation does not apply to personal assets. You may also choose under section 179 to expense a portion of the cost of certain depreciable property you bought during 1986. See the instructions for the section 179 expense deduction, on Form 4562, Depreciation and Amortization. Enter on line 12 of Schedule C the amount from Form 4562, Part I.

The depreciation deduction for cars, including any section 179 deduction, is limited to the allowable amounts set forth in section 179. In general, for cars or other "listed property," placed in service in 1986, you may not take a section 179 deduction if the property is used 50% or less in your trade or business. If you claim depreciation for any listed property, you must complete Part III of Form 4562, Section 179 Expense Deduction, Depreciation, and Amortization.

If you have listed property (such as a car or light truck) that you placed in service after June 18, 1984, for which you claimed a depreciation deduction, and the business use percentage of the property decreased to 15% or less during 1986, you may have to recapture any section 179 expense deduction. Get Form 4787 and its instructions for details. Investment Credit. The credit has generally been repealed for property placed in service after 1985. See Changes You Should Note on page 28.

If you dispose of investment credit property before the end of its class life or decreases, or the business use percentage otherwise changes so that it no longer qualifies, you may have to refigure the credit. Get Form 4235, Recapture of Investment Credit, for details.

Line 14

Enter the amount of your contributions that are not an incidental part of a pension or profit-sharing plan included on line 21. Also include here contributions to insurance, health, and welfare programs.

Lines 17a and 17b

If you paid interest that applies to future years, deduct for 1986 only the part that applies to 1986. If you have a mortgage on real property used in your business, enter on line 17a the interest you paid for 1986 to financial

institutions. If you paid \$500 or more of interest on this mortgage, you should receive a Form 1098, Mortgage Interest Statement, or similar statement, showing the total interest received from you during 1986. You should receive this statement by February 2, 1987. If you and at least one other person were in your spouse or you file a joint return, you should attach Form 1098 to your return showing the name and address of the person who received the Form 1098. In the left margin, next to line 17a, write "see attached."

If you paid more mortgage interest than you reported on Form 1098, attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin, next to line 17a, write "see attached."

Don't take a deduction on Schedule C for interest you paid or accrued on debts from which interest is generally deducted on Schedule SSO, Investment Income and Expenses.

Line 21

You should enter the amount you claim as a deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, you should enter contributions made as an employer on your behalf (but not voluntary contributions you made as an employee) on Form 1040, line 27, instead of on Schedule C, line 21.

Generally, you are required to file one of the following forms if you maintain a pension, profit-sharing, or other funded, deferred compensation plan whether or not it qualified under the Internal Revenue Code and whether or not you claim a deduction on the current tax year.

Form 5300, 100, complete this form for each pension, profit-sharing, or other plan with less than 100 participants.

Form 5500-C, 5500-PR, or 5500EZ—Complete the applicable form for each plan with 100 or more participants.

The Employee Retirement Income Security Act of 1974 imposes a penalty for failure to timely file these forms.

For more information, get Publication 560, Self-Employed Retirement Plans.

Line 23

You can deduct the cost of repairs, including labor, supplies, and other (rent that you add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts you spent to restore or replace property. They are chargeable to capital accounts or to the depreciation schedule, depending on how depreciation is charged.

However, see the instructions for line 12 of Schedule C.

Line 25

You can deduct the following taxes. Enter on line 25a the total salaries and wages for all employees, and wages for the owner. Enter on line 25b the total amount paid for the tax year. Do not include any amount paid to yourself.

Real estate and personal property taxes on business assets.

Social security taxes you paid to match taxpayer's deduction on line 29 of the amount of windfall profit tax actually withheld in 1986.

Line 30

Include ordinary and necessary business expenses. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal living and family expenses.

Line 36

Any loss from this activity that was not allowed as a deduction last year because of the at-risk provisions is treated as a deduction on line 36 of Form 4562 for your amortization deduction. Include on line 36 of Schedule C the amount from Form 4562, Part II.

You may amortize over a 60-month period.

The cost of pollution control facilities.

Certain expenditures made before January 1, 1982, for child care facilities up to \$20,000 of the costs to rehabilitate qualified low-income housing.

Amounts paid for research, experiments, and a trademark or trade name.

Certain business startup costs.

You may also amortize up to \$10,000 of qualified forestation and reforestation costs over an 84-month period.

If you own a certified historic structure and pay for the rehabilitation of that structure, you may elect to deduct special rules expenses to rehabilitate the structure. See Publication 535, Business Expenses, for more information.

You can deduct up to \$35,000 of the costs you paid or incurred in 1986 to remove architectural or transportation barriers to the handicapped and the elderly. See Publication 535 for more details.

If you reuse business property, you may be able to claim a depreciation or amortize your leasehold improvements. See Publication 535 for details.

Real property construction period interest and taxes generally cannot be fully deducted in the year you paid or incurred them. You must capitalize and amortize amounts not allowed as a deduction in the current year. This rule does not apply to income housing.

For more details, get Publication 535.

Line 29 If you hold an operating oil, gas, or mineral interest, and you are a cash method taxpayer, deduct on line 29 the amount of windfall profit tax actually withheld in 1986.

Line 30 Include ordinary and necessary business expenses. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal living and family expenses.

Line 36 Any loss from this activity that was not allowed as a deduction last year because of the at-risk provisions is treated as a deduction on line 36 of Form 4562 for your amortization deduction. Include on line 36 of Schedule C the amount from Form 4562, Part II.

You may amortize over a 60-month period.

The cost of pollution control facilities.

Certain expenditures made before January 1, 1982, for child care facilities up to \$20,000 of the costs to rehabilitate qualified low-income housing.

Amounts paid for research, experiments, and a trademark or trade name.

Certain business startup costs.

You may also amortize up to \$10,000 of qualified forestation and reforestation costs over an 84-month period.

If you own a certified historic structure and pay for the rehabilitation of that structure, you may elect to deduct special rules expenses to rehabilitate the structure. See Publication 535, Business Expenses, for more information.

You can deduct up to \$35,000 of the costs you paid or incurred in 1986 to remove architectural or transportation barriers to the handicapped and the elderly. See Publication 535 for more details.

If you reuse business property, you may be able to claim a depreciation or amortize your leasehold improvements. See Publication 535 for details.

Real property construction period interest and taxes generally cannot be fully deducted in the year you paid or incurred them. You must capitalize and amortize amounts not allowed as a deduction in the current year. This rule does not apply to income housing.

For more details, get Publication 535.

Line 32

If you have a loss, go on line 33 before entering your loss on line 32. Enter the profit or deductible loss here and combine this amount with the profit or (loss) from your other businesses, if any. Enter the total

on Form 1040, line 12, and Schedule SE, Part I, line 2 (or Form 1041, line 5, or Form 1041S, line 5).

Line 33

Deductions for losses by persons who are engaged in a trade or business or an activity for the production of income, except the property placed in service before January 1, 1987, are limited to the amount they have at risk in the business.

If you engaged in a loss from any activity for the production of income, except the holding of real property (other than mineral property) placed in service before January 1, 1987, you are not at risk in the activity. See Form 6198, Computation of Deductible Loss From an Activity Described in Section 465(c), to determine the allowable loss to report on Schedule C.

Answer the question on line 33 "YES" if you have amounts for which you are not at risk in this business, such as the following:

- 1. nonrecourse loans or protected against similar arrangements, or
2. amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement, or
3. loans from someone who has an interest in your business, other than a co-owner, who is related, under section 168(e)(4), to a person (other than yourself) having such an interest, or
4. amounts contributed to your business, or to your interest in the business that is covered by
a. nonrecourse loans or protected against similar arrangements, or
b. stop-loss agreement, or
c. a similar arrangement.

If you do not have any of these kinds of amounts for which you are not at risk in this business, answer the question "NO" and enter your loss on line 32.

If you answered "YES" to the question on line 33, get Form 6198 to determine the amount of your loss and enter that amount on line 32. If your loss and enter amount is zero or less, enter zero on line 32. Be sure to attach Form 6198 to your return if you answer "Yes" to the question on line 33 and you fail to attach Form 6198, prior to the filing of your tax return.

In addition to the amount that you report on line 32, you must also include the amount of asset used in the activity to which the at-risk rules apply and you have amounts in the activity for which you are not at risk, see the instructions for Form 6198.

Any loss from this business not allowed for 1986 is treated as a deduction allocable to the business in 1987. See Publication 536, for more details, get Publication 536, Net Operating Losses, for details.

Limits. Also see the instructions for Form 6198.

Part III

Cost of Goods Sold and/or Operations

Cost of Goods Sold. If you engaged in a trade or business in which you purchased, purchased, or sale of merchandise was an

income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year.

Cost of Operations (Inventories) Not an income-producing factor. If the amount on Form 1040, line 11a, is less than the amount on Form 1040, line 11b, the difference is the cost of operations. Complete lines 1 through 8 of Part III as appropriate.

Instructions for Schedule SE
Social Security Self-Employment Tax

Purpose of Schedule SE
 Schedule SE is used by self-employed persons and employees of contracting organizations to figure any self-employment tax due. The Social Security Administration uses the information provided on Schedule SE to figure benefits for self-employed persons under the social security program. Social security self-employment tax applies to self-employment income if you are receiving social security benefits.

Who Must Use Schedule SE
 You must use Schedule SE if:

- you were self-employed and your net earnings from self-employment were \$400 or more (\$100 or more if you were an employee of a contracting church or church-controlled organization); and
- you did not have wages (or tips) other than medicare qualified government wages of \$42,000 or more that were subject to social security tax or railroad retirement tax.

Who Can Use Schedule SE
 If your partnership is engaged solely in the operation of a group investment company, you can use Schedule SE if you are not self-employed earnings for either the general or limited partner.

If a husband and wife are both partners in a partnership, each spouse is subject to self-employment tax on his or her own share of partnership income. Each spouse must file a Schedule SE for self-employment tax on his or her share of partnership income (Form 1040), Part II.

Fiscal Year Filers
 If your tax year is a fiscal year, you must use the tax rate and earnings base that apply at the time the fiscal year begins. The tax or earnings base that applies for the fiscal year depends on the date of a rate or earnings base change is not prorated.

More Than One Business
 If you formed and had at least one other trade or business or had two or more trades

them, you are an independent contractor and a self-employed person rather than an employee. Report your net earnings for an income tax on Schedule F and for self-employment tax on Schedule SE. For more information, get Publication 228, "Farmer's Tax Guide."

Exemption From Self-Employment Tax for Members of the Clergy and Certain Religious Orders and Sects
 Income you received as a duly ordained, commissioned, or licensed minister of a church or religious order, or as a member of a Christian Science practitioner is subject to social security self-employment tax unless you filed Form 4361 and received IRS approval to exempt your ministerial earnings. You have received IRS approval if you filed Form 4361 with your self-employment tax return. See Form 4361 on Form 1040, line 50, or Form 4361 on Form 1040, line 50, or more from other earnings subject to self-employment tax. You must complete Schedule SE.

Coverage for Overseas Missionaries
 If you are a U.S. citizen and a minister or member of a religious profession (or a member of a religious order) who is serving from self-employment as if you were serving in the United States, you may figure earnings from self-employment as if you were serving in the United States (provided you have not elected exemption from coverage). For more information, get Publication 517, "Social Security Coverage for Members of the Clergy and Religious Workers."

Employees of Churches and Qualified Church-Controlled Organizations
 Note: If you are a minister or member of a religious order, do not use the following information to figure your earnings. If you were employed by a church or a qualified church-controlled organization that has in effect a certificate electing exemption from employer social security taxes, and you received wages of \$100 or more from any one church or church-controlled organization, you may be subject to self-employment tax on the following earnings unless you also have the qualified government wages and must use the worksheet on line 12b:

- If you were a minister of a church or a member of a religious order, you are a self-employed person who is the member of the qualified church-controlled organization you have entered your church wages on line 12c. Skip Enter through 3 and start with line 11a on line 12c. Figure your self-employment tax on the amount on line 13.

If you have other self-employment income (loss) on line 9, use the following instructions:

- a. Enter your church wages on line 12c.
 - b. If line 9 is less than \$400, enter the smaller of line 12a or line 12c on line 13.
 - c. If line 9 is \$400 or more, add lines 9 and 12c and enter the smaller of that total amount on line 13.
- For more information on the self-employment tax on the amount on line 13, see Publication 504, "Self-Employment Tax." Do not file Form 4029 with respect to wages you receive from a church or a church-controlled organization that has elected to treat its employees as self-employed.

U.S. Citizens Employed by Foreign Governments or International Organizations
 You are a U.S. citizen employed in the United States, Puerto Rico, Guam, American Samoa, the Northern Mariana Islands, or the Virgin Islands by a foreign government or in certain cases by a wholly owned or instrumentality of a foreign government or by an international organization organized under the International Organizations Immunities Act. Report income from this employment on Form 1040, line 2. If you are employed by a foreign government or international organization in a country other than those listed, you are not subject to self-employment tax.

Self-Employed U.S. Citizens or Resident Aliens Living Outside the United States
 If you are a self-employed U.S. citizen or resident alien living outside the United States, you are generally subject to the self-employment tax. Your foreign earnings from self-employment are not subject to the self-employment tax. However, you may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

Specific Instructions
 Name of Self-Employed Person. Enter the name and social security number of the self-employed person as it appears on that person's social security card.

Part I Regular Computation of Net Earnings From Self-Employment
 Generally, net earnings from self-employment is your net profit from a sole proprietorship operated by you and your distributions from a partnership. (See instructions on page 31, or when to report net earnings on page 31, for more information.) See the instructions below for income included or not included in net earnings from self-employment.

Lines 1 and 2. — Exclude from lines 1 and 2 any income or expense not included in figuring net earnings from self-employment pursuant to an exclusion. For example, you are a partner in a partnership that has an expense deduction for recovery property (section 179) claimed, oil or gas depletion (section 177) claimed, or unremunerated partnership expenses. If you deposited earnings into a capital construction fund established under the

Merchant Marine Act of 1936, get Publication 595, Tax Guide for Commercial Fishermen. For more information:

- If you are a duly ordained minister who is an employee of a church and you are self-employed in performing your services as an unreimbursed business expense, the income in performing your services as an unreimbursed business expense that you deduct (minus the deduction for your self-employment earnings in figuring your self-employment tax. For more information, get Publication 517.

Earnings From Self-Employment Income Not Included in Net Earnings From Self-Employment
 • Salaries, fees, etc., subject to social security tax that you received for performing services as an employee, including services performed as a public official (except as a minister or member of a religious order).

Other Income Included in Net Earnings From Self-Employment
 • Income you received as a retired partner under a written partnership plan that provides for periodic retirement payments if you did not perform services for the partnership and did not perform services for it during the year.

- Real estate rentals, unless received in the course of a trade or business as a real estate dealer. These include cash and crop shares received from a tenant or amounts on Schedule F. Payments on bonds or shares of stock and interest on bonds, notes, etc., unless received in the course of your trade or business as a dealer in stocks or securities.
- Gain or loss from:
 - a. The sale or exchange of a capital asset
 - b. The sale, exchange, involuntary conversion, or other disposition of property, property that would be taxable to the inventor, or held primarily for sale to customers in the ordinary course of the business, or
 - c. Certain transactions in timber, coal, or domestic iron ore.

Optional Method for Figuring Net Earnings From Farm Self-Employment
 If your gross farm income for the year was not more than \$2,400, you can report two thirds of your gross farm income instead of your actual net earnings from farming.

