

Section 1

Introduction and Changes in Law

Introduction

This report contains complete individual income tax data for Tax Year 1997. The statistics are based on a stratified probability sample of individual income tax returns, selected before audit, which represents a population of over 122 million Forms 1040, 1040A, 1040EZ, and 1040PC, including electronic returns, filed for Tax Year 1997.

Table A on the following pages presents selected income and tax items for Tax Years 1993, 1994, 1995, 1996, and 1997 as they appear on the forms and provides the percentage change for each item between 1996 and 1997. When comparing income and tax items from different years, it is important to consider any changes in the tax law which may have affected the data. These tax law changes are explained below. To assist inter-year comparisons, Table A includes the items in both current dollars and constant 1990 dollars, as adjusted by the U.S. Department of Labor's consumer price index (CPI-U).

For Tax Year 1997, the number of individual tax returns filed increased by over 2.0 million, or 1.7 percent. Adjusted gross income (AGI) grew

\$434.0 billion, or 9.6 percent from 1996 to 1997, compared to the 8.3 percent growth recorded from 1995 to 1996. Total tax liability increased 10.9 percent to \$768.3 billion. Several components of AGI showed sizable increases for 1997: net capital gain less loss increased 44.8 percent; penalty on early withdrawal of savings increased 39.8 percent; and self-employed health insurance increased 38.9 percent.

This report is divided into six sections. Section 1 explains the requirements for filing, changes in the law for 1997, and the 1979 Income Concept. Section 2 describes the sample of individual income tax returns upon which the statistics are based. Section 3 contains tables of detailed aggregate statistics on individual tax returns. Section 4 provides explanations of the terms used in the tables. The tax forms appear in Section 5, and Section 6 contains a subject index.

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars¹

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

Item	Current dollars					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(1)	(2)	(3)	(4)	(5)	(6)
All returns*	114,601,819	115,943,131	118,218,327	120,351,208	122,421,991	1.7
Form 1040 returns.....	66,358,259	66,390,696	64,774,724	66,264,999	68,781,991	3.8
Electronically filed returns.....	3,858,800	3,562,384	4,130,001	4,905,975	6,972,994	42.1
Form 1040A returns.....	27,850,427	26,051,305	24,463,262	24,579,173	24,780,076	0.8
Electronically filed returns.....	7,707,100	5,639,602	5,975,664	7,083,225	8,475,296	19.7
Form 1040EZ returns.....	20,393,132	20,507,577	21,644,177	21,196,154	21,154,656	-0.2
Electronically filed returns.....	2,524,937	2,700,590	4,618,555	6,964,704	8,839,265	26.9
Form 1040PC returns.....	4,215,400	2,993,313	7,102,740	8,310,882	7,705,268	-7.3
Salaries & wages						
Number of returns.....	98,003,356	99,356,244	101,138,551	102,748,874	104,404,985	1.6
Amount.....	2,892,120,390	3,026,777,706	3,201,456,569	3,376,871,545	3,613,918,456	7.0
Taxable interest received						
Number of returns.....	65,233,312	65,340,012	67,028,830	67,159,338	67,300,571	0.2
Amount.....	131,140,527	126,169,276	154,780,536	165,672,564	171,700,242	3.6
Tax-exempt interest						
Number of returns.....	4,691,129	5,061,511	5,006,129	5,000,839	4,925,914	-1.5
Amount.....	46,459,032	48,296,834	48,518,428	48,216,666	49,016,921	1.7
Dividends in AGI						
Number of returns.....	24,690,816	25,235,082	26,214,195	27,709,581	29,507,639	6.5
Amount.....	79,728,631	82,410,237	94,592,325	104,254,986	120,493,432	15.6
State income tax refund						
Number of returns.....	17,272,312	17,771,636	18,261,317	18,352,565	19,218,388	4.7
Amount.....	11,237,850	11,853,690	12,235,548	12,751,223	14,094,351	10.5
Alimony received						
Number of returns.....	418,739	421,716	427,060	415,593	413,109	-0.6
Amount.....	4,208,182	4,397,932	4,339,781	4,592,121	4,965,883	8.1
Business or profession net income, less loss						
Number of returns.....	15,633,049	15,944,127	16,172,851	16,735,827	16,937,575	1.2
Amount.....	155,704,680	166,203,589	169,343,327	176,903,956	186,741,216	5.6
Net capital gain in AGI less loss						
Number of returns.....	14,465,599	14,808,542	15,284,562	16,636,286	24,240,112	45.7
Amount.....	141,576,763	139,544,718	166,758,085	245,960,751	356,083,267	44.8
Capital gain distributions reported on Form 1040						
Number of returns.....	3,942,860	4,014,164	4,678,363	5,428,435	N/A	--
Amount.....	2,595,138	2,743,634	3,657,121	5,856,183	N/A	--
Sales of property other than capital assets, net gain less loss						
Number of returns.....	1,705,943	1,774,653	1,777,233	1,822,036	1,744,602	-4.2
Amount.....	-3,825,285	-3,188,731	-3,010,038	-2,284,494	-1,460,402	36.1
Total IRA distributions						
Number of returns.....	5,130,514	5,502,525	5,858,634	6,456,820	6,761,089	4.7
Amount.....	48,717,807	55,312,555	59,840,199	70,006,464	79,009,673	12.9
Taxable IRA distributions in AGI						
Number of returns.....	4,382,772	4,777,297	5,255,882	5,831,146	6,214,044	6.6
Amount.....	27,080,640	33,106,103	37,316,169	45,538,743	55,182,520	21.2
Total pensions & annuities						
Number of returns.....	18,534,595	19,063,270	19,778,915	20,675,450	20,948,184	1.3
Amount.....	270,507,408	288,967,847	311,264,612	344,907,107	382,935,981	11.0
Taxable pensions & annuities in AGI						
Number of returns.....	17,441,114	17,893,606	18,414,601	19,272,307	19,496,575	1.2
Amount.....	194,014,034	205,442,984	221,053,045	238,786,811	259,711,251	8.8
Rents, royalties, partnerships, estates, trusts, etc.						
Number of returns.....	13,778,329	13,995,757	14,158,755	14,371,185	14,480,636	0.8
Amount.....	110,852,259	135,860,869	148,999,462	175,060,227	198,823,191	13.6
Farm net income less loss						
Number of returns.....	2,272,407	2,242,324	2,219,244	2,188,025	2,160,954	-1.2
Amount.....	-3,666,447	-7,378,101	-7,849,640	-7,111,985	-6,847,443	3.7
Unemployment compensation in AGI						
Number of returns.....	9,655,286	8,530,794	7,985,322	7,995,015	7,124,100	-10.9
Amount.....	27,586,208	20,285,055	19,336,423	19,326,824	17,230,102	-10.8
Social security benefits (received)						
Number of returns.....	10,412,635	10,040,115	10,292,449	10,961,473	11,351,510	3.6
Amount.....	112,359,437	112,332,115	119,291,657	130,679,153	139,958,629	7.1
Taxable social security benefits in AGI						
Number of returns.....	5,688,191	5,891,912	6,598,033	7,365,955	8,307,938	12.8
Amount.....	24,649,668	38,639,292	45,715,361	53,203,171	61,557,689	15.7
Foreign earned income exclusion ²						
Number of returns.....	243,928	257,240	266,129	279,004	297,534	6.6
Amount.....	10,657,053	11,096,943	12,284,935	11,982,578	13,170,179	9.9