Part II Optional Method for Figuring Net Earnings From Farm Self-Employment
 If your gross farm income was more than \$2,400 and your net farm profits were less than \$1,600, you can report \$1,600 on line 4. This method can be used to increase or decrease net farm earnings even if the net farm income is less than \$2,400. There is no limit on how many times you can elect this optional method. If you use this method, you must apply it to all farm earnings from self-employment for the year. You may change the method (from actual net to optional net or the reverse) after you file your return.

For a farm partnership, your share of the gross income is figured according to the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payment plus your share of the gross income after it is reduced by all guaranteed payments of the partnership. Guaranteed payments should include only guaranteed payments.

- Income you received as a crew member on a fishing vessel with a crew of normally less than 10. Get Publication 595 for more information.
- Fees you received for services performed as a state or local government employee provided you are compensated solely on a fee basis, and the position is not covered under a Federal Social Security coverage agreement.
- Interest received in the course of any investment activity, such as interest on notes or accounts receivable.
- The rental value of a home or other allowance for a home furnished, and if you are a minister or member of a religious order.
- The value of meals and lodging provided to you, for the convenience of your employer, if you are a minister or member of a religious order.
- Director's fees and other payments received by a director of a corporation for services performed.
- Recapture amounts under sections 179 and 280F that were included in gross income because the business use of the property used in your trade or business dropped to 50% or less. (Do not include amounts recaptured on the disposition of property.) See Form 4797, Gains and Losses, for more information.
- Use in a Trade or Business of Amortizable Conversions, for more information.
- Fictitious fees received by professional fiduciaries. Also nonprofessional fiduciaries if the fees relate to active participation in the operation of the estate, a trade or business or the fact, indicate the fiduciary business or the fact, indicate the fiduciary management activities over a long period of time.

Optional Method for Figuring Net Earnings From Farm Self-Employment
 In trading section 1256 contracts, see section 1402(i) to determine net earnings from self-employment.

Part III
Optional Method for Figuring Net Earnings From Farm Self-Employment

- Net operating losses from other years
- Rental income from a farm if the rental arrangement provides for material participation by the landlord and the production or management of the product of the farm on this land. This income is farm earnings. (To determine whether you participated materially in farm management or production do not consider the activities of any agent who acted for you.)
- The Depreciation on land received from participation in a land diversion program
- Payments for the use of rooms or other space, such as rooms in hotels, boarding houses, tourist camps, or homes, when substantial services are also provided
- Payments you received for space in parking lots, trailer parks, warehouses, or other buildings
- Long-garages received from the sale or over and over and kept the profits.

Optional Method for Figuring Net Earnings From Nonfarm Self-Employment
You may be able to use an optional method to figure your net earnings from nonfarm self-employment if your net nonfarm profits are less than \$1,600 and less than two-thirds of your gross nonfarm income.

You may use this optional method if you are regularly self-employed or regularly a member of a partnership. You meet this requirement if you had actual net earnings from your business in 1986, and you (including your distributive share of the income or loss from any partnership of which you are a member) from nonfarm and farm businesses in at least 2 of the 3 years immediately before the year for which you use the nonfarm option.

You may report on line 6 two-thirds of your gross nonfarm income (but not more than \$1,600) as net earnings from nonfarm self-employment, but you may not report less than your actual net earnings from nonfarm self-employment.

For a nonfarm partnership, your share of gross income is figured according to the partnership agreement. With guaranteed payments, your share of the partnership's plus your share of the gross income after it is reduced by all guaranteed payments of the partnership. Limited partners should include only guaranteed payments.

The limit for the optional method for nonfarm self-employment is 5 years. The 5 years need not be consecutive.

Using Both Optional Methods
If you have both nonfarm and farm income, you may only use the nonfarm optional method if your actual net earnings from nonfarm self-employment are less than \$1,600. Self-employment are less than two-thirds of your gross nonfarm income to use the nonfarm option. If you qualify to use both options, you may report less than actual total net earnings from farm and nonfarm income, but not less than actual nonfarm self-employment alone.

If you use both options to figure net earnings from self-employment, your maximum combined total of net earnings from self-employment for any tax year cannot be more than \$1,600.

Line 4
Enter the smaller of

- two-thirds (2/3) of the total gross income from all Schedules F, line 12, and Schedules K-1 (Form 1055), line 13b, or \$1,600.
- the amount on line 5 if you also had farm income and elect the farm optional method

Part III
Computation of Social Security Self-Employment Tax

Line 11a
Medicare Qualified Government Employment

If you are a Federal, state, or local government employee and your wages are subject ONLY to the 1.45% medicare (hospital insurance benefits) tax, do NOT include this pay as social security wages on Schedule SE, line 11a. Social security wages on line 11a are wages subject to the combined medicare and social security taxes. Also see the instructions for Form 1040, line 62, to see if you should file Form 4469, Computation of Excess Medicare Tax Credit.

Figure your self-employment tax using the rate below line 13. If you do not have to use the worksheet below, do not reduce the rate by the medicare tax credit.

If your pay is subject ONLY to the 1.45% self-employment earnings (lines 9, 11c, 12b, and 12c, of Schedule SE) are in excess of \$42,000, skip line 13 and complete the worksheet below. Medicare qualified government wages are your Federal, state, and local government wages that are subject ONLY to the 1.45% medicare tax.

- Worksheet—Line 12b (keep for your records)**
1. Enter total of lines 9 and 12c from Schedule SE _____ 1.
 2. Enter line 12a from _____ 2.
 3. Enter 4.6% of 1. _____ 3.
 4. Subtract line 3 from line 2. (If zero or less enter—) _____ 4.
 5. Multiply the smaller of line 1 or line 2 by 0.981 _____ 5.
 6. Multiply the smaller of line 1 or line 2 by 0.019 _____ 6.
 7. Add lines 5 and 6. Enter on line 14 of Schedule SE and on Form 1040, line 50 _____ 7.

Instructions for Schedule F

Farm Income and Expenses

Changes You Should Note

- The Tax Reform Act of 1986 made a number of changes that may affect your 1986 return. Some of the changes for 1986 include new rules for:
- Certain expenses of replanting a grove, orchard, or vineyard due to casualty taxpayer.
 - Discharge of indebtedness
 - Investment credit
 - Land clearing expenses
- The following change affects only fiscal year taxpayers:
- Soil and water conservation expenses

For information on these changes, get Publication 225, *Farmers' Guide to New Checkboxes*. There are three new checkboxes on Schedule F for 1986. See the instructions for lines C, D, and 9.

Purpose of Schedule

Use Schedule F to report farm income and expenses for 1986. Schedule F is used for additional information. It has samples of filled-in forms and schedules, and lists important dates that apply to farmers. You may also want to get Publication 534, *Depreciation*.

Filters of Forms 1041, 1041S, and 1065 Do not complete the check labeled "Social Security" on Schedule F. Social Security number (NOT SSN).

If you were required to make estimated tax payments for 1986 and you intend to pay the limited tax, 1986, you may not be charged a penalty. However, you will not be charged a penalty if you meet the following tests:

1. your gross farming or fishing income for 1985 or 1986 is at least two-thirds of your gross income, and
2. you file your 1986 tax return and pay the tax due by March 2, 1987.

For more details, see Publication 225.

Do not report the following income on Schedule F

- Rent you received that was based on farm production or crop shares if you did not materially participate in the operation or management of the farm. Report this income on Form 4835 and Schedule E (Form 1040). It is not subject to self-employment tax. For more details, see Publication 225.
- Rent from your pasture land that is based on a flat charge. Report this income in Part I of Schedule F. However, report on line 11 of Schedule F any income received from taking care of animals, including livestock conversions (other than casualties, or thefts) of certain trade or business property. Report this income on Form 4757.
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Report this income on Form 4757.
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Report this income on Form 4757.
- Casualties and thefts, including farm business property, including livestock held for draft, breeding, sport, or dairy purposes.
- Use Form 4684, *Casualties and Thefts*, to report a casualty or theft involving farm business property, including livestock held for draft, breeding, sport, or dairy purposes.

Information Returns

You may have to file information returns for wages paid to employees, certain payments for interest, dividends, annuities, royalties, compensation, interest, rents, royalties, annuities, and pensions, or for sales by you of \$5,000 or more of consumer products to a person on a buy-sell, deposit-connection, or other basis for resale. For more information, get the instructions for Form W-2, *Wage and Tax Statement*; Form 1099, *Statement of Income*; Form 1099, *Statement of Income*; and W-2G, and Publication 916, *Information Returns*.

In addition, if you receive cash of more than \$100 from a sale of a commodity, you are considered to have received a taxable transaction in the course of your farming business, you may have to file Form 8300. Get the instructions for Form 8300 for details.

Lines A and B

On line A, enter your principal crop or service for the current year.

On line B, enter one of the twelve major agricultural activity codes listed on page 2 of Schedule F. The code you select should represent the major farm activity from which you receive the largest amount of your income. Field crop pertains to the production of grains, such as wheat, rice, feed corn, soybeans, barley, eye, and lentils, and nongrains such as cotton, horticultural sugar, and Irish potatoes. Tobacco and specialty includes the cultivation of products such as plants, shrubs, seed, bulbs, flowers, seed, and sod, and food crops grown under cover such as tomatoes, mushrooms, rhubarb, and fruit. Animal specialty includes the raising of pets, laboratory animals, such as dogs, cats, and fish, and fish in captivity, except fish hatcheries.

Line C

Under the cash method, you include all of your income in the year you actually get it. Generally, you use the cash method. You pay them if you use the cash method, check the box labeled "Cash" and complete Parts I and II of Schedule F.

Under the accrual method, you include your income in the year you earn it. It does not matter when you get it. You deduct your expenses in the year you incur them. Use the accrual method, check the box labeled "Accrual" and complete Parts II and III of Schedule F.

Other rules also apply that determine the timing of deductions based on economic performance. Get Publication 538, *Accounting Periods and Methods*, for details.

Line D

If you made an election to include Commodity Credit Corporation loan proceeds in the year you received them, report the amount of the loan proceeds on line D. Do not include the proceeds in the year you sold or in the year of forfeiture, and you reported these loan proceeds as income in a prior year, check the box on line D. For information on how to make this election, see the instructions for line 8.

Employer Identification (ID) Number

You need an employer ID number only if you have an employee, or if you are a partner in a partnership, or alcohol, tobacco, or firearms tax return.

Part I
Farm Income—Cash Method

Part I shows the income you received for the year. It includes the amount of income you actually or constructively received and the fair market value of goods or other property you received for these items.

Income is constructively received when it is credited to your account or set aside for you.

If you can the farm, you received and rents based on farm production or crop shares, report these rents as income on line 4.

Sales of Livestock Because of Drought, If you do not have to report the income from the sale of livestock because of drought, you can choose to count the income from the sale of livestock because of drought as income in the year of the sale. You can do this if:

- your main business is farming, AND
- you can show that the drought, AND
- your area qualified for Federal aid.

Lines 1 and 2

On line 1, show the amount you received from sales of livestock and other items, but for resale. On line 2, show the cost or other basis of the livestock and other items you actually sold.

Line 4

Show the amount you got from the sale of livestock, produce, grains, and other products you raised.

Lines 5a and 5b

If you received distributions from a cooperative in 1986, you should receive Form 1099-PATR, Statement for Recipients (Patrons) of Taxable Distributions Received From Cooperatives. On line 5a show your total distributions from cooperatives. This includes patronage return allocations and redemption of unqualified notices and per-unit retain allocations.

Show patronage dividends you received in cash, and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the market value of the property as income on line 5b. If you received a stock in a marketing cooperative, if you get per-unit retain in cash, show the amount of cash. If you get qualified per-unit retain certificates, show the stated dollar amount of the certificate.

You do not have to include as income patronage dividends from buying personal property. Do not include as income any depreciable assets you use in your business. Enter these amounts on line 5b. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

Lines 7a and 7b

Enter on line 7a cash you got as price support payments, diversion payments, and cost-share payments (sight drafts).

Line 8

Generally, you report income from a crop in the year you sell it. However, if you pledge part or all of your production to secure a loan, you report the income in the year the loan is repaid.

Commodity Credit Corporation loan, you may elect to report the loan proceeds as income in the year you receive them rather than reporting the income in the year of sale. If you make this election for loan proceeds received in 1986, report them on line 8 and attach a statement of your return showing the details of the loan.

If you receive a commodity credit loan and report it in the same year, you must also report the income from the loan in the year received. If you do not report the income in the subsequent year and you did not elect to report the loan proceeds as income in the year received, you must report the loan proceeds in the year of forfeiture.

If you elected to report loan proceeds as income in the year received and 1986 is the year of sale or the year of forfeiture, check the box for additional information on commodity credit loans. See Publication 225.

Line 9

In general, you must report crop insurance proceeds in the year you receive them. However, you may choose to include crop insurance proceeds in the year of the loss (payments) in income in the tax year after the year of damage. If you make this election, you must attach a statement to your return for the year the damage took place. See Publication 225 for information on what you must include in your statement.

If you received crop insurance proceeds in 1986 and you elect to include the proceeds in income in the year following the damage, check the box on line 9.

Line 10

Show the amount you were paid for the use of your farm machinery.

Line 11

Use this line to report income other than that shown on lines 1 through 10. For example, include the following income items on line 11:

- Barter income
- State gasoline tax refund you got in 1985
- The amount of credit for Federal tax on gasoline or other fuel claimed on your 1985 return
- The amount of credit for alcohol used as a fuel that was entered on Form 6478.

Report the sale of commodity futures contracts on this line if they were made to protect you from price changes. These are a form of business insurance and are considered hedges. Enter any profit on line 11. If you had a loss in a closed futures contract, show it as a minus amount.

Caution: For property acquired and hedging contracts, you must report the income or loss on the year the property was sold or the year the transaction was a hedging transaction.

Purchase or sales contracts that are not true hedges if you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the profit or loss on the year you sell the goods (Form 678). See Section 1256 Contracts and Straddles.

For more details, see Publication 225.

Part II Farm Deductions

Line 16 You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature. Do not deduct depreciation on your home, furniture, or other personal items.

Line 17 Enter any amounts you paid to programs for your employees that are not a part of the plans on line 27. Examples are insurance, health, and welfare programs. Do not include the amounts paid for yourself or your family.

Line 18 If you use the cash method, show what you paid for feed to be consumed by your livestock in the year of payment. However, if you use the accrual method, the expenses might not be deductible in the following year.

Line 19 Enter the amount you paid for any part of an expense that you can deduct only if the expense were related from the deduction.

Farming Syndicates A farming syndicate may be a partnership, or

- any other noncorporate group; or
an S corporation. If
a. the interests in the business have ever been for sale in a way that would require registration with any Federal or state agency, or
b. more than 35% of the loss during any tax year is spread between limited partners or limited entrepreneurs (A limited partner is one who can lose only the amount invested in the partnership; a limited entrepreneur is a person who does not take any active part in managing the business).

If you are a farming syndicate, your deductions are limited as follows:
Generally, you can deduct feed, seed, and fertilizer only if you actually use them for only in the year you can deduct them (under your accounting method). However, if you bought supplies you could not use because of fire, storm, flood, disease, or other casualty, then you may deduct them in the year you bought them.

If you must spread the cost of poultry you bought over 12 months, or the useful life, whichever is less.

You cannot deduct the cost of planting, cultivating, maintaining or developing groves, orchards, or vineyards, which produce fruit or nuts, before the tax year in which they produce commercial quantities of the fruit.

Line 19 Enter any amounts you paid to programs for your employees that are not a part of the plans on line 27. Examples are insurance, health, and welfare programs. Do not include the amounts paid for yourself or your family.