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars--Continued¹

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

Item	Current dollars					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(1)	(2)	(3)	(4)	(5)	(6)
Net operating loss ²						
Number of returns.....	367,330	431,277	505,303	503,913	568,443	12.8
Amount.....	44,021,921	47,045,252	49,330,982	49,749,182	51,343,546	3.2
Other income, net gain less loss ²						
Number of returns.....	5,225,702	5,453,748	4,623,440	4,698,360	4,737,237	0.8
Amount.....	19,639,891	21,915,214	15,518,117	16,741,080	19,085,136	14.0
Total income, net gain less loss						
Number of returns.....	114,524,280	115,831,790	118,113,441	120,289,122	122,332,599	1.7
Amount.....	3,759,964,153	3,946,621,274	4,230,493,192	4,578,621,425	5,016,904,666	9.6
Total taxpayer IRA adjustment						
Number of returns.....	4,385,422	4,319,153	4,300,722	4,374,281	4,068,958	-7.0
Amount.....	8,527,400	8,388,771	8,338,014	8,627,534	8,662,694	0.4
One-half of self-employment tax						
Number of returns.....	12,486,990	12,734,753	12,849,084	13,204,164	13,513,228	2.3
Amount.....	11,867,147	13,104,801	13,341,810	14,044,148	14,868,362	5.9
Self-employed health insurance						
Number of returns.....	2,944,725	1,483,167	3,011,145	3,147,032	3,284,842	4.4
Amount.....	2,101,234	1,183,635	2,601,145	2,785,382	3,869,842	38.9
Keogh retirement plan						
Number of returns.....	947,949	995,844	1,032,102	1,079,413	1,189,981	10.2
Amount.....	8,160,190	8,194,688	8,734,145	8,979,382	10,237,623	14.0
Penalty on early withdrawal of savings						
Number of returns.....	691,586	636,445	803,838	708,631	918,302	29.6
Amount.....	105,227	137,032	203,861	167,528	234,237	39.8
Alimony paid adjustment						
Number of returns.....	628,100	639,000	567,947	597,157	623,646	4.4
Amount.....	5,305,227	5,513,611	5,225,564	5,668,169	6,311,455	11.3
Foreign housing deductions						
Number of returns.....	2,479	4,312	5,765	4,055	654	-83.9
Amount.....	17,248	50,994	114,619	75,059	16,361	-78.2
Other adjustments						
Number of returns.....	103,801	125,020	126,323	120,561	118,629	-1.6
Amount.....	540,601	981,245	860,329	618,170	884,074	43.0
Total statutory adjustments						
Number of returns.....	17,179,519	17,859,335	18,208,887	18,424,901	18,785,760	2.0
Amount.....	36,624,273	39,103,321	41,139,577	42,646,933	46,954,680	10.1
Adjusted gross income or loss (AGI)						
Amount.....	3,723,339,880	3,907,517,953	4,189,353,615	4,535,974,492	4,969,949,986	9.6
Total itemized deductions						
Number of returns.....	32,821,464	33,017,754	34,007,717	35,414,589	36,624,595	3.4
Amount.....	490,403,708	493,654,068	527,374,034	572,541,293	620,810,172	8.4
Total standard deduction						
Number of returns.....	80,840,916	81,947,182	83,222,737	83,996,917	84,844,302	1.0
Amount.....	382,134,445	397,106,389	413,584,632	426,102,973	441,695,925	3.7
Basic standard deduction						
Number of returns.....	80,840,916	81,947,182	83,222,737	83,996,917	84,844,302	1.0
Amount.....	370,905,395	385,027,102	401,265,344	412,808,983	428,362,726	3.8
Additional standard deduction						
Number of returns.....	10,547,983	10,621,983	10,809,600	11,042,761	11,136,379	0.8
Amount.....	11,229,050	12,079,287	12,319,288	13,293,990	13,333,199	0.3
AGI less deductions						
Number of returns.....	102,468,642	104,288,562	106,211,028	107,919,330	110,720,898	2.6
Amount.....	2,925,681,033	3,092,849,174	3,326,498,893	3,615,875,867	3,984,130,897	10.2
Number of exemptions.....	232,920,023	232,716,395	237,164,486	238,626,393	241,279,259	1.1
Exemption amount.....	540,540,132	562,559,033	584,509,487	598,860,677	627,825,050	4.8
Taxable income						
Number of returns.....	90,831,069	92,793,239	94,612,292	96,576,755	99,314,519	2.8
Amount.....	2,453,542,706	2,597,980,066	2,813,826,386	3,089,667,389	3,429,109,165	11.0
Tax from table, rate schedules, etc.						
Number of returns.....	90,737,061	92,689,014	94,482,512	96,513,834	99,217,292	2.8
Amount.....	508,359,262	540,938,022	595,744,087	666,575,498	738,819,027	10.8
Additional taxes						
Number of returns.....	73,274	100,985	65,179	36,237	59,250	63.5
Amount.....	534,701	633,313	424,567	148,670	663,002	346.0
Income tax before credits						
Number of returns.....	90,754,509	92,701,755	94,497,909	96,522,237	99,225,503	2.8
Amount.....	508,893,963	541,571,335	596,168,654	666,724,167	739,482,029	10.9
Child care credit						
Number of returns.....	6,090,070	6,011,648	5,964,253	5,974,146	5,795,530	-3.0
Amount.....	2,559,319	2,525,652	2,517,962	2,531,383	2,464,005	-2.7
Credit for elderly or disabled						
Number of returns.....	223,053	222,358	251,524	168,012	190,343	13.3
Amount.....	49,019	46,601	48,028	31,836	41,281	29.7
Foreign tax credit						
Number of returns.....	1,292,596	1,545,691	1,730,566	2,105,799	2,334,015	10.8
Amount.....	2,217,865	2,308,948	2,965,313	3,538,835	4,073,461	15.1