Line 18 If you use the cash method, show what you paid for feed to be consumed by your livestock in the year of payment. However, if you use the accrual method, the expenses might not be deductible in the following year.

Line 17 Enter any amounts you paid to programs for your employees that are not a part of the plans on line 27. Examples are insurance, health, and welfare programs. Do not include the amounts paid for yourself or your family.

Line 16 You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature. Do not deduct depreciation on your home, furniture, or other personal items.

Line 15 Enter the amount you paid for any part of an expense that you can deduct only if the expense were related from the deduction.

Farming Syndicates A farming syndicate may be a partnership, or any other noncorporate group; or an S corporation. If a. the interests in the business have ever been for sale in a way that would require registration with any Federal or state agency, or b. more than 35% of the loss during any tax year is spread between limited partners or limited entrepreneurs (A limited partner is one who can lose only the amount invested in the partnership; a limited entrepreneur is a person who does not take any active part in managing the business).

If you are a farming syndicate, your deductions are limited as follows: Generally, you can deduct feed, seed, and fertilizer only if you actually use them for only in the year you can deduct them (under your accounting method). However, if you bought supplies you could not use because of fire, storm, flood, disease, or other casualty, then you may deduct them in the year you bought them.

If you must spread the cost of poultry you bought over 12 months, or the useful life, whichever is less. You cannot deduct the cost of planting, cultivating, maintaining or developing groves, orchards, or vineyards, which produce fruit or nuts, before the tax year in which they produce commercial quantities of the fruit.

Line 19 Enter any amounts you paid to programs for your employees that are not a part of the plans on line 27. Examples are insurance, health, and welfare programs. Do not include the amounts paid for yourself or your family.

in the year paid. See Publication 225 for more information on advance payments for feed.

Line 20 Do not include as freight paid the cost of transportation incurred in purchasing livestock held for resale. Instead, add these costs to the cost of the livestock, and deduct them when the livestock are sold.

Line 22 Enter only the amount of premiums for fire, storm, crop, and theft insurance for this year. Do not include premiums for life, medical, health, or disability insurance on yourself or your family.

Lines 23a and 23b If you have a mortgage on your farm (real property), enter on line 23a the interest you paid for 1986 to financial institutions. If you paid \$600 or more of interest on this mortgage, you should receive Form 1098, Mortgage Interest Statement, or similar statement showing the interest. If you should receive this statement by February 2, 1987, then your spouse if you file a joint return) were liable for, and paid interest on, the mortgage and the other person received the returns showing the name and address of the person who received the Form 1098. In the left margin, next to line 23a, write "see attached."

If you paid more mortgage interest than is shown on Form 1098, or similar statement, get Publication 545, Interest Statement, to see how to report the additional interest. If you can attach a statement to your return explaining the difference and write "see attached" in the left margin next to line 23a.

Note: If the farm mortgage interest you paid includes interest on your personal residence, deduct the interest for the year on Schedule F (Form 1040). Do not deduct it on Schedule F.

On line 23b, enter the interest on other loans related to this farm. If you prepaid interest in 1986 for years after 1986, include only the part that applies to 1986.

Lines 24a and 24b Enter the amount you paid for farm labor but not the value of any products they used from the farm. You can count only what you paid household help to care for your own or your family's labor.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as farm labor the amount applicable to depreciation and other expenses claimed elsewhere.

Enter on line 24b the jobs credit from Form 3861. Get Publication 906, Jobs and Jobs Credits, for information on the jobs credit.

Line 26

Enter what you paid to rent machinery used on your farm.

Line 27 Enter the amount you paid to pension, profit-sharing, or annuity plans for an employee, or to a profit-sharing or annuity plan for an owner-employee. See the instructions on Schedule C, line 21, on page 29. Enter the amount you paid for yourself on Form 1040, line 27.

Line 28 Enter what you paid to rent pasture or farm land.

Line 29 Enter what you paid for repairs and upkeep of farm buildings (but not your home). This includes what you paid for tools of short life or small cost, such as shovels and rakes.

Line 30 You can deduct the following taxes on farm business assets: Real estate and personal property taxes.

Line 31 Social security taxes you paid to match what you are required to withhold from farm employees. Enter the amount of any Federal unemployment tax paid.

Do not deduct: Federal income taxes; Estate and gift taxes; Taxes assessed to pay for improvements, such as paving and sewers.

Line 32 Other taxes not related to the farm business. Enter what you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities.

Line 33 Enter expenses not listed on another line, such as: Office supplies; Advertising.

Line 34 Any loss from this activity that was not allowed as a deduction last year because of the at-risk provisions. This is treated as a deduction allocation to this activity in 1986.

Line 35 Amortization of qualifying forestation and reforestation costs over an 84-month period.

Line 36 Amortization of certain business startup costs over a period of at least 60 months.

Line 37 Use Form 4562, Depreciation and Amortization, to determine the amount of the deduction from Form 4562, Part II.

For more information on amortization, get Publication 535, Business Expenses

Line 38 If you have a loss, go on to line 39 before entering your loss on line 38. Enter the net profit or deductible loss here and on Form 1040, line 38. See the instructions on line 1 (or Form 1041, line 38, or Form 1041-S, line 5). Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 8.

Line 39 If you have (1) a loss from any farming activity that you engaged in as a trader or business or for the production of income, except the holding of real property (other than mineral property) placed in service before January 1, 1987, and (2) you have amounts for which you are at risk in the activity, use Form 6198, At-Risk Limitation of Deductions, to determine the amount of the deduction from Form 4562, Part II.

For more information on amortization, get Publication 535, Business Expenses

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Line 39 If you have (1) a loss from any farming activity that you engaged in as a trader or business or for the production of income, except the holding of real property (other than mineral property) placed in service before January 1, 1987, and (2) you have amounts for which you are at risk in the activity, use Form 6198, At-Risk Limitation of Deductions, to determine the amount of the deduction from Form 4562, Part II.

For more information on amortization, get Publication 535, Business Expenses

Answer the question on line 39 "YES" if you have any amounts for which you are at risk for this farm such as the following:

- nonrecourse loans used to finance the activity, or to acquire property used in the activity, or to acquire your interest in the activity, if these items are secured by property not used in the activity;
amounts projected against loss by a guarantee, stop-loss agreement, or similar arrangement;
loans from someone who has an interest in the activity, other than as a creditor, or who is related, under section 168(e)(4), to a person (other than yourself) having such an interest; or
amounts contributed to the activity, or to your interest in the activity that is covered by a guarantee, stop-loss agreement, or similar arrangement, or projected against loss by a guarantee, stop-loss agreement, or similar arrangement.

If you do not have any of these kinds of amounts for which you are not at risk in this business, then answer the question "NO" and enter your loss on line 38.

If you answered "YES" to the question on line 39, get Form 6198 to determine the amount of deductible loss and enter that amount on line 38. If the amount is zero or less, enter zero on line 38. Be sure to attach Form 6198 to your return. If you answer "Yes" to the question on line 39 and you fail to attach Form 6198, processing of your return may be delayed.

If, in addition to the amount that you report on Schedule F, you sell or otherwise dispose of (1) an asset used in an activity to which your interest in an activity to which the at-risk rules apply and you have amounts in the activity for which you are not at risk, see the instructions for Form 6198.

Any loss from this activity not allowed for 1986 is treated as a deduction allocable to the activity in 1987.

For more details, get Publication 536, Net Operating Losses and the At-Risk Limitation. See the instructions for Form 6198.

Part III Farm Income—Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must inventory your animals and crops. If you use this method, you must use the following accounting periods and methods, and how to change methods of accounting.

Line 40 Enter the amount you got from the sales of livestock, amounting gains, and other products you raised.

Lines 41 through 46 See instructions for Part I, lines 5, 7, 8, 10, and 11.

1986 Tax Table

Based on Taxable Income

For persons with taxable incomes of less than \$50,000.

Your zero bracket amount has been built into the Tax Table.

Example: Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 37 of Form 1040 is \$25,325. First, they find the \$25,300-25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$3,470. This is the tax amount they must write on line 38 of their return.

If line 37 (taxable income) is—	And you are—				Your tax is—
	At least	But less than	Single	Married filing jointly	
25,200	25,250	4,406	3,448	5,468	4,075
25,250	25,300	4,419	3,459	5,487	4,087
25,300	25,350	4,432	3,470	5,506	4,119
25,350	25,400	4,446	3,481	5,525	4,132

If line 37 (taxable income) is—	And you are—				Your tax is—
	At least	But less than	Single	Married filing jointly	
5,000	5,050	299	149	390	283
5,050	5,100	306	156	397	289
5,100	5,150	313	163	404	295
5,150	5,200	320	170	411	301
5,200	5,250	327	177	418	307
5,250	5,300	334	184	425	313
5,300	5,350	341	191	432	319
5,350	5,400	348	198	439	325
5,400	5,450	355	205	446	331
5,450	5,500	362	212	453	337
5,500	5,550	369	219	460	343
5,550	5,600	376	226	467	349
5,600	5,650	383	233	474	355
5,650	5,700	390	240	481	361
5,700	5,750	397	247	488	367
5,750	5,800	404	254	495	373
5,800	5,850	411	261	502	379
5,850	5,900	418	268	509	385
5,900	5,950	425	275	516	391
5,950	6,000	432	282	523	397

If line 37 (taxable income) is—	And you are—				Your tax is—
	At least	But less than	Single	Married filing jointly	
6,000	6,050	439	289	530	403
6,050	6,100	446	296	537	409
6,100	6,150	453	303	544	415
6,150	6,200	460	310	551	421
6,200	6,250	467	317	558	427
6,250	6,300	474	324	565	433
6,300	6,350	481	331	572	439
6,350	6,400	488	338	579	445
6,400	6,450	495	345	586	451
6,450	6,500	502	352	593	457
6,500	6,550	509	359	600	463
6,550	6,600	516	366	607	469
6,600	6,650	523	373	614	475
6,650	6,700	530	380	621	481
6,700	6,750	537	387	628	487
6,750	6,800	544	394	635	493
6,800	6,850	551	401	642	499
6,850	6,900	558	408	649	505
6,900	6,950	565	415	656	511
6,950	7,000	572	422	663	517

Continued on next page

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1986 Tax Table—Continued

If line 37 (taxable income) is—	And you are—				If line 37 (taxable income) is—	And you are—							
	At least	But less than	Single	Married filing jointly		At least	But less than	Single	Married filing jointly				
8,000	8,050	600	300	729	500	842	663	11,000	11,050	1,198	916	1,375	1,132
8,050	8,100	607	307	736	507	849	670	11,050	11,100	1,206	923	1,386	1,141
8,100	8,150	614	314	743	514	856	677	11,100	11,150	1,214	930	1,397	1,149
8,150	8,200	621	321	750	521	863	684	11,150	11,200	1,222	937	1,408	1,158
8,200	8,250	628	328	757	528	870	691	11,200	11,250	1,230	944	1,419	1,166
8,250	8,300	635	335	764	535	877	698	11,250	11,300	1,238	951	1,430	1,175
8,300	8,350	642	342	771	542	884	705	11,300	11,350	1,246	958	1,441	1,183
8,350	8,400	649	349	778	549	891	712	11,350	11,400	1,254	965	1,452	1,192
8,400	8,450	656	356	785	556	898	719	11,400	11,450	1,262	972	1,463	1,200
8,450	8,500	663	363	792	563	905	726	11,450	11,500	1,270	979	1,474	1,209
8,500	8,550	670	370	799	570	912	733	11,500	11,550	1,278	986	1,485	1,217
8,550	8,600	677	377	806	577	919	740	11,550	11,600	1,286	993	1,496	1,226
8,600	8,650	684	384	813	584	926	747	11,600	11,650	1,294	1,000	1,507	1,234
8,650	8,700	691	391	820	591	933	754	11,650	11,700	1,302	1,007	1,518	1,243
8,700	8,750	698	398	827	598	940	761	11,700	11,750	1,310	1,014	1,529	1,251
8,750	8,800	705	405	834	605	947	768	11,750	11,800	1,318	1,021	1,540	1,260
8,800	8,850	712	412	841	612	954	775	11,800	11,850	1,326	1,028	1,551	1,268
8,850	8,900	719	419	848	619	961	782	11,850	11,900	1,334	1,035	1,562	1,277
8,900	8,950	726	426	855	626	968	789	11,900	11,950	1,342	1,042	1,573	1,285
8,950	9,000	733	433	862	633	975	796	11,950	12,000	1,350	1,049	1,584	1,293

Continued on next page

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* If your taxable income is exactly \$2,480 or less, your tax is zero.
 If your taxable income is exactly \$3,670 or less, your tax is zero.

* This column must also be used by a qualifying widow(er).

1986 Tax Table—Continued

Table with columns for filing status (single, married, etc.), taxable income, and tax amounts. Includes sub-sections for 41,000, 44,000, 47,000, 48,000, 49,000, and 43,000.

1986 Tax Table—Continued

Table with columns for filing status (single, married, etc.), taxable income, and tax amounts. Includes sub-sections for 32,000, 35,000, 36,000, 37,000, 38,000, 39,000, 33,000, 36,000, 37,000, 38,000, 39,000, 34,000, 37,000, 38,000, 39,000, 34,000, 37,000, 38,000, 39,000, 34,000, 37,000, 38,000, 39,000.

* This column must also be used by a qualifying widow(er).

* This column must also be used by a qualifying widow(er).

1986 Tax Rate Schedules

Caution: You may use these schedules ONLY if your taxable income is \$50,000 or more OR you use Schedule G to figure your tax. Example: Mr. Jones is single. His taxable income on Form 1040, line 37, is \$55,525. First, he finds the schedule...

Schedule X—Single Taxpayers

Use this schedule if you checked Filing Status Box 1 on Form 1040—

Table for Schedule X showing tax amounts based on Form 1040 line 37. Columns include 'If the amount on Form 1040 line 37 is' and 'Bur/ net over—'. Rows range from \$0 to \$88,270.

Schedule Z—Heads of Household

Use this schedule if you checked Filing Status Box 4 on Form 1040—

Table for Schedule Z showing tax amounts based on Form 1040 line 37. Columns include 'If the amount on Form 1040 line 37 is' and 'Bur/ net over—'. Rows range from \$0 to \$116,870.

Schedule Y—Married Taxpayers and Qualifying Widows and Widowers

Use this schedule if you checked Filing Status Box 2 or 5 on Form 1040—

Table for Schedule Y showing tax amounts based on Form 1040 line 37. Columns include 'If the amount on Form 1040 line 37 is' and 'Bur/ net over—'. Rows range from \$0 to \$175,250.

Married Filing Separate Returns

Use this schedule if you checked Filing Status Box 3 on Form 1040—

Table for Married Filing Separate Returns showing tax amounts based on Form 1040 line 37. Columns include 'If the amount on Form 1040 line 37 is' and 'Bur/ net over—'. Rows range from \$0 to \$116,870.

1986 Optional State Sales Tax Tables

If you kept records that show you paid more sales tax than the table for your state indicates, you may claim the higher amount on Schedule A, line 8a.

Your itemized deduction for general sales tax paid can be estimated from these tables plus any qualifying sales taxes paid on the items listed on table 20.

Step 1—Determine your total available income. Use the total of the following items: (1) your adjusted gross income; (2) your unemployment benefits; (3) your workers' compensation; (4) your disability benefits; (5) your pension or annuity payments; (6) your other income.

Step 2—Count the exemptions claimed for you and your family. Do not count exemptions claimed for being 65 or over or blind as part of your family size.