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars--Continued¹

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

Item	Current dollars					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(1)	(2)	(3)	(4)	(5)	(6)
General business credit						
Number of returns.....	255,132	301,244	267,527	297,511	306,254	2.9
Amount.....	578,304	690,038	702,906	742,891	826,320	11.2
Prior year minimum tax credit						
Number of returns.....	60,158	77,133	106,592	117,414	118,571	1.0
Amount.....	256,340	376,558	468,755	669,545	681,282	1.8
Total credits ³						
Number of returns.....	7,928,776	8,120,873	8,263,198	8,583,103	8,712,146	1.5
Amount.....	5,858,492	6,141,494	6,894,461	7,740,814	8,410,868	8.7
Income tax less credits ¹						
Number of returns.....	90,175,136	92,092,322	94,020,926	96,051,501	98,794,570	2.9
Amount.....	503,035,471	535,429,841	589,274,192	658,983,353	731,071,161	10.9
Self-employment tax						
Number of returns.....	12,501,349	12,748,808	12,850,372	13,217,169	13,515,150	2.3
Amount.....	23,753,616	26,227,746	26,678,859	28,094,894	29,738,153	5.8
Alternative minimum tax						
Number of returns.....	334,615	368,964	414,106	477,898	618,072	29.3
Amount.....	2,052,790	2,212,094	2,290,576	2,812,746	4,005,101	42.4
Recapture taxes						
Number of returns.....	9,699	7,280	7,416	12,207	26,922	120.5
Amount.....	30,014	34,596	51,517	70,167	133,018	89.6
Social security, Medicare tax on tip income not reported						
Number of returns.....	280,979	347,712	267,601	286,946	267,055	-6.9
Amount.....	37,372	33,599	43,651	32,100	27,826	-13.3
Tax on qualified retirement plans						
Number of returns.....	2,673,956	2,832,705	3,039,096	3,434,814	3,415,245	-0.6
Amount.....	1,392,898	1,501,808	1,780,113	2,189,148	2,335,845	6.7
Advanced earned income credit payments						
Number of returns.....	35,196	220,447	193,751	192,014	239,664	24.8
Amount.....	10,316	75,243	124,693	91,737	122,398	33.4
Total tax liability ^{1,4}						
Number of returns.....	93,330,455	95,432,579	97,461,757	99,665,343	102,359,516	2.7
Amount.....	530,328,396	565,560,681	620,965,863	693,027,778	768,290,921	10.9
Income tax withheld						
Number of returns.....	98,688,932	100,436,904	102,436,220	104,213,605	106,483,908	2.2
Amount.....	426,405,232	460,687,479	495,484,153	533,284,434	582,124,212	9.2
Estimated tax payments						
Number of returns.....	12,379,549	12,083,839	11,903,592	12,333,764	12,766,410	3.5
Amount.....	116,326,360	115,983,568	122,489,252	141,571,020	162,584,233	14.8
Earned income credit ⁵						
Number of returns.....	15,117,389	19,017,357	19,334,397	19,463,836	19,391,179	-0.4
Amount.....	15,536,762	21,105,158	25,955,575	28,825,258	30,388,582	5.4
Payment with an extension request						
Number of returns.....	1,167,281	1,249,234	1,368,994	1,422,648	1,597,435	12.3
Amount.....	11,830,005	19,752,634	24,929,343	32,447,235	38,918,434	19.9
Excess social security tax withheld						
Number of returns.....	897,355	930,953	1,033,189	1,178,757	1,267,562	7.5
Amount.....	925,295	935,083	1,081,454	1,313,451	1,399,705	6.6
Other payments:						
Form 2439						
Number of returns.....	51,004	30,165	42,037	87,976	68,097	-22.6
Amount.....	63,897	44,384	67,482	60,178	55,227	-8.2
Form 4136						
Number of returns.....	584,651	575,317	519,653	513,815	445,633	-13.3
Amount.....	155,319	157,098	123,815	108,650	101,328	-6.7
Total payments ^{1,5}						
Number of returns.....	107,125,726	109,152,732	111,098,864	112,926,241	115,138,784	2.0
Amount.....	579,499,432	618,682,380	670,131,074	737,610,226	815,571,720	10.6
Overpayment, total						
Number of returns.....	82,403,149	85,089,436	85,348,771	86,492,206	88,311,237	2.1
Amount.....	98,875,046	112,924,413	119,462,121	128,964,442	140,110,378	8.6
Overpayment refunded						
Number of returns.....	79,275,446	82,136,645	82,744,440	83,668,927	85,381,040	2.0
Amount.....	84,776,869	98,539,553	104,537,379	111,680,967	119,706,937	7.2
Refund credited to next year						
Number of returns.....	4,624,588	4,347,767	3,671,556	3,862,330	4,109,601	6.4
Amount.....	14,098,178	14,384,861	14,924,742	17,283,475	20,403,441	18.1
Tax due at time of filing						
Number of returns.....	28,637,871	27,639,693	29,734,331	30,601,619	31,198,382	2.0
Amount.....	50,330,900	60,507,961	71,153,015	85,337,201	93,909,641	10.0
Tax penalty						
Number of returns.....	4,972,115	4,707,696	5,177,201	5,530,812	5,920,839	7.1
Amount.....	626,890	705,246	856,106	955,207	1,080,062	13.1

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars--Continued¹

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

Item	Constant 1990 dollars ⁶					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(7)	(8)	(9)	(10)	(11)	(12)
All returns*	114,601,819	115,943,131	118,218,327	120,351,208	122,421,991	1.7
Form 1040 returns.....	66,358,259	66,390,696	64,774,724	66,264,999	68,781,991	3.8
Electronically filed returns.....	3,858,800	3,562,384	4,130,001	4,905,975	6,972,994	42.1
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Form 1040EZ returns.....	20,393,132	20,507,577	21,644,177	21,196,154	21,154,656	-0.2
Electronically filed returns.....	2,524,937	2,700,590	4,618,555	6,964,704	8,839,265	26.9
Form 1040PC returns.....	4,215,400	2,993,313	7,102,740	8,310,882	7,705,268	-7.3
Salaries & wages						
Number of returns.....	98,003,356	99,356,244	101,138,551	102,748,874	104,404,985	1.6
Amount.....	2,614,937,061	2,669,116,143	2,745,674,587	2,814,059,621	2,942,930,339	4.6
Taxable interest received						
Number of returns.....	65,233,312	65,340,012	67,028,830	67,159,338	67,300,571	0.2
Amount.....	118,571,905	111,260,384	132,744,885	138,060,470	139,821,044	1.3
Tax-exempt interest						
Number of returns.....	4,691,129	5,061,511	5,006,129	5,000,839	4,925,914	-1.5
Amount.....	42,006,358	42,589,801	41,611,002	40,180,555	39,916,059	-0.7
Dividends in AGI						
Number of returns.....	24,690,816	25,235,082	26,214,195	27,709,581	29,507,639	6.5
Amount.....	72,087,370	72,672,167	81,125,493	86,879,155	98,121,687	12.9
State income tax refund						
Number of returns.....	17,272,312	17,771,636	18,261,317	18,352,565	19,218,388	4.7
Amount.....	10,160,805	10,452,989	10,493,609	10,626,019	11,477,485	8.0
Alimony received						
Number of returns.....	418,739	421,716	427,060	415,593	413,109	-0.6
Amount.....	3,804,866	3,878,247	3,721,939	3,826,768	4,043,879	5.7
Business or profession net income, less loss						
Number of returns.....	15,633,049	15,944,127	16,172,851	16,735,827	16,937,575	1.2
Amount.....	140,781,808	146,564,011	145,234,414	147,419,963	152,069,394	3.2
Net capital gain in AGI less loss						
Number of returns.....	14,465,599	14,808,542	15,284,562	16,636,286	24,240,112	45.7
Amount.....	128,007,923	123,055,307	143,017,226	204,967,293	289,970,087	41.5
Capital gain distributions reported on Form 1040						
Number of returns.....	3,942,860	4,014,164	4,678,363	5,428,435	N/A	--
Amount.....	2,346,418	2,419,430	3,136,467	4,880,153	N/A	--
Sales of property other than capital assets, net gain less loss						
Number of returns.....	1,705,943	1,774,653	1,777,233	1,822,036	1,744,602	-4.2
Amount.....	-3,458,666	-2,811,932	-2,581,508	-1,903,745	-1,189,252	37.5
Total IRA distributions						
Number of returns.....	5,130,514	5,502,525	5,858,634	6,456,820	6,761,089	4.7
Amount.....	44,048,650	48,776,504	51,320,925	58,338,720	64,340,125	10.3
Taxable IRA distributions in AGI						
Number of returns.....	4,382,772	4,777,297	5,255,882	5,831,146	6,214,044	6.6
Amount.....	24,485,208	29,194,094	32,003,575	37,948,953	44,936,906	18.4
Total pensions & annuities						
Number of returns.....	18,534,595	19,063,270	19,778,915	20,675,450	20,948,184	1.3
Amount.....	244,581,743	254,821,735	266,950,782	287,422,589	311,837,118	8.5
Taxable pensions & annuities in AGI						
Number of returns.....	17,441,114	17,893,606	18,414,601	19,272,307	19,496,575	1.2
Amount.....	175,419,561	181,166,653	189,582,371	198,989,009	211,491,247	6.3
Rents, royalties, partnerships, estates, trusts, etc.						
Number of returns.....	13,778,329	13,995,757	14,158,755	14,371,185	14,480,636	0.8
Amount.....	100,228,082	119,806,763	127,786,846	145,883,523	161,908,136	11.0
Farm net income less loss						
Number of returns.....	2,272,407	2,242,324	2,219,244	2,188,025	2,160,954	-1.2
Amount.....	-3,315,052	-6,506,262	-6,732,110	-5,926,654	-5,576,094	5.9
Unemployment compensation in AGI						
Number of returns.....	9,655,286	8,530,794	7,985,322	7,995,015	7,124,100	-10.9
Amount.....	24,942,322	17,888,056	16,583,553	16,105,687	14,031,028	-12.9
Social security benefits (received)						
Number of returns.....	10,412,635	10,040,115	10,292,449	10,961,473	11,351,510	3.6
Amount.....	101,590,811	99,058,302	102,308,454	108,899,294	113,972,825	4.7
Taxable social security benefits in AGI						
Number of returns.....	5,688,191	5,891,912	6,598,033	7,365,955	8,307,938	12.8
Amount.....	22,287,222	34,073,450	39,206,999	44,335,976	50,128,411	13.1
Foreign earned income exclusion ²						
Number of returns.....	243,928	257,240	266,129	279,004	297,534	6.6
Amount.....	9,635,672	9,785,664	10,535,965	9,985,482	10,724,901	7.4