Step 3—Find the income line for your state on the tables and read across to find the amount of sales tax for your family size.

Main table for 1986 Optional State Sales Tax Tables. Columns represent states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming. Rows represent income levels from \$0 to \$100,000 or more.

To Call Toll-Free, Use Only The Numbers Listed Below For Your Area

Recorded Tax Information has about 150 topics of tax information that answer many Federal tax questions and a topic for local information such as the location of VITA and TCE sites. You can hear up to three topics on each call you make. Automated Return Information is available after March 15. If it has been 10 weeks since you mailed your 1986 tax return, we will be able to check the status of your refund.

Long-distance charges apply if you call from outside the local dialing area of the numbers listed below. Do not dial 800 when using a local number. A complete list of these topics and instructions on how to use Tele-Tax are on the next page. Note: Cities with a 1 before them have only Recorded Tax Information and can be called if you have a push-button (tone signaling) phone. Cities with a 2 before them have Recorded Tax Information, including topic 999 for local information, and Automated Return Information and can be called by using any type of phone.

1986 Optional State Sales Tax Tables—Continued

Income	Nebraska					New Jersey					New Mexico					New York					North Carolina				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
10,000	107	112	117	122	127	106	111	116	121	126	106	111	116	121	126	106	111	116	121	126	106	111	116	121	126
15,000	132	137	142	147	152	131	136	141	146	151	131	136	141	146	151	131	136	141	146	151	131	136	141	146	151
20,000	157	162	167	172	177	156	161	166	171	176	156	161	166	171	176	156	161	166	171	176	156	161	166	171	176
25,000	182	187	192	197	202	181	186	191	196	201	181	186	191	196	201	181	186	191	196	201	181	186	191	196	201
30,000	207	212	217	222	227	206	211	216	221	226	206	211	216	221	226	206	211	216	221	226	206	211	216	221	226
35,000	232	237	242	247	252	231	236	241	246	251	231	236	241	246	251	231	236	241	246	251	231	236	241	246	251
40,000	257	262	267	272	277	256	261	266	271	276	256	261	266	271	276	256	261	266	271	276	256	261	266	271	276
45,000	282	287	292	297	302	281	286	291	296	301	281	286	291	296	301	281	286	291	296	301	281	286	291	296	301
50,000	307	312	317	322	327	306	311	316	321	326	306	311	316	321	326	306	311	316	321	326	306	311	316	321	326
55,000	332	337	342	347	352	331	336	341	346	351	331	336	341	346	351	331	336	341	346	351	331	336	341	346	351
60,000	357	362	367	372	377	356	361	366	371	376	356	361	366	371	376	356	361	366	371	376	356	361	366	371	376
65,000	382	387	392	397	402	381	386	391	396	401	381	386	391	396	401	381	386	391	396	401	381	386	391	396	401
70,000	407	412	417	422	427	406	411	416	421	426	406	411	416	421	426	406	411	416	421	426	406	411	416	421	426
75,000	432	437	442	447	452	431	436	441	446	451	431	436	441	446	451	431	436	441	446	451	431	436	441	446	451
80,000	457	462	467	472	477	456	461	466	471	476	456	461	466	471	476	456	461	466	471	476	456	461	466	471	476
85,000	482	487	492	497	502	481	486	491	496	501	481	486	491	496	501	481	486	491	496	501	481	486	491	496	501
90,000	507	512	517	522	527	506	511	516	521	526	506	511	516	521	526	506	511	516	521	526	506	511	516	521	526
95,000	532	537	542	547	552	531	536	541	546	551	531	536	541	546	551	531	536	541	546	551	531	536	541	546	551
100,000	557	562	567	572	577	556	561	566	571	576	556	561	566	571	576	556	561	566	571	576	556	561	566	571	576

How to Use Tele-Tax

Recorded Tax Information

- 1. Select by number the topic you wish to hear... 2. Hear paper and pencil notes... 3. Call the appropriate number...

Automated Refund Information

- 1. Have a copy of your tax return available since you must know on your return the filing number, name, and address...

Tele-Tax Topic Numbers and Subjects

Table with 2 columns: Topic No. and Subject. Lists various tax topics and their corresponding numbers.

Table with 2 columns: Topic No. and Subject. Lists various tax topics and their corresponding numbers.

Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 apply when we ask you to furnish information to us for our legal purposes...

1986 Earned Income Credit Table

To find your earned income credit, read down the column titled "If line 3 or 4 of the worksheet is—"

Large table with 5 columns: If line 3 or 4 of the worksheet is—, Your earned income, If line 3 or 4 of the worksheet is—, Your earned income, If line 3 or 4 of the worksheet is—, Your earned income.

6011 and 6012(a) and their regulations

They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under the Internal Revenue Code...

Caution: This Is Not a Tax Table

Income credit. Enter that amount on line 5 of Form 1040 or 1040A.

Table with 5 columns: If line 3 or 4 of the worksheet is—, Your earned income, If line 3 or 4 of the worksheet is—, Your earned income, If line 3 or 4 of the worksheet is—, Your earned income.

To Call IRS Toll-Free for Answers to Your Federal Tax Questions, Use Only the Number Listed Below for Your Area.

Caution: "Toll-free" is a telephone call for which you pay only local charges with no long distance charge. Please use a local city number only if it is not a long distance call for you. Do not dial 800 when using a local city number. Otherwise, use the general toll-free number given.

We are happy to answer questions to help you prepare your return. But you should know that you are responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax. Information to taxpayers, a second IRS employee's responses and correct telephone call, no record is kept of any taxpayer's name, address, or social security number. (If it is necessary to write instead of calling, please address your letter to your IRS District Director for a taxpayer identifying number when you write your security number or taxpayer identifying number when you write.)

The IRS has a telephone service called Tele-Tax. It provides automated refund information and recorded tax information on about 150 topics covering such areas as filing requirements, dependents, itemized deductions, and tax credits. Tele-Tax is available 24 hours a day, 7 days a week, to taxpayers using push-button (tone signaling) telephones, and Monday through Friday, during office hours, to taxpayers using push-button (pulse dial) rotary telephones. For more information, taxpayers using push-button (pulse dial) rotary telephones should obtain telephone numbers, available topics, and instructions describing how to use this service.

ALABAMA Call 1 800-424-1040	LOUISIANA Call 1 800-424-1040
ALASKA Anchorage 561 7484 Juneau 487-2222 1 800-478-1040	MAINE Jacksonville, 354 1760
ARIZONA Phoenix 257 1233	MARYLAND Baltimore 592-3500 Montgomery County, 488 3100
ARKANSAS Ozark, 541-1040 All other areas, 1 800 232-2511	MASSACHUSETTS Boston, 523 1050
CALIFORNIA Please call the telephone number shown in the white pages of your local telephone directory under U.S. Government, Internal Revenue Service, Federal Tax Assistance	MICHIGAN Detroit, 237 0800
COLORADO Denver, 825 7041	MINNESOTA Minneapolis, 291-1422 St. Paul, 291 1422
CONNECTICUT Call 1 800-424-1040	MISSISSIPPI Indianapolis, 269 5477
DELAWARE Call 1 800-424-1040	MISSOURI Ozark, 342 1040
	MONTANA Call 1 800-424-1040
	NEBRASKA Omaha, 422 1500

Toll-Free "Forms Only" Telephone Numbers

If you only need to order tax forms and publications and do not have any tax questions, call the number listed below for your area.

ALASKA Anchorage 563-5313 Eggenwien in Alaska, call 1-800-478-1040	COLORADO Denver, 825-7041
ARIZONA Phoenix 652-1233 Tucson 682-0730	HAWAII Honolulu, 541-1180 All other areas, 1 800-232-2511
	ILLINOIS Bloomington, 662-2515

How To Get Forms

Generally, we mail forms and schedules directly to you based on what seems to be right for you. Schedules and forms you may need are listed below.

You can order the following items from IRS or get them at many participating banks, post offices, or libraries:

- Form 1040, U.S. Individual Income Tax Return Instructions for Form 1040
- Form 1040A Instructions for Form 1040A
- Form 1040EZ Instructions for Form 1040EZ
- Schedule A for itemized deductions
- Schedule B for interest income if more than \$400, for dividends and other distributions on stock, if more than \$400; and for answering the Foreign Accounts or Foreign Trusts Questions
- Schedule W for the deduction for a married couple when both work

You can photocopy the following items (as well as those listed above) at many participating libraries or order them from IRS:

- Schedule C, Profit or (Loss) From Business or Profession
- Schedule D, Capital Gains and Losses and Reconciliation of Forms 1099-B
- Schedule E, Supplemental Income Schedule
- Schedule F, Farm Income and Expenses
- Schedule G, Income Averaging
- Schedule R, Credit for the Elderly or for the Permanently and Totally Disabled
- Schedule SE, Computation of Social Security Self-Employment Tax
- Form 1040-ES, Estimated Tax for Individuals
- Form 2106, Employee Business Expenses
- Form 2119, Sale or Exchange of Principal Residence
- Form 2210, Underpayment of Estimated Tax by Individuals
- Form 2441, Credit for Child and Dependent Care Expenses
- Form 3468, Computation of Investment Credit
- Form 3903, Moving Expenses
- Form 4136, Computation of Credit for Federal Tax on Gasoline and Special Fuels
- Form 4562, Depreciation and Amortization
- Form 4684, Casualties and Thefts
- Form 4797, Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions
- Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return
- Form 5695, Noncash Charitable Contributions
- Form 8283, Noncash Charitable Contributions
- Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents

How To Get Publications

The following publications can be ordered from IRS or you can read or photocopy them at many participating libraries:

- 17 Your Federal Income Tax
- 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 334 Tax Guide for Small Business
- 463 Travel, Entertainment, and Gift Expenses
- 501 Exemptions
- 502 Medical and Dental Expenses
- 503 Child and Dependent Care Credit, and Employment Taxes for Household Employers
- 504 Tax Information for Divorced or Separated Individuals
- 505 Tax Withholding and Estimated Tax
- 506 Income Averaging
- 508 Educational Expenses
- 521 Moving Expenses
- 523 Tax Information on Selling Your Home
- 524 Credit for the Elderly or for the Permanently and Totally Disabled
- 525 Taxable and Nontaxable Income
- 526 Charitable Contributions
- 527 Rental Property
- 529 Miscellaneous Deductions
- 530 Tax Information for Owners of Homes, Condominiums, and Cooperative Apartments
- 531 Reporting Income From Tips
- 533 Self-Employment Tax
- 545 Interest Expense
- 547 Nonbusiness Disasters, Casualties, and Thefts
- 550 Investment Income and Expenses
- 552 Recordkeeping for Individuals and a List of Tax Publications
- 553 Highlights of 1986 Tax Changes
- 554 Tax Information for Older Americans
- 575 Pension and Annuity Income
- 583 Information for Business Taxpayers
- 587 Business Use of Your Home
- 590 Individual Retirement Arrangements (IRAs)
- 596 Earned Income Credit
- 905 Tax Information on Unemployment Compensation
- 907 Tax Information for Handicapped and Disabled Individuals
- 910 Guide to Free Tax Services
- 915 Social Security Benefits and Equivalent Railroad Retirement Benefits
- 917 Business Use of a Car

Other publications and forms referred to in the instructions are also available without cost from the "Forms Distribution Center" for your state.

Where To Send Your Order for Free Forms and Publications

Please send your order to the Forms Distribution Center for your state

- Alabama—P.O. Box 25866, Richmond, VA 23260
Alaska—P.O. Box 12626, Fresno, CA 93778
Arizona—P.O. Box 12626, Fresno, CA 93778
Arkansas—P.O. Box 25866, Richmond, VA 23260
California—P.O. Box 12626, Fresno, CA 93778
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Kansas—P.O. Box 9903, Bloomington, IL 61799
Kentucky—P.O. Box 9903, Bloomington, IL 61799
Louisiana—P.O. Box 25866, Richmond, VA 23260
Maine—P.O. Box 25866, Richmond, VA 23260
Maryland—P.O. Box 25866, Richmond, VA 23260
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Michigan—P.O. Box 9903, Bloomington, IL 61799
Minnesota—P.O. Box 9903, Bloomington, IL 61799
Mississippi—P.O. Box 25866, Richmond, VA 23260
Missouri—P.O. Box 9903, Bloomington, IL 61799
Montana—P.O. Box 12626, Fresno, CA 93778
Nebraska—P.O. Box 9903, Bloomington, IL 61799
Nevada—P.O. Box 12626, Fresno, CA 93778
New Hampshire—P.O. Box 25866, Richmond, VA 23260

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U.S. GOVERNMENT PRINTING OFFICE: 1986-489-077

DETACH AT THIS LINE

Print or type your name and address on this label. It will be used to speed your order forms to you.

Name
Number and street
City or town, state and ZIP code

Save Time! Participating libraries have IRS tax forms available for copying and reference sets of Tax Information Publications. Also, participating banks, post offices, and libraries stock forms 1040, 1040EZ, 1040EZC, their instructions, and Schedules A&B and W

DETACH AT THIS LINE

Order Blank—The forms, instructions, and publications listed here are available for your order.

To help reduce waste, please order the forms you need. Attach a separate sheet of paper listing the additional forms and other publications you may need that are not listed on the order blank. Be sure to allow 10 days to receive your order.

Table with 5 columns: Circle Desired Forms, Instructions, and Publications; Schedule C (1040); Schedule P (1040); Schedule R (1040); Schedule SE (1040); Schedule D (1040); Schedule W (1040); Schedule E (1040); Schedule F (1040); Pub 529; Pub 504; Pub 506; Pub 530; Pub 545; Pub 552; Pub 553; Pub 554; Pub 517

1986 Form 1040A Page 1

Step 6 Figure your taxable income

15 Write the amount from line 14. 15

16a If you made charitable contributions, write your cash contributions. (If \$3,000 or more to any one organization, see page 21.) 16a

b Write your non-cash contributions. If over \$500, you must attach Form 8283. 16b

c Add lines 16a and 16b. Write the total. 16c

17 Subtract line 16c from line 15. Write the result. 17

18 Multiply \$1,080 by the total number of exemptions claimed on line 5f. See the chart on page 22 of the instructions. 18

19 Subtract line 18 from line 17. Write the result. This is your taxable income. 19

Step 7 Figure your tax, credits, and end payments (including advance EIC payments)

20 Find the tax on the amount on line 19. Use the tax table, pages 31-36. 20

21a Credit for child and dependent care expenses. 21a

b Partial credit for political contributions for which you have receipts. See page 24 of the instructions. 21b

22 Add lines 21a and 21b. Write the total. 22

23 Subtract line 22 from line 20. Write the result. (If line 22 is more than line 20, write -0- on line 23.) This is your total tax. 23

24a Total Federal income tax withheld. This should be shown in Box 9 of your W-2 form(s). (If line 6 is more than \$42,000, see page 25 of the instructions.) 24a

b Earned income credit, from the worksheet on page 27 of the instructions. See page 26 of the instructions. 24b

25 Add lines 24a and 24b. Write the total. These are your total payments. 25

26 If line 25 is larger than line 23, subtract line 23 from line 25. Write the result. This is the amount of your refund. 26

27 If line 23 is larger than line 25, subtract line 25 from line 23. Write the result. This is the amount you owe. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number, daytime phone number, and "1986 Form 1040A" on it. 27

Step 9 Sign your return

Under penalty of perjury, I declare that I have examined this return and accompanying schedule and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature Date Your occupation

X Spouse's signature (if joint return, both must sign) Date Spouse's occupation

X Preparer's signature Date Preparer's social security no.