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars--Continued¹

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

Item	Constant 1990 dollars					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(7)	(8)	(9)	(10)	(11)	(12)
Net operating loss ²						
Number of returns.....	367,330	431,277	505,303	503,913	568,443	12.8
Amount.....	39,802,822	41,486,113	42,307,875	41,457,652	41,810,705	0.9
Other income, net gain less loss ²						
Number of returns.....	5,225,702	5,453,748	4,623,440	4,698,360	4,737,237	0.8
Amount.....	17,757,587	19,325,586	13,308,848	13,950,900	15,541,642	11.4
Total income, net gain less loss						
Number of returns.....	114,524,280	115,831,790	118,113,441	120,289,122	122,332,599	1.7
Amount.....	3,399,605,925	3,480,265,674	3,628,210,285	3,815,517,854	4,085,427,252	7.1
Total taxpayer IRA adjustment						
Number of returns.....	4,385,422	4,319,153	4,300,722	4,374,281	4,068,958	-7.0
Amount.....	7,710,127	7,397,505	7,150,955	7,189,612	7,054,311	-1.9
One-half of self-employment tax						
Number of returns.....	12,486,990	12,734,753	12,849,084	13,204,164	13,513,228	2.3
Amount.....	10,729,789	11,556,262	11,442,376	11,703,457	12,107,787	3.5
Self-employed health insurance						
Number of returns.....	2,944,725	1,483,167	3,011,145	3,147,032	3,284,842	4.4
Amount.....	1,899,850	1,043,770	2,230,828	2,321,152	3,151,337	35.8
Keogh retirement plan						
Number of returns.....	947,949	995,844	1,032,102	1,079,413	1,189,981	10.2
Amount.....	7,378,110	7,226,356	7,490,690	7,482,818	8,336,827	11.4
Penalty on early withdrawal of savings						
Number of returns.....	691,586	636,445	803,838	708,631	918,302	29.6
Amount.....	95,142	120,840	174,838	139,607	190,747	36.6
Alimony paid adjustment						
Number of returns.....	628,100	639,000	567,947	597,157	623,646	4.4
Amount.....	4,796,769	4,862,091	4,481,616	4,723,474	5,139,621	8.8
Foreign housing deductions						
Number of returns.....	2,479	4,312	5,765	4,055	654	-83.9
Amount.....	15,595	44,968	98,301	62,549	13,323	-78.7
Other adjustments						
Number of returns.....	103,801	125,020	126,323	120,561	118,629	-1.6
Amount.....	488,789	865,295	737,846	515,142	719,930	39.8
Total statutory adjustments						
Number of returns.....	17,179,519	17,859,335	18,208,887	18,424,901	18,785,760	2.0
Amount.....	33,114,171	34,482,646	35,282,656	35,539,111	38,236,710	7.6
Adjusted gross income or loss (AGI)						
Amount.....	3,366,491,754	3,445,783,027	3,592,927,629	3,779,978,743	4,047,190,542	7.1
Total itemized deductions						
Number of returns.....	32,821,464	33,017,754	34,007,717	35,414,589	36,624,595	3.4
Amount.....	443,402,991	435,321,048	452,293,340	477,117,744	505,545,743	6.0
Total standard deduction						
Number of returns.....	80,840,916	81,947,182	83,222,737	83,996,917	84,844,302	1.0
Amount.....	345,510,348	350,182,001	354,703,801	355,085,811	359,687,235	1.3
Basic standard deduction						
Number of returns.....	80,840,916	81,947,182	83,222,737	83,996,917	84,844,302	1.0
Amount.....	335,357,500	339,530,072	344,138,374	344,007,486	348,829,581	1.4
Additional standard deduction						
Number of returns.....	10,547,983	10,621,983	10,809,600	11,042,761	11,136,379	0.8
Amount.....	10,152,848	10,651,929	10,565,427	11,078,325	10,857,654	-2.0
AGI less deductions						
Number of returns.....	102,468,642	104,288,562	106,211,028	107,919,330	110,720,898	2.6
Amount.....	2,645,281,223	2,727,380,224	2,852,915,003	3,013,229,889	3,244,406,268	7.7
Number of exemptions.....	232,920,023	232,716,395	237,164,486	238,626,393	238,626,393	0.0
Exemption amount.....	488,734,297	496,083,803	501,294,586	499,050,564	511,258,184	2.4
Taxable income						
Number of returns.....	90,831,069	92,793,239	94,612,292	96,576,755	99,314,519	2.8
Amount.....	2,218,393,043	2,290,987,713	2,413,230,177	2,574,722,824	2,792,434,173	8.5
Tax from table, rate schedules, etc.						
Number of returns.....	90,737,061	92,689,014	94,482,512	96,513,834	99,217,292	2.8
Amount.....	459,637,669	477,017,656	510,929,749	555,479,582	601,644,159	8.3
Additional taxes						
Number of returns.....	73,274	100,985	65,179	36,237	59,250	63.5
Amount.....	483,455	558,477	364,123	123,892	539,904	335.8
Income tax before credits						
Number of returns.....	90,754,509	92,701,755	94,497,909	96,522,237	99,225,503	2.8
Amount.....	460,121,124	477,576,133	511,293,871	555,603,473	602,184,063	8.4
Child care credit						
Number of returns.....	6,090,070	6,011,648	5,964,253	5,974,146	5,795,530	-3.0
Amount.....	2,314,032	2,227,206	2,159,487	2,109,486	2,006,519	-4.9
Credit for elderly or disabled						
Number of returns.....	223,053	222,358	251,524	168,012	190,343	13.3
Amount.....	44,321	41,094	41,190	26,530	33,616	26.7
Foreign tax credit						
Number of returns.....	1,292,596	1,545,691	1,730,566	2,105,799	2,334,015	10.8
Amount.....	2,005,303	2,036,109	2,543,150	2,949,029	3,317,151	12.5

Table A--Selected Income and Tax Items for Selected Years, 1993-1997, in Current and Constant 1990 Dollars--Continued¹

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

Item	Constant 1990 dollars ²					Percent change, 1996 to 1997
	1993	1994	1995	1996	1997	
	(7)	(8)	(9)	(10)	(11)	(12)
General business credit						
Number of returns.....	255,132	301,244	267,527	297,511	306,254	2.9
Amount.....	522,879	608,499	602,835	619,076	672,899	8.7
Prior year minimum tax credit						
Number of returns.....	60,158	77,133	106,592	117,414	118,571	1.0
Amount.....	231,772	332,062	402,020	557,954	554,790	-0.6
Total credits ³						
Number of returns.....	7,928,776	8,120,873	8,263,198	8,583,103	8,712,146	1.5
Amount.....	5,297,009	5,415,780	5,912,917	6,450,678	6,849,241	6.2
Income tax less credits ⁴						
Number of returns.....	90,175,136	92,092,322	94,020,926	96,051,501	98,794,570	2.9
Amount.....	454,824,115	472,160,354	505,380,954	549,152,794	595,334,822	8.4
Self-employment tax						
Number of returns.....	12,501,349	12,748,808	12,850,372	13,217,169	13,515,150	2.3
Amount.....	21,477,049	23,128,524	22,880,668	23,412,412	24,216,737	3.4
Alternative minimum tax						
Number of returns.....	334,615	368,964	414,106	477,898	618,072	29.3
Amount.....	1,856,049	1,950,700	1,964,473	2,343,955	3,261,483	39.1
Recapture taxes						
Number of returns.....	9,699	7,280	7,416	12,207	26,922	120.5
Amount.....	27,137	30,508	44,183	58,473	108,321	85.3
Social security, Medicare tax on tip income not reported						
Number of returns.....	280,979	347,712	267,601	286,946	267,055	-6.9
Amount.....	33,790	29,629	37,437	26,750	22,660	-15.3
Tax on qualified retirement plans						
Number of returns.....	2,673,956	2,832,705	3,039,096	3,434,814	3,415,245	-0.6
Amount.....	1,259,401	1,324,346	1,526,684	1,824,290	1,902,154	4.3
Advanced earned income credit payments						
Number of returns.....	35,196	220,447	193,751	192,014	239,664	24.8
Amount.....	9,327	66,352	106,941	76,448	99,673	30.4
Total tax liability ^{1,4}						
Number of returns.....	93,330,455	95,432,579	97,461,757	99,665,343	102,359,516	2.7
Amount.....	479,501,262	498,730,759	532,560,774	577,523,148	625,644,072	8.3
Income tax withheld						
Number of returns.....	98,688,932	100,436,904	102,436,220	104,213,605	106,483,908	2.2
Amount.....	385,538,184	406,249,981	424,943,527	444,403,695	474,042,518	6.7
Estimated tax payments						
Number of returns.....	12,379,549	12,083,839	11,903,592	12,333,764	12,766,410	3.5
Amount.....	105,177,541	102,278,279	105,050,816	117,975,850	132,397,584	12.2
Earned income credit ⁵						
Number of returns.....	15,117,389	19,017,357	19,334,397	19,463,836	19,391,179	-0.4
Amount.....	14,047,705	18,611,250	22,260,356	24,021,048	24,746,402	3.0
Payment with an extension request						
Number of returns.....	1,167,281	1,249,234	1,368,994	1,422,648	1,597,435	12.3
Amount.....	10,696,207	17,418,549	21,380,226	27,039,363	31,692,536	17.2
Excess social security tax withheld						
Number of returns.....	897,355	930,953	1,033,189	1,178,757	1,267,562	7.5
Amount.....	836,614	824,588	927,491	1,094,543	1,139,825	4.1