X Firm's name (or yours, if self-employed) Employer identification no.

Address and ZIP code Check if self-employed

Form 1040A U.S. Individual Income Tax Return (or 1986)

Step 1 Name and address

Your first name and initial (if joint return, also give spouse's name and initial) Last name

OMB No. 1545-0046 Your social security no.

Spouse's social security no.

City, town or post office, state, and ZIP code

If this address is different from the one shown on your 1985 return, check here

Presidential Election Campaign Fund

Do you want \$1 to go to this fund? Yes No

If joint return, does your spouse want \$1 to go to this fund? Yes No

Step 2 Check your filing status

1 Single (See if you can use Form 1040EZ.)

2 Married filing joint return (even if only one had income)

3 Married filing separate return. Write spouse's social security number above and spouse's full name here.

4 Head of household (with qualifying person). If the qualifying person is your unmarried child but not your dependent, write this child's name here.

Step 3 Figure your exemptions

5a Yourself 65 or over Blind

b Spouse 65 or over Blind

c First names of your dependent children who lived with you

d First names of your dependent children who did not live with you (see page 11). (If pre-1985 agreement, check here)

6 Other dependents:

1. Name 2. Relationship 3. Number of other dependents in your home 4. Did you provide more than half of their support?

5. Write number of children listed on 5a and b 6. Write number of children listed on 5d 7. Write number of other dependents listed on 5e

8. Add numbers entered on lines above

Step 4 Figure your total income

6 Total number of exemptions claimed. (Also complete line 18.)

7 Total wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.)

8 Interest income. (If the total is over \$400, also attach Schedule 1, Part III.)

9a Dividends. (If the total is over \$400, also attach Schedule 1, Part IV.)

9b Total 9a 9b Exclusion (see page 16). 8c

c Subtract line 9b from line 8a. Write the result on line 8c.

9a Unemployment compensation (insurance), from Form(s) 1099-G. Total received. 9a

b Taxable amount, if any, from the worksheet on page 17 of the instructions. 9b

10 Add lines 6, 7, 8c, and 9b. Write the total. This is your total income. 10

11 Individual retirement arrangement (IRA) deduction, from the worksheet on page 19.

12 Deduction for a married couple when both work. Complete and attach Schedule 1, Part I.

13 Add lines 11 and 12. Write the total. These are your total adjustments. 13

14 Subtract line 13 from line 10. Write the result. This is your adjusted gross income. 14

1986 Schedule 1 (Form 1040A)

Name(s) as shown on Form 1040A (Do not complete if shown on other side)

OMB No. 1545-0046

Your social security number

- Part II Deduction for a married couple (filing a joint return) when both work (see page 20)
1 Claim the deduction for a working married couple (complete Part I)
2 Claim the credit for child and dependent care expenses (complete Part II)
3 Have over \$400 of interest income (complete Part III)
4 Have over \$400 of dividend income (complete Part IV)

Part I Deduction for a married couple (filing a joint return) when both work (see page 20)
Complete this part to figure the amount you can deduct on Form 1040A, line 12. Attach Schedule 1 to Form 1040A.

Table with 2 columns: (a) You, (b) Your spouse. Rows include: 1 Wages, salaries, tips, etc., from Form 1040A, line 6. 2 IRA deduction, if any, from Form 1040A, line 11. 3 Subtract line 2 from line 1. Write the result. 4 Write the amount from line 3, column (a) or (b) above, whichever is smaller. 5 Percentage used to figure the deduction (10%). 6 Multiply the amount on line 4 by the percentage on line 5. Write your answer here and on Form 1040A, line 12.

Part II Credit for child and dependent care expenses (see page 23)
Complete this part to figure the amount of credit you can take on Form 1040A, line 21a. Attach Schedule 1 to Form 1040A.

Note: If you paid cash wages of \$50 or more in a calendar quarter to an individual for services performed in your home, you must file an employment tax return. Get Form 942 for details.

- 1 Write the number of qualifying persons who were cared for in 1986. (See the instructions for the definition of a qualifying person.)
2 Write the amount of qualified expenses you incurred and actually paid in 1986 for the care of the qualifying person. (See the instructions for which expenses qualify for the credit.) DO NOT write more than \$2,400 (\$4,800 if you paid for the care of two or more qualifying persons.)
3 a You must write your earned income on line 3a.
b If you are married, filing a joint return for 1986, you must write your spouse's earned income on line 3b.
c If you are married, compare the amounts on lines 3a and 3b, and write the smaller of the two amounts on line 3c.
4 a If you were unmarried at the end of 1986, compare the amounts on lines 2 and 3a, and write the smaller of the two amounts on line 4.
b If you are married, filing a joint return for 1986, compare the amounts on lines 2 and 3c, and write the smaller of the two amounts on line 4.
5 Write the percentage from the table below that applies to the amount on Form 1040A, line 15.

Table with 3 columns: If line 15 is: But not over—, Percentage lit., Percentage lit. Rows include: Over— over—, \$0—10,000, 10,000—12,000, 12,000—14,000, 14,000—16,000, 16,000—18,000, 18,000—20,000.

6 Multiply the amount on line 4 by the percentage on line 5. Write the result here and on Form 1040A, line 21a.

1986 Schedule 1 (Form 1040A)

Name(s) as shown on Form 1040A (Do not complete if shown on other side)

OMB No. 1545-0046

Your social security number

Part III Interest income (see page 15)
Complete this part and attach Schedule 1 to Form 1040A if you received over \$400 in interest income.

Table with 2 columns: 1 List name of payer, Amount. Multiple rows for listing interest payers and amounts.

Part IV Dividend income (see page 16)
Complete this part and attach Schedule 1 to Form 1040A if you received over \$400 in dividends.

Table with 2 columns: 1 List name of payer, Amount. Multiple rows for listing dividend payers and amounts.

2 Add amounts on line 1. Write the total here and on Form 1040A, line 8a.

Department of the Treasury - Internal Revenue Service
Form 1040EZ **Income Tax Return for** **1986** OMB No. 1545-0075
Name & address
 Please print your numbers like this.
1234567890
 Your social security number

Print your name above (first, initial, last)
 Print your home address (number and street) (If you have a P.O. box, use instructions 1)
 City, town, or post office, state, and ZIP code

Presidential Election Campaign Fund
 Do you want \$1 of your tax to go to this fund? **T**

- Report your income**
- Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).) **1**
 - Interest income of \$400 or less. If the total is more than \$400, you cannot use Form 1040EZ. **2**
 - Add line 1 and line 2. This is your **adjusted gross income**. **3**
 - Enter your cash charitable contributions. See the instructions for line 4 on the back of this form. **4**
 - Subtract line 4 from line 3. **5**
 - Amount of your personal exemption. **6**
 - Subtract line 6 from line 5. If line 6 is larger than line 5, enter 0 on line 7. This is your **taxable income**. **7**

Figure your tax

- Enter your Federal income tax withheld. This should be shown in Box 9 of your W-2 form(s). Enter the single column in the tax table on pages 31-36 of the Form 1040EZ instruction booklet to find the tax on your taxable income on line 7. Enter the amount of tax. **9**
- If line 8 is larger than line 9, subtract line 9 from line 8. Enter the amount of your refund. **10**
- If line 9 is larger than line 8, subtract line 8 from line 9. Enter the amount you owe. Attach check or money order for the full amount, payable to "Internal Revenue Service." **11**

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and complete.

Your signature _____ Date _____

For Privacy Act and Paperwork Reduction Act Notice, see page 41.

Form 1040EZ (1986)

1986 Instructions for Form 1040EZ
 You can use this form if:

- Your filing status is single.
- You do not claim exemptions for being 65 or over, OR for being blind.
- You do not claim any dependents.
- Your taxable income is less than \$50,000.
- You deduct only certain cash charitable contributions. See instructions for line 4, below.
- You had only wages, salaries, and tips, and your interest income was \$400 or less. Caution: If you received tips (including allocated tips) that you did not report to your employer, you may not be able to use Form 1040EZ. See page 15 in the instructions for preparing 1040EZ and 1040A.

If you can't use this form, you must use Form 1040A or Form 1040 instead. See pages 4 through 6 in the instruction booklet. If you are uncertain about your filing status, dependents, or exemptions, read the step-by-step instructions for Form 1040A that begin on page 7.

Completing your return
 It will make it easier for us to process your return if you print your numbers (do not type) and keep them inside the boxes. Do not use dollar signs.
 You may find calculations easier if you round off cents to whole dollars. See page 13 of the instruction booklet for details.

Name and address
 Use the mailing label we sent you. After you complete your return, carefully place the label in the name and address area. Mark through any errors on the label and use the correct information right on the label. Use of the label saves processing time. If you don't have a label, use the information on the name and address lines. If your post office does not deliver mail to your street address, and you have a P.O. box, enter your P.O. box number on the line for your present home address instead of your street address.

Presidential election campaign fund
 Congress set up this fund to help pay for Presidential election campaigns. You may have one of your tax dollars go to this fund by checking the "Yes" box. Checking the "Yes" box does not change the tax or refund shown on your return.

Report your income
Line 1. Enter on line 1 the total amount you received in wages, salaries, and tips. This should be shown in Box 10 of your 1986 wage statement(s) Form W-2. If you did not receive your W-2 form by February 15, contact your local IRS office. Attach the first copy of Copy B of your W-2 form(s) to your return.
Line 2. Enter on line 2 the total interest income you received from all sources, such as banks, savings and loans, and credit unions. You should receive a Form 1099-INT from each institution that paid you interest. You cannot use Form 1040EZ if your total interest income is over \$400.
Line 4. Enter on line 4 what you gave in cash (including checks and money orders) to qualified charitable organizations in 1986. But if you gave \$3,000 or more to any one organization, or you made any noncash contributions, you cannot use Form 1040EZ. See page 20 of the instruction booklet for information on qualified charitable organizations and other limitations.
Line 6. Every taxpayer is entitled to one \$1,080 personal exemption. If you are also entitled to additional exemptions for being 65 or over, for blindness, for your spouse, or for your dependent children or other dependents, you cannot use Form 1040EZ.

Figure your tax
Line 8. Enter the amount of Federal income tax withheld. This should be shown in Box 9 of your 1986 W-2 form(s). If you had two or more employers and had total wages of over \$42,000, see page 25 of the instruction booklet. If you want to figure your own tax, complete lines 1 through 8, sign and date your return. If you want to figure your own tax, continue with these instructions.
Line 9. Use the amount on line 7 to find your tax in the tax table on pages 31-36 of the instruction booklet. Be sure to use the column in the tax table for single taxpayers. Enter the amount of tax on line 9. If your tax from the tax table is zero, enter 0.

Refund or amount you owe—Compare line 8 with line 9
Line 11. If line 9 is larger than line 8, you owe more tax. Subtract line 8 from line 9, and enter the result on line 10.
Line 10. If line 8 is larger than line 9, you are entitled to a refund. Subtract line 9 from line 8, and enter the result on line 10.

Sign your return
 You must sign and date your return. If you pay someone to prepare your return, that person must also sign it below the space for your signature and supply the other information required by IRS. See page 28.

Mailing your return
 File your return by April 15, 1987. Mail it to us in the addressed envelope that came with the instruction booklet. If you don't have an addressed envelope, see page 30 of the instruction booklet for the address.

SCHEDULES A&B (Form 1040)
 Department of the Treasury
 Internal Revenue Service (01)
 Name(s) as shown on Form 1040

Schedule A—Itemized Deductions
 (Schedule B is on back)
 Attach to Form 1040 See Instructions for Schedules A and B (Form 1040)

OMB No. 1545-0074
1986
 Attachment Sequence No. 07
 Your social security number

Medical and Dental Expenses (Do not include reimbursed or paid by others.) (See instructions on page 19.)	1 Prescription medicines and drugs, and insulin 2 a Doctors, dentists, nurses, hospitals, insurance premiums you paid for medical and dental care, etc. b Transportation and lodging c Other (list—include hearing aids, dentures, eyeglasses, etc.) (See instructions on page 19.)	1 2a 2b 2c 3 4 5
Taxes You Paid (See instructions on page 20.)	6 State and local income taxes 7 Real estate taxes 8 a General sales tax (see sales tax tables in instruction booklet) b General sales tax on motor vehicles 9 Other taxes (list—include personal property taxes) (See instructions on page 20.)	6 7 8a 8b 9
Interest You Paid (See instructions on page 20.)	10 Add the amounts on lines 6 through 9. Enter the total here. 11 a Home mortgage interest paid to financial institutions (report deductible points on line 13) b Home mortgage interest you paid to individuals (show that person's name and address) 12 Total credit card and charge account interest you paid 13 Other interest you paid (list payee's name and amount)	10 11a 11b 12 13
Contributions You Made (See instructions on page 21.)	14 Add the amounts on lines 11a through 13. Enter the total here. 15 a Cash contributions (if you gave \$3,000 or more to any one organization, report those contributions on line 15b) b Cash contributions totaling \$3,000 or more to any one organization (show to whom you gave and how much you gave) 16 Other than cash (You must attach Form 8283 if over \$500) 17 Carryover from prior year 18 Add the amounts on lines 15a through 17. Enter the total here. Total contributions	14 15a 15b 16 17 18
Casualty and Theft Losses (See instructions on page 21.)	19 Total casualty or theft loss(es) (You must attach Form 4684 or similar statement) 20 Union and professional dues 21 Tax return preparation fee 22 Other (list type and amount)	19 20 21 22
Summary of Itemized Deductions (See instructions on page 22.)	23 Add the amounts on lines 20 through 22. Enter the total here. Total miscellaneous 24 Add the amounts on lines 5, 10, 14, 19, and 23. Enter your answer here 25 If you checked Form 1040 { Filing Status box 2 or 5 enter \$3,670 Filing Status box 1 or 4 enter \$2,480 Filing Status box 3 enter \$1,635 } 26 Subtract line 25 from line 24. Enter your answer here and on Form 1040, line 34a. (If line 25 is more than line 24, see the instructions for line 26 on page 22.)	23 24 25 26

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule A (Form 1040) 1986

SCHEDULES A&B (Form 1040) 1986
 Name(s) as shown on Form 1040 (Do not enter name and social security number if shown on other side)
 OMB No. 1545-0074 Page 2
 Your social security number

Schedule B—Interest and Dividend Income
 Attach to Form 1040 See Instructions for Schedules A and B (Form 1040)

Part I Interest Income (See instructions on pages 8 and 22.) Also complete Part III.	1 Interest income from seller-financed mortgages (See instructions and list name of payer) 2 Other interest income (list name of payer)	1 2
Part II Dividend Income (See instructions on pages 8 and 22.) Also complete Part III.	3 Add the amounts on lines 1 and 2. Enter the total here and on Form 1040, line 8. If you received more than \$400 in gross dividends and/or other distributions on stock, complete Part II. If you received, as a nominee, dividends that actually belong to another person, see page 23. 4 Dividend income (list name of payer—include on this line capital gain distributions, nontaxable distributions, etc.)	3 4
Part III Foreign Accounts and Foreign Trusts (See instructions on page 23.)	5 Add the amounts on line 4. Enter the total here. 6 Capital gain distributions. Enter here and on line 13, Schedule D. 7 Nontaxable distributions (See Schedule D instructions for adjustment to basis). 8 Add the amounts on lines 6 and 7. Enter the total here. 9 Subtract line 8 from line 5. Enter the result here and on Form 1040, line 9a. *If you received capital gain distributions for the year and you do not need Schedule D to report any other gains or losses, do not file that schedule. Instead, enter 40% of your capital gain distributions on Form 1040, line 14. 10 At any time during the tax year, did you have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 23 of the instructions for exceptions and filing requirements for Form 1040, line 11.) 11 Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? (Yes, you may have to file Forms 3520, 3520-A, or 926.)	5 6 7 8 9 10 11

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule B (Form 1040) 1986

SCHEDULE C
(Form 1040)
Profit or (Loss) From Business or Profession
(Sole Proprietorship)
Partnerships, Joint Ventures, etc., Must File Form 1065.
Department of the Treasury, Internal Revenue Service (07)
OMB No. 1545-0074
1986
Attachment Sequence No. 09

Name of proprietor: _____
Principal business or profession, including product or service (see instructions): _____
Principal business code: _____
Business name and address: _____
Employer ID number: _____
Social security number: _____
Methods used to value closing inventory:
1) Cost 2) Lower of cost or market 3) Other (attach explanation) _____
4) Accounting method (1) Cash (2) Accrual 3) Other (specify) _____
5) Was there any change in determining quantities, costs, or valuations between opening and closing inventory? Yes No
If Yes, attach explanation _____
6) Did you deduct expenses for an office in your home?
If this schedule includes a loss, credit, deduction, income, or other tax benefit relating to a tax shelter required to be registered, check here If you check this box, you MUST attach Form 8271.

Part I Income

1a	Gross receipts or sales	
1b	Less: Returns and allowances	
1c	Subtract line 1b from line 1a and enter the balance here	
2	Cost of goods sold and/or operations (from Part III, line 8)	
3	Subtract line 2 from line 1c and enter the gross profit here	
4a	Windsfall profit tax credit or refund received in 1986 (see instructions)	
b	Other income	
5	Add lines 3, 4a, and 4b. This is the gross income .	

Part II Deductions

6	Advertising	
7	Bad debts from sales or services (Cash method taxpayers see instructions)	
8	Bank service charges	
9	Car and truck expenses	
10	Commissions	
11	Depreciation	
12	Depreciation and section 179 deduction (Form 4596 (not included in Part III below))	
13	Gifts and publications	
14	Employee benefit programs	
15	Freight (not included in Part III below)	
16	Insurance	
17	Interest	
a	Mortgage (paid to financial institutions)	
b	Other	
18	Laundry and cleaning	
19	Legal and professional services	
31	Add amounts in columns for lines 6 through 30d. These are the total deductions .	
32	Net profit or (loss). Subtract line 31 from line 5 and enter the result. If a profit, enter on Form 1040, line 12, and on Schedule SE, line 2 (or line 5 of Form 1041 or Form 1041S). If a loss, you MUST report on line 33.	
33	If you have a loss, you MUST answer this question. Do you have amounts for which you are not at risk in this business (see instructions)? If Yes, you MUST attach Form 6199. If No, enter the loss on Form 1040, line 12, and on Schedule SE, line 2 (or line 5 of Form 1041 or Form 1041S).	

Part III Cost of Goods Sold and/or Operations (See Schedule C Instructions for Part III)

1	Inventory at beginning of year (If different from past year's closing inventory, attach explanation)	
2	Purchases less cost of items withdrawn for personal use	
3	Cost of labor (Do not include salary paid to yourself)	
4	Materials and supplies	
5	Other costs	
6	Add lines 1 through 5	
7	Less: Inventory at end of year	
8	Cost of goods sold and/or operations. Subtract line 7 from line 6. Enter here and in Part I, line 2, above.	

For Paperwork Reduction Act Notice, see Form 1040 Instructions.
Schedule C (Form 1040) 1986

SCHEDULE SE
(Form 1040)
Computation of Social Security Self-Employment Tax
Department of the Treasury, Internal Revenue Service (08)
OMB No. 1545-0074
1986
Attachment Sequence No. 18

Name of person with self-employment income (as shown on social security card): _____
Social security number of person with self-employment income: _____
Part I Regular Computation of Net Earnings From Self-Employment
Note: If you performed services for certain churches or church controlled organizations and you are not a minister or a member of a religious order, see the instructions before completing the schedule.
1 Net farm profit or (loss) from Schedule F (Form 1040), line 38, and farm partnerships, Schedule K-1 (Form 1065), line 13a
2 Net profit or (loss) from Schedule C (Form 1040), line 32, and Schedule K-1 (Form 1065), line 13a (other than farming). (See instructions for other income to report.) Employees of an electing church or church controlled organization do NOT enter your Form W-2 wages on line 2. See the instructions.
Note: Check here if you are exempt from self-employment tax on your earnings as a minister, member of a religious order, or Christian Science practitioner because you filed Form 4361. See instructions for kinds of income to report. If you have other earnings of \$400 or more that are subject to self-employment tax, include those earnings on line 2.

Part II Optional Computation of Net Earnings From Self-Employment (See "Who Can Use Schedule SE" in the instructions. Also see instructions for other limitations.)

Generally, this part may be used only if you meet any of the following tests:
A Your gross farm income was not more than \$2,400, or
B Your gross farm income was more than \$2,400 and your net farm profits were less than \$1,600, or
C Your net nonfarm profits were less than \$1,600 and your net nonfarm profits were also less than two-thirds (2/3) of your gross nonfarm income.
Note: Line 2 above should be three-thirds (2/3) more of your gross nonfarm income or, if line 2 is \$1,600 or more, you may not use the optional method.
From Schedule F (Form 1040), line 12, and Schedule K-1 (Form 1065), line 13b
From Schedule C (Form 1040), line 38, and Schedule K-1 (Form 1065), line 13a
From Schedule F (Form 1040), line 32, and Schedule K-1 (Form 1065), line 13a
From Schedule C (Form 1040), line 5, and Schedule K-1 (Form 1065), line 13c

3	Maximum income for optional methods	\$1,600
4	1 If you meet test A or B above, enter the smaller of two-thirds (2/3) of gross farm income from Schedule F (Form 1040), line 12, and farm partnerships, Schedule K-1 (Form 1065), line 13b, or \$1,600	
5	Subtract line 4 from line 3	
6	Net farm Optional Method—If you meet test C above, enter the smallest of two-thirds (2/3) of gross nonfarm income from Schedule C (Form 1040), line 5, and Schedule K-1 (Form 1065), line 13c, (other than farming) or \$1,600, or if you elected the farm optional method, the amount on line 5	

Part III Computation of Social Security Self-Employment Tax

7	Enter the amount from Part I, line 1, or if you elected the farm optional method, Part II, line 4	
8	Enter the amount from Part I, line 2, or if you elected the nonfarm optional method, Part II, line 6	
9	Add lines 7 and 8. If less than \$400, do not fill in the rest of this schedule because you are not subject to self-employment tax. Exception: If you are an employee of an electing church or church controlled organization, see the instructions. You may owe self-employment tax on the amount you report on line 12c.	
10	The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (see instructions)	\$42,000
11	a Total social security wages and tips from Forms W-2 and railroad retirement compensation (see instructions) b Medicare qualified government employees whose wages are only subject to the 1.45% medicare hospital insurance benefits tax and employees of certain church or church controlled organizations should not include those wages on this line. (See instructions.) 11a Unemployed tips subject to social security tax from Form 4137, line 9, or to railroad retirement tax (see instructions) 11b Add lines 11a and 11b	
12	Subtract line 11c from line 10	
13	Enter your medicare qualified government wages, if you are required to use the worksheet in Part III, the instructions 12b Enter your Form W-2 wages of \$100 or more from an electing church or church controlled organization 12c If you are the smaller of line 9 or line 12a If line 13 is \$42,000, fill in \$5,166 on line 14. Otherwise, multiply line 13 by 1.23 and enter the result on line 14	
14	Self-employment tax. Enter this amount on Form 1040, line 50	1.23

For Paperwork Reduction Act Notice, see Form 1040 Instructions.
Schedule SE (Form 1040) 1986

SCHEDULE O
(Form 1040)

Department of the Treasury,
Internal Revenue Service

OMB No. 1545-0074

1986

Attachment
Sequence No. 12

Your social security number

Capital Gains and Losses
and Reconciliation of Forms 1099-B

Attach to Form 1040. See instructions for Schedule O (Form 1040).
For Paperwork Reduction Act Notice, see Form 1040 instructions.

1 Report here the total sales of stocks, bonds, etc. reported for 1986 by your broker to you on Forms 1099-B or an equivalent substitute statement(s). If this area differs from the total of lines 2b and 9b, column (d), attach a statement explaining the difference. See the instructions for line 1, Schedule O (Form 1040), for examples.

Part I Short-Term Capital Gains and Losses—Assets Held Six Months or Less

(a) Description of property (Do not prefer to "Co.")	(b) Date acquired (Mo. day yr.)	(c) Date sold (Mo. day yr.)	(d) Sales price (see instructions)	(e) Basis (see instructions)	(f) Gain or loss (See instructions)	(g) Short-term gain or loss (See instructions)	(h) Net short-term gain or loss (See instructions)	(i) Taxable gain or loss (See instructions)	(j) Taxable gain or loss (See instructions)
2a Form 1099-B Transactions (Sales of Stocks, Bonds, etc.)									
2b Total (add column (d))									
2c Other Transactions:									
3 Short-term gain from sale or exchange of a principal residence from Form 2119, lines 6 or 12									
4 Short-term gain from installment sales from Form 6252, lines 22 or 30									
5 Net short-term gain or (loss) from partnerships, S corporations, and fiduciaries									
6 Short-term capital loss carryover from years beginning after 1969									
7 Add all of the transactions on lines 2a and 2c, and lines 3 through 6 in columns (f) and (g)									
8 Net short-term gain or (loss), combine columns (f) and (g) of line 7									

Part II Long-Term Capital Gains and Losses—Assets Held More Than Six Months

(a) Description of property (Do not prefer to "Co.")	(b) Date acquired (Mo. day yr.)	(c) Date sold (Mo. day yr.)	(d) Sales price (see instructions)	(e) Basis (see instructions)	(f) Gain or loss (See instructions)	(g) Long-term gain or loss (See instructions)	(h) Taxable gain or loss (See instructions)	(i) Taxable gain or loss (See instructions)
9a Form 1099-B Transactions (Sales of Stocks, Bonds, etc.)								
9b Total (add column (d))								
9c Other Transactions:								
10 Long-term gain from sale or exchange of a principal residence from Form 2119, lines 8, 8 or 17								
11 Long-term gain from installment sales from Form 6252, lines 22 or 30								
12 Net long-term gain or (loss) from partnerships, S corporations, and fiduciaries								
13 Capital gain distributions								
14 Enter gain from Form 4797, lines 6 or 8								
15 Long-term capital loss carryover from years beginning after 1969								
16 Add all of the transactions on lines 9a and 9c, and lines 10 through 15 in columns (f) and (g)								
17 Net long-term gain or (loss), combine columns (f) and (g) of line 16								

Schedule O (Form 1040) 1986

Schedule O (Form 1040) 1986

Attachment Sequence No. 12

Page 2

Note: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III or IV. See Form 4798 instead.

Names shown on Form 1040 (Do not enter name and social security number if shown on other side)

Your social security number

Part III Summary of Parts I and II

18 Combine lines 8 and 17, and enter the net gain or (loss) here	18
Note: If line 18 is a loss, skip lines 19 through 21 and complete lines 22 and 23. If line 18 is a gain, complete lines 19 through 21 and skip lines 22 and 23.	
19 If line 18 shows a gain, enter the smaller of line 17 or line 18. Enter zero if there is a loss or no entry on line 17	19
20 Enter 60% of line 19	20
If line 20 is more than zero, you may be liable for the alternative minimum tax. See Form 6251.	
21 Subtract line 20 from line 18. Enter here and on Form 1040, line 13	21
22 If line 18 shows a loss, enter one of the following amounts:	
a If line 8 is zero or a net gain, enter 50% of line 18.	
b If line 17 is zero or a net gain, enter line 18.	
c If line 8 and line 17 are net losses, enter amount on line 8 added to 50% of the amount on line 17	22
23 Enter here and as a loss on Form 1040, line 13, the smallest of:	
a The amount on line 22.	
b \$3,000 (\$1,500 if married and filing a separate return), or	
c Taxable income, as adjusted (see instructions).	23

Part IV Computation of Post-1969 Capital Loss Carryovers From 1986 to 1987

(Complete this part if the loss on line 22 is more than the loss on line 23.)

24 Enter loss shown on line 8, if none, enter zero and skip lines 25 through 28, then go to line 29	24
25 Enter gain shown on line 17. If that line is blank or shows a loss, enter zero	25
26 Subtract line 25 from line 24	26
27 Enter smaller of line 23 or line 26	27
28 Subtract line 27 from line 26. This is your short-term capital loss carryover from 1986 to 1987	28
29 Subtract line 27 from line 23. (Note: If you skipped lines 25 through 28, enter amount from line 23.)	29
30 Enter loss on line 17, if none, enter zero and skip lines 31 through 34	30
31 Enter gain shown on line 8. If that line is blank or shows a loss, enter zero	31
32 Subtract line 31 from line 30	32
33 Multiply amount on line 29 by 2	33
34 Subtract line 33 from line 32. This is your long-term capital loss carryover from 1986 to 1987	34

Part V Complete This Part Only if You Elect Out of the Installment Method and Report a Note or Other Obligation at Less Than Full Face Value

Check here if you elect out of the installment method

Enter the face amount of the note or other obligation

Enter the percentage of valuation of the note or other obligation

Part VI Reconciliation of Forms 1099-B For Bartering Transactions

Complete this part if you received one or more Form(s) 1099-B or an equivalent substitute statement(s) reporting bartering income. Enter the amount on the line that indicates the form or schedule you used to report the bartering income.

35 Form 1040, line 22	35	Amount of bartering from Form 1099-B or equivalent statement
36 Schedule C (Form 1040)	36	
37 Schedule D (Form 1040)	37	
38 Schedule E (Form 1040)	38	
39 Schedule F (Form 1040)	39	
40 Other (identify) (if not taxable, indicate reason—attach additional sheets if necessary) ▶	40	
41 Total (add lines 35 through 40)	41	

Note: The amount on line 41 should be the same as the total bartering on all Forms 1099-B or equivalent statements received.

U.S. GOVERNMENT PRINTING OFFICE: 1986-093-090

SCHEDULE E (Form 1040)

Supplemental Income Schedule

(From rents and royalties, partnerships, estates, trusts, etc.)

Attach to Form 1040, Form 1041, or Form 1041S.

See instructions for Schedule E (Form 1040).

OMB No. 1545-0022

1986

Attachment Sequence No. 13

Your social security number

Part I Rental and Royalty Income or (Loss)

1 In the space provided below, show the kind and location of each rental property.

Table with columns for Property A, B, C, Totals and rows for Rents received, Royalties received, and Rental and Royalty Expenses.

2 For each property listed, did you or a member of your family use for personal purposes any of the properties for more than the greater of 14 days or 10% of the total days rented at fair rental value during the tax year?

Table with columns for Yes and No.

3 Add amounts in columns (e) and (f) and enter the total(s) here.

28 Combine amounts in columns (e) and (f), line 27, and enter the net income or (loss) here.

29 Deduction for section 179 property (from Form 1065, Schedule K-1, and Form 1120S, Schedule K-1) (See instructions for limitations.)

30 Total partnership and S corporation income or (loss). Combine amounts on lines 28 and 29. Enter the total here and include in line 36 below.

Part III Windfall Profit Tax Summary

31 Add amounts in columns (e) and (f) and enter the total(s) here.

32 Total estate and trust income or (loss). Combine amounts in columns (e) and (f), line 31. Enter the total here and include in line 36 below.

33 Windfall profit tax credit or refund received in 1986 (see instructions).

34 Windfall profit tax withheld in 1986 (see instructions).

35 Combine amounts on lines 33 and 34. Enter the total here and include in line 36 below.

Part IV Summary

36 TOTAL income or (loss). Combine lines 26, 30, 32, and 35. Enter total here and on Form 1040, line 18.

37 FARMERS and FISHERMEN. Enter your share of GROSS FARMING AND FISHING INCOME applicable to Parts II and III (see instructions).

Part IV Optional Depreciation Worksheet

18 Total expenses other than depreciation and depletion. Add lines 4 through 17.

19 Depreciation expense (see Part V instructions), or depletion (see Publication 535).

20 Total Add lines 18 and 19.

21 Income or (loss) from rental or royalty properties. Subtract line 20 from line 3a (rents) or 3b (royalties).

22 Add properties with profits on line 21, and enter the total profits here.

23 Add properties with losses on line 21, and enter the total (losses) here.

24 Combine amounts on lines 22 and 23, and enter the net profit or (loss) here.

25 Net farm rental profit or (loss) from Form 4835, line 34.

26 Total rental or royalty income or (loss). Combine amounts on lines 24 and 25, and enter the total here. If Parts II and III do not apply to you, enter the amount from line 26 on Form 1040, line 18. Otherwise, include the amount from line 26 in line 36 on page 2 of Schedule E.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule E (Form 1040) 1986

Schedule E (Form 1040) 1986 Attachment Sequence No. 13 Page 2

Name(s) as shown on Form 1040 (Do not enter name and social security number if shown on other schedule.) Your social security number

Part III Income or (Loss) from Partnerships, S Corporations, Estates, or Trusts

If you report a loss below, and have amounts invested in that activity for which you are not at risk, you may have to file Form 6198. See instructions.

Partnerships and S Corporations

Table with columns for Name, Federal EIN, Partnership code, Employer identification number, Period for at-risk limitations, and Net income.

Codes: P for partnership, S for S corporation.

27 Add amounts in columns (e) and (f) and enter the total(s) here.

28 Combine amounts in columns (e) and (f), line 27, and enter the net income or (loss) here.

29 Deduction for section 179 property (from Form 1065, Schedule K-1, and Form 1120S, Schedule K-1) (See instructions for limitations.)

30 Total partnership and S corporation income or (loss). Combine amounts on lines 28 and 29. Enter the total here and include in line 36 below.

Estates and Trusts

Table with columns for Name, EIN, Employer identification number, Period for at-risk limitations, and Net income.

31 Add amounts in columns (e) and (f) and enter the total(s) here.

32 Total estate and trust income or (loss). Combine amounts in columns (e) and (f), line 31. Enter the total here and include in line 36 below.

Part III Windfall Profit Tax Summary

33 Windfall profit tax credit or refund received in 1986 (see instructions).

34 Windfall profit tax withheld in 1986 (see instructions).

35 Combine amounts on lines 33 and 34. Enter the total here and include in line 36 below.

Part IV Summary

36 TOTAL income or (loss). Combine lines 26, 30, 32, and 35. Enter total here and on Form 1040, line 18.

37 FARMERS and FISHERMEN. Enter your share of GROSS FARMING AND FISHING INCOME applicable to Parts II and III (see instructions).

Part IV Optional Depreciation Worksheet

18 Total expenses other than depreciation and depletion. Add lines 4 through 17.

19 Depreciation expense (see Part V instructions), or depletion (see Publication 535).

20 Total Add lines 18 and 19.

21 Income or (loss) from rental or royalty properties. Subtract line 20 from line 3a (rents) or 3b (royalties).

22 Add properties with profits on line 21, and enter the total profits here.

23 Add properties with losses on line 21, and enter the total (losses) here.

24 Combine amounts on lines 22 and 23, and enter the net profit or (loss) here.

25 Net farm rental profit or (loss) from Form 4835, line 34.

26 Total rental or royalty income or (loss). Combine amounts on lines 24 and 25, and enter the total here. If Parts II and III do not apply to you, enter the amount from line 26 on Form 1040, line 18. Otherwise, include the amount from line 26 in line 36 on page 2 of Schedule E.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule E (Form 1040) 1986

SCHEDULE F (Form 1040)
 Department of the Treasury
 Internal Revenue Service

Farm Income and Expenses
 Attach to Form 1040, Form 1041, Form 1041S, or Form 1065.
 See instructions for Schedule F (Form 1040).

OMB No. 1545-0074
1986
 Instructions for Schedule F, 14
 Social security number (SSN)

A. Principal Product (Describe in one or two words your principal crop or animal for the current tax year)

B. Agricultural Activity Code (The codes are on page 2.)

C. Accounting Method
 Cash Accrual
 Employer ID number (NOT SSN)

D. If you made an election in a prior year to include commodity credit loan proceeds as income in that year, check here

Part I Farm Income—Cash Method—Complete Parts I and II
 (Accrual method taxpayers complete Parts II and III, and line 12 of Part I)
 Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1
2	Cost or other basis of livestock and other items you bought for resale	2
3	Subtract line 2 from line 1	3
4	Sales of livestock, produce, grains, and other products you raised	4
5a	Total distributions received from cooperatives (from Form 1099-PATR)	5a
5b	Less: Nonincome items	5b
6	Net distributions. Subtract line 5b from line 5a	6
7	Agricultural program payments	7
a	Cash	7a
b	Materials and services	7b
8	Commodity credit loans under election (or forfeited)	8
9	Crop insurance proceeds. If election attached to include in income in year following damage, check here <input type="checkbox"/>	9
10	Machine work	10
11	Other income, including Federal and state gasoline tax credit or refund (see instructions)	11
12	Gross income. Add amounts on lines 3, 4, 6, and 7a through 11. If accrual method taxpayer, enter the amount from Part III, line 53	12

Part II Farm Deductions—Cash and Accrual Method
 Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home which do not produce farm income. Reduce the amount of your farm deductions by any reimbursements before entering the deduction below.

13	Breeding fees	26	Machine hire
14	Chemicals	27	Pension and profit-sharing plans
15	Conservation expenses	28	Rent of farm, pasture
16	Depreciation and section 179 expense deduction (from Form 4562)	29	Repairs, maintenance
17	Employee benefit programs other than on line 27	30	Seeds, plants purchased
18	Feed purchased	31	Storage, warehousing
19	Fertilizers and lime	32	Supplies purchased
20	Freight, trucking	33	Taxes
21	Gasoline, fuel oil	34	Utilities
22	Insurance	35	Veterinary fees, medicine
23	Interest	36	Other expenses (specify)
a	Mortgage (paid to financial institutions)	a	
b	Other	b	
c		c	
d		d	
e		e	
f		f	
g		g	
h		h	
24a	Labor hired		
b	Jobs credit		
25	Net labor hired (subtract line 24b from line 24a)		
37	Total deductions from Part II. Add amounts in columns for lines 13 through 36	37	
38	Net farm profit or (loss) (subtract line 37 from line 12). If a profit, enter on Form 1040, line 19, and on Schedule SE, Part I, line 1. If a loss, you MUST go on to line 39 (Fiduciaries and partnerships, see the instructions).	38	

39 If you have a loss, you MUST answer this question.
 "Do you have amounts for which you are not at risk in this farm?" (See instructions)
 If "Yes," you MUST attach Form 6198. If "No," enter the loss on Form 1040, line 19, and on Schedule SE, Part I, line 1.
 Yes No

Part III Farm Income—Accrual Method
 Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797 and do not include them on line 48 below.

40	Sales of livestock, produce, grains, and other products during year	40
41a	Total distributions received from cooperatives (from Form 1099-PATR)	41a
b	Less: Nonincome items	41b
42	Net distributions. Subtract line 41b from line 41a	42
43	Agricultural program payments	43a
a	Cash	43b
b	Materials and services	44
44	Commodity credit loans under election (or forfeited)	45
45	Machine work	46
46	Other income, including Federal and state gasoline tax credit or refund (see instructions)	47
47	Total. Add amounts on lines 40 and 42 through 46	47
48	Inventory of livestock, produce, grains, and other products at beginning of year	48
49	Cost of livestock, produce, grains, and other products purchased during year	49
50	Add lines 48 and 49	50
51	Inventory of livestock, produce, grains, and other products at end of year	51
52	Cost of livestock, produce, grains, and other products sold. Subtract line 51 from line 50 *	52
53	Gross income. Subtract line 52 from line 47. Enter here and on Part I, line 12. Subtract line 50 from line 51. Enter the result on line 52 and add lines 47 and 52. Enter the total on line 50	53

- Principal Agricultural Activity Codes**
 Select one of the following codes and write the 4 digit number on line B on page 1 of this schedule. (Note: If your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management services on a contract basis, you should file Schedule C (Form 1040), Profit or Loss From Business or Profession.)
- 0180 Horticultural specialty, including the growing of ornamental floriculture and nursery products such as plants, shrubbery, bulbs, flowers, sod, etc.
 - 0211 Beef cattle feedlots
 - 0212 Beef cattle, except feedlots
 - 0215 Hogs, sheep, and goats
 - 0240 Dairy
 - 0250 Poultry and eggs, including chickens, ducks, pigeons, quail, etc.
 - 0260 General livestock, not specializing in any one livestock category
 - 0270 Animal specialty, including fur-bearing animals, pets, fish, horses, etc.
 - 0300 Agricultural production, not specified

Schedule G
(Form 1040)
Division of Tax Services
Internal Revenue Service (11)

OMB No. 1545-0074
1986
Attachment
Sequence No. **16**

Income Averaging

▶ See instructions on back. ▶ Attach to Form 1040.

Names as shown on Form 1040

Your social security number

Step 1 Add your income from 1983-1985

1983	1 Enter the amount from your 1983 Form 1040 (line 37), Form 1040A (line 19), or Form 1040EZ (line 7). If less than zero, enter zero.	1
1984	2 Enter the amount from your 1984 Form 1040 (line 37), Form 1040A (line 19), or Form 1040EZ (line 7). If less than zero, enter zero.	2
1985	3 Enter the amount from your 1985 Form 1040 (line 37), Form 1040A (line 19), or Form 1040EZ (line 7). If less than zero, enter zero.	3
Total	4 Enter all income less deductions earned outside of the U.S. or within U.S. possessions and excluded for 1983 through 1985 (include housing exclusion).	4
	5 Add lines 1 through 4.	5

Step 2 Figure your averageable income

6	Divide the amount on line 5 by three (3).	6
7	Multiply the amount on line 6 by 140% (1.4).	7
8	Enter your taxable income for 1986 from Form 1040, line 37.	8
9	If you received a premature or excessive distribution subject to a penalty under section 72, see instructions.	9
10	Subtract line 9 from line 8.	10
11	If you live in a community property state and are filing a separate return, see instructions.	11
12	Subtract line 11 from line 10. If less than zero, enter zero.	12
13	Enter the amount from line 7 above.	13
14	Subtract line 13 from line 12. This is your averageable income. If this line is \$3,000 or less, do not complete the rest of this form.	14

Step 3 Figure your tax

15	Multiply the amount on line 14 by 25% (.25).	15
16	Enter the amount from line 7 above.	16
17	Add lines 15 and 16.	17
18	Enter the amount from line 11 above.	18
19	Add lines 17 and 18.	19
20	Tax on amount on line 19 (from Tax Rate Schedule X, Y, or Z).	20
21	Tax on amount on line 17 (from Tax Rate Schedule X, Y, or Z).	21
22	Tax on amount on line 16 (from Tax Rate Schedule X, Y, or Z).	22
23	Subtract line 22 from line 21.	23
24	Multiply the amount on line 23 by 3. <i>If you have no entry on line 9, skip lines 25 through 27 and go to line 28.</i>	24
25	Tax on amount on line 8 (from Tax Rate Schedule X, Y, or Z).	25
26	Tax on amount on line 10 (from Tax Rate Schedule X, Y, or Z).	26
27	Subtract line 26 from line 25.	27
28	Add lines 20, 24, and 27. If the result is less than the tax figured from the tax rate schedule or tax table, also enter on Form 1040, line 38, and check the Schedule G box.	28

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule G (Form 1040) 1986

Schedule W
(Form 1040)
Division of Tax Services
Internal Revenue Service (11)

OMB No. 1545-0074
1986
Attachment
Sequence No. **20**

Deduction for a Married Couple When Both Work

▶ For Paperwork Reduction Act Notice, see Form 1040 instructions. ▶ Attach to Form 1040.

Names as shown on Form 1040

Your social security number

Step 1 Figure your earned income

	(a) You	(b) Your spouse
1	Wages, salaries, tips, etc., from Form 1040, line 7. (Do not include pensions or annuities reported on Form 1040, line 16 or lines 17a and 17b.)	1
2	Net profit or (loss) from self-employment (from Schedules C and F (Form 1040), Schedule K 1 (Form 1065), and any other earned income)	2
3	Add lines 1 and 2. This is your total earned income.	3

Step 2 Figure your qualified earned income

4	Add amounts entered on Form 1040, lines 25, 26, 27, and any repayment of supplemental unemployment benefits (sub-pay) included on line 31. Enter the total (see instructions below).	4
5	Subtract line 4 from line 3. This is your qualified earned income. If the amount in column (a) or (b) is zero (0) or less, stop here. You may not take this deduction.	5

Step 3 Figure your deduction

6	Compare the amounts in columns (a) and (b) of line 5 above. Enter the smaller amount here. (Enter either amount if 5(a) and 5(b) are the same. Do not enter more than \$30,000.)	6
7	Percentage used to figure the deduction (10 %)	7
8	Multiply the amount on line 6 by the percentage on line 7. This is the amount of your deduction. Enter the answer here and on Form 1040, line 30.	8

Instructions

Complete this schedule and attach it to your Form 1040 if you take the deduction for a married couple when both you and your spouse earned income and have qualified earned income and:

- file a joint return, and
- do not file Form 2555 to exclude income or to exclude or deduct certain housing costs, and
- do not file Form 4563 to exclude income.

There are three steps to follow in figuring the deduction on Schedule W:

Step 1 (lines 1, 2, and 3).—Figure your earned income separately for yourself and your spouse. **Earned income**—This is generally income you receive for services you provide. It includes wages, salaries, tips, commissions, sub-pay, etc. (from Form 1040, line 7). It also includes income earned from self-employment (from Schedules C and F of Form 1040) and net Schedule K 1 of Form 1065), and net

Earnings and gains (other than capital gains) from the disposition, transfer, or licensing of property that you created or in which you have an interest. Earnings and gains do not include interest, dividends, social security benefits, IRA distributions, unemployment compensation or non-taxable deferred compensation, or non-taxable amount if your spouse paid you **Caution:** Do not consider community property (this in figuring your earned income).

Step 2 (lines 4 and 5).—Figure your qualified earned income separately for yourself and your spouse by subtracting certain adjustments from earned income. **Qualified earned income.**—This is the amount on which the deduction is based. Figure it by subtracting the total of certain adjustments from earned income. These adjustments (and the related lines on Form 1040) are:

- Employee business expenses (from line 25)
- IRA deduction (from line 26)
- Keogh retirement plan and self-employed SEP deduction (from line 27)

Step 3 (lines 6, 7, and 8).—Figure the deduction based on the smaller of:

- the qualified earned income entered in column (a) or (b) of line 5, whichever is less, OR
- \$30,000.

Example.—You earned a salary of \$20,000 and had \$3,000 of employee business expenses (Form 1040, line 25). Your spouse earned \$17,000 and had an IRA deduction of \$1,000 (Form 1040, line 26). Your qualified earned income is \$17,000 (\$20,000 minus \$3,000) and your spouse's is \$16,000 (\$17,000 minus \$1,000). Because your spouse's qualified earned income is less than yours, the deduction is figured based on your income. Therefore, the deduction is \$16,000 (\$16,000 × 10).

Repayment of sub-pay included in the total on line 31. See the instructions on repayment of sub-pay on page 12 of the Form 1040 instructions. Enter the total of any adjustments that apply to you or your spouse's earned income in the appropriate column of line 4.

Schedule W (Form 1040) 1986

Schedule R (Form 1040) Department of the Treasury Internal Revenue Service

Credit for the Elderly or for the Permanently and Totally Disabled

OMB No. 1545-0074 1986

You may be able to use Schedule R to reduce your tax if by the end of 1986 you were 65 or over OR you were under 65, you retired on permanent and total disability and you received taxable disability income...

Part I Check the Box That Applies to Your Filing Status and Age (Check only one box) Single, Married filing a joint return, etc.

Part III Statement of Permanent and Total Disability (Complete only if you checked the box on line 2, 4, 5, 6, or 9 above) IF: 1. You filed a physician's statement for this disability for 1983 or an earlier year...

Physician's Statement section with fields for Name of the Physician, Date, and Signature.

Instructions for Statement Taxpayer: Enter in the space provided the date you retired if you retired after October 31, 1976.

Physician determines that the disability: 1. has lasted, or can be expected to last, continuously for at least a year; or 2. can be expected to lead to death.

Part III Figure the Amount of Your Credit

10 Enter \$5,000 if you checked the box on line 1, 2, 4, or 7 in Part I OR \$7,500 if you checked the box on line 3, 5, or 6 in Part I OR \$3,750 if you checked the box on line 8 or 9 in Part I. 11 Enter on this line your taxable disability income... 12 Enter the amount from line 11 above, compare the amounts on lines 10 and 11, and enter the smaller of the two amounts on this line... 13 Enter the following pensions, annuities, or disability income that you (and your spouse if you file a joint return) received in 1986... 14 Enter the amount from Form 1040, line 33... 15 Enter \$7,500 if you checked the box on line 1 or 2 in Part I, OR \$10,000 if you checked the box on line 3, 4, 5, 6 or 7 in Part I, OR \$5,000 if you checked the box on line 8 or 9 in Part I... 16 Subtract line 15 from line 14... 17 Divide the amount on line 16 by 2... 18 Add lines 13c and 17... 19 Subtract line 18 from line 12... 20 Percentage used to figure the credit... 21 Multiply the amount on line 19 by the percentage (15) on line 20 and enter the result...

Form 3468
 Department of the Treasury
 Internal Revenue Service (20)

OMB No. 1545-0155
1986
 Attribution
 Sequence No. 24

Identifying number

Computation of Investment Credit

- ▶ Attach to your tax return.
- ▶ Schedule B (Business Energy Investment Credit) on back.

Name(s) as shown on return

Part I Elections (Check the box(es) below that apply to you (See Instruction D).)

- A I elect to increase my qualified investment by all qualified progress expenditures (QPE) made this and all later tax years.
- B I claim full credit on certain ships under section 46(g)(3) (See Instruction B for details).
- C I elect to increase my qualified investment by all qualified progress expenditures (QPE) made this and all later tax years.

Part II Qualified Investment. (Certain Transition Property, QPE Property, and Qualified Timber Property)

1. Recovery Property	Line	(1) Class of Property	(2) Cost or Other Basis	(3) Applicable Percentage	(4) Qualified Investment (Column 2, column 3)
Regular Percentage	(a)	New Property	60	60	
	(b)	Used Property	60	100	
	(c)	Other	60	60	
Section 48(g) Election to Reduce Credit (instead of partner, etc., in 1985-86 flow-through entity only)	(a)	New Property	40	100	
	(f)	Other	40	80	
	(g)	Used Property	40	40	

- 2. Nonrecovery property—Enter total qualified investment (See instructions for line 2)
- 3. Total qualified investment in 10% property—Add lines 1(e) through 1(h), and 2 (See instructions for special limits)
- 4. Regular credit—Multiply line 3 by 10% (10)(FY 1986-87 filers, see instructions for line 4)
- 5. Qualified rehabilitation expenditures (enter qualified investment and multiply by percentage shown)
 - a. Rehabilitation Property placed in service before 1-1-87:
 - (i) 30-year-old buildings: 54(%) x 15%
 - (ii) 40-year-old buildings: 54(%) x 20%
 - (iii) Certified historic structures (attach NPS certificate): 54(%) x 25%
 - b. Transition Property and Certain Projects placed in service after 12-31-86:
 - (i) 30-year-old buildings: 54(%) x 10%
 - (ii) 40-year-old buildings: 54(%) x 13%
 - (iii) Certified historic structures (attach NPS certificate): 54(%) x 25%
 - c. Rehabilitation Property (not shown above) placed in service after 12-31-86:
 - (i) Pre-1936 buildings: 54(%) x 10%
 - (ii) Certified historic structures (attach NPS certificate): 54(%) x 20%
- 6. Credit from cooperatives—Enter regular investment credit from cooperatives
- 7. Business energy investment credit—From line 7 of Schedule B (see back of this form)
- 8. Current year investment credit—Add line 4 through line 7

Note: If you have a 1986 jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit (Form 6986), or employee stock ownership plan (ESOP) credit (Form 8007) in addition to your 1986 investment credit, or if you have a carryback or carryforward of any general business credit, stop here and go to Form 3800, General Business Credit, to claim your 1986 investment credit. If you have only a 1986 investment credit, skip this section and go to Form 3468, Business Energy Investment Credit, and continue with lines 3 through 14 for claim your credit.

Part III Tax Liability Limitations

- 9a. Individuals—From Form 1040, enter amount from line 45
- 9b. Corporations—From Form 1120, Schedule J, enter tax from line 3 (or Form 1120-A, Part I, line 1)
- 9c. Other filers—Enter income tax before credits from return
- 10a. Individuals—From Form 1040, enter credit from line 46, plus any orphan drug and nonconventional source fuel credits included on line 48
- 10b. Corporations—From Form 1120, Schedule J, enter credits from lines 4(a) through 4(g) (from 1120-A filers, enter zero)
- 10c. Other filers—See instructions for line 10c
- 11. Income tax liability as adjusted (subtract line 10 from line 9)
- 12a. Enter smaller of line 11 or \$25,000 (See instructions for line 12)
- 12b. If line 11 is more than \$25,000—Enter 75% of the excess
- 13. Investment credit limitation—Add lines 12a and 12b
- 14. Total allowed credit—Enter the smaller of line 8 or line 13. This is your General Business Credit for 1986. Enter here and on Form 1040, line 47, Form 1120, Schedule J, line 4(b), Form 1120-A, Part I, line 2, or the proper line of other returns.

Schedule B—Business Energy Investment Credit

1. Enter on lines 1(a) through 1(e) your qualified investment in business energy property

Type of Property	Line	(1) Class of Property or Life Year	(2) Code	(3) Basis	(4) Applicable Percentage	(5) Qualified Investment (Column 3, column 4)
Recovery	(a)	3-year			60	
	(b)	Other			100	
	(c)	3 or more but less than 5			33 1/3	
Nonrecovery	(d)	5 or more but less than 7			66 2/3	
	(e)	7 or more			100	

- 2. Total qualified investment—Add lines 1(a) through 1(e), column (5)
- 3. 1986 credit (15% times the portion of the line 2 amount attributable to energy property placed in service by 12-31-86)
- 4. 1986-87 fiscal year filers—Multiply the portion of the line 2 amount attributable to property placed in service after 12-31-86 by the following percentages:
 - a. Solar energy property (12%)
 - b. Biomass and geothermal property (10%)
 - c. Ocean thermal property (15%)
- 5. Certain other property (See instructions below for special limits)
 - a. Certain long-term section 46(b)(2)(A)(i) projects underway by 12-31-82 (10%)
 - b. Hydroelectric generating property placed in service during the year (if docketed with the Federal Energy Regulatory Commission by 12-31-85) (11%)
- 6. Cooperative credit—Enter business energy investment credit from cooperatives
- 7. Tentative business energy investment credit—Add lines 3 through 6. Enter here and on line 7 of page 1

Instructions for Schedule B (Form 3468)

Note: Partners, shareholders, and S corporations of FT 1985-86 partnerships, and sole proprietors, must file Form 3468 with their 1986 tax return. If you are a partner, shareholder, S corporation, or sole proprietor, you must file Form 3468 with your 1986 tax return. If you are a partner, shareholder, S corporation, or sole proprietor, you must file Form 3468 with your 1986 tax return.

Line 1—Type of Property.—For definition of recovery and nonrecovery property, see the separate instructions for Form 3468.

Line 1—Column (2).—Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. Enter the code letter of each kind of property in column (2) and the code letter and dollar amount of each kind of property in the right hand margin. The code letters are:

- a. Biomass property
- b. Hydroelectric generating property
- c. Solar equipment (but not passive solar equipment)
- d. Ocean thermal equipment
- e. Geothermal equipment

See sections 48(b)(4) and 48(c)(3)(A)(vii) and (viii) for definitions and special rules that apply to these kinds of property.

Line 5.—The section 48(b)(4) election to take a reduced credit instead of adjusting the basis of the energy property on line 5 is available for property placed in service after 12-31-1985.

One Credit Only.—If property qualifies as more than one kind of energy property, you may take only one credit for the property credit claimed.

U.S. Government Printing Office 1986-483-228 3-19-1978

Form 4562

Department of the Treasury Internal Revenue Service

Depreciation and Amortization

See separate instructions Attach this form to your return

OMB No. 1545-0172 1986

Sequence No. 67

Identifying number

Business or activity to which this form relates

Part I Depreciation (Do not use this part for automobiles, certain other vehicles, computers, and property used for entertainment, recreation, or amusement. Instead, use Part III.) See instructions under Items You Should Note for new rules for certain assets placed in service after July 31, 1986. See instructions for limitations. (Partnerships or S corporations—see the Schedule K and Schedule K-1 Instructions of Form 1065 or 1120S.)

Table with 4 columns: (a) Class of property, (b) Cost, (c) Basis for depreciation (see instructions), (d) Recovery period, (e) Method of figuring depreciation, (f) Deduction. Includes rows for 3-year, 5-year, 10-year, 15-year public utility property, Low-income housing, 15-year real property, 18-year real property, 19-year real property.

Section B — Depreciation of Recovery Property

Accelerated Cost Recovery System (ACRS) (see instructions). For assets placed in service DONLY during tax year beginning in 1986.

Section C — Depreciation of Nonrecovery Property

Property subject to section 168(e)(2) election (see instructions)

Other depreciation (see instructions)

Section D — Summary

Depreciation from Form 4562A (see instructions)

Total (add deductions on lines 5 through 9). Enter here and on the Depreciation line of your return (Partner, S corporations—Do NOT include any amounts entered on line 3.)

Part II Amortization

Amortization for property placed in service only during tax year beginning in 1986

Amortization for property placed in service prior to 1986

Total. Enter here and on Other Deductions or Other Expenses line of your return. See Paperwork Reduction Act Notice on page 1 of the separate instructions.

Form 4562 (1986)

Page 2

Part III Automobiles, Certain Other Vehicles, Computers, and Property Used for Entertainment, Recreation, or Amusement (Listed Property)

If you are using the standard mileage rate or deducting vehicle lease expense, complete columns (a) through (d) of Section A. All of Section B, and Section C, if applicable.

Section A — Depreciation (If automobiles and other listed property placed in service after June 18, 1984, are used 50% or less in a trade or business, the Section 179 deduction is not allowed and depreciation must be taken using the straight line method over 5 years. For other limitations, see instructions.)

Do you have evidence to support the business use claimed? Yes No. If yes, is the evidence written? Yes No.

Table with 6 columns: (a) Type of property (list vehicles first), (b) Date placed in service, (c) Business percentage (%), (d) Basis for depreciation (see instructions for listed property), (e) Basis for depreciation (Business use—see instructions), (f) Depreciation—straight line method over recovery period, (g) Depreciation deduction, (h) Section 179 expense.

Total (Enter here and on line 2, page 1.)

Total (Enter here and on line 5, page 1.)

Section B — Information Regarding Use of Vehicles

Complete this section as follows. If you deduct expenses for vehicles:

- Always complete this section for vehicles used by a sole proprietor, partner, or other more than 5% owner or related person.
If you provided vehicles to employees, first answer the questions in Section C to see if you meet an exception to completing this section for fringe benefits.

Table with 7 rows of questions and 6 columns for Vehicle 1 through Vehicle 6. Questions include: Total miles driven during the year, Total business miles driven during the year, Total commuting miles driven during the year, Total other personal (noncommuting) miles driven, Was the vehicle available for personal use during off-duty hours?, Was the vehicle used primarily by a more than 5% owner or related person?, Is another vehicle available for personal use?

Section C — Questions for Employers Who Provide Vehicles for Use by Employees

Answer these questions to determine if you meet an exception to completing Section B. Note: Section B must always be completed for vehicles used by sole proprietors, partners, or other more than 5% owners or related persons.

- Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?
Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? (See instructions for vehicles used by corporate officers, directors, or 1% or more owners.)
Do you treat all use of vehicles by employees as personal use?
Do you provide more than five vehicles to your employees and retain the information received from your employees concerning the use of the vehicles?
Do you meet the requirements concerning fleet vehicles or qualified automobile demonstration use (see instructions)?

Note: If your answer to 9, 10, 11, or 12 is "Yes," you need not complete Section B for the covered vehicles.

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6251

Form 1041R-1986
Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax Computation

Attach to Forms 1040, 1040NR, 1041 or 990-T (Trusts).

OMB No. 1545-0027
1986
Department of the Treasury
Internal Revenue Service

Identifying number

Form 6251 grid with 12 rows and 4 columns (1, 2a, 2b, 2c, 2d, 2e, 2f, 2g, 2h, 4a, 4b, 4c, 4d, 4e, 4f, 4g, 4h, 4i, 4j, 4k, 4l, 5, 6, 7, 8, 9, 10, 11, 12). Includes instructions for adjusted gross income, deductions, and alternative minimum tax.

Instructions
Section references are to the Internal Revenue Code.
Alternative Minimum Tax
Minimum Tax Exemption
Paperwork Reduction Act Notice

Form 6251 (1986)

8396

Form 1041R-1986
Department of the Treasury
Internal Revenue Service

Mortgage Interest Credit

For Qualified Mortgage Credit Certificate Holders

OMB No. 1545-0030
1986
Department of the Treasury
Internal Revenue Service

Enter the address of your principal residence on which the credit is claimed. If it is different from the address shown on Form 1040

Form 8396 grid with 9 rows and 2 columns (1, 2, 3, 4, 5, 6, 7, 8, 9). Includes instructions for computation of mortgage interest credit.

General Instructions
Paperwork Reduction Act Notice
Mortgage Interest Credit
Mortgage Interest Credit Carryforward to 1987
Specific Instructions
Note: If the only two persons holding the interest are married filing a joint return...

Form 8396 (1986)

References in the index are either to Table numbers or page numbers. Table numbers are in the format x.x (Table 1.1 would be "1.1") or letters (Table A would be "A"). Remaining references are to page numbers.

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