Other payments:						
Form 2439						
Number of returns.....	51,004	30,165	42,037	87,976	68,097	-22.6
Amount.....	57,773	39,139	57,875	50,148	44,973	-10.3
Form 4136						
Number of returns.....	584,651	575,317	519,653	513,815	445,633	-13.3
Amount.....	140,433	138,534	106,188	90,542	82,515	-8.9
Total payments ^{1,4}						
Number of returns.....	107,125,726	109,152,732	111,098,864	112,926,241	115,138,784	2.0
Amount.....	523,959,703	545,575,291	574,726,479	614,675,188	664,146,352	8.0
Overpayment, total						
Number of returns.....	82,403,149	85,089,436	85,348,771	86,492,206	88,311,237	2.1
Amount.....	89,398,776	99,580,611	102,454,649	107,470,368	114,096,399	6.2
Overpayment refunded						
Number of returns.....	79,275,446	82,136,645	82,744,440	83,668,927	85,381,040	2.0
Amount.....	76,651,780	86,895,549	89,654,699	93,067,473	97,481,219	4.7
Refund credited to next year						
Number of returns.....	4,624,588	4,347,767	3,671,556	3,862,330	4,109,601	6.4
Amount.....	12,746,996	12,685,063	12,799,950	14,402,896	16,615,180	15.4
Tax due at time of filing						
Number of returns.....	28,637,871	27,639,693	29,734,331	30,601,619	31,198,382	2.0
Amount.....	45,507,143	53,357,990	61,023,169	71,114,334	76,473,649	7.5
Tax penalty						
Number of returns.....	4,972,115	4,707,696	5,177,201	5,530,812	5,920,839	7.1
Amount.....	566,808	621,910	734,225	796,006	879,529	10.5

¹ All items correspond to the Form 1040 line items. Therefore, some may differ from the SOI items shown in the Basic Tables in Section 3.

N/A = Not applicable

² Line 21 on Form 1040 consists of other income minus foreign earned income exclusion and net operating loss.³ Total credits includes the values for mortgage interest tax credit and "other credits" not tabulated here.⁴ Total tax liability includes the values for "other taxes" not tabulated here.⁵ Total payments includes the value for the deferral of additional 1993 taxes, however, this is a value for 1993 only and is not included in table A. The value can be found in table 3.3.⁶ Inflation-adjusted data were calculated using the consumer price index in the "Economic Report of the President," February 1997, Table B-59; based on 1990=100 when 1990 CPI-U = 130 1997 CPI-U = 160.5; 1996 CPI-U = 156.9; 1995 CPI-U = 152.4; 1994 CPI-U = 148.2; 1993 CPI-U = 144.5.

Figure 1--General Filing Requirements

Marital Status	Filing Status	Age	Gross Income
Single (including divorced and legally separated)	Single	under 65	\$6,800
		65 or older	\$7,800
	Head of household	under 65	\$8,700
		65 or older	\$9,700
Married with a child and living apart from spouse during the last six months of 1997	Head of household	under 65	\$8,700
		65 or older	\$9,700
Married and living with spouse at the end of 1997 (or on the date spouse died)	Married, joint return	under 65 (both spouses)	\$12,200
		65 or older (one spouse)	\$13,000
		65 or older (both spouses)	\$13,800
	Married, separate return	any age	\$2,650
Married, not living with spouse at the end of 1997 (or on the date spouse died)	Married, joint or separate return	any age	\$2,650
Widowed in 1995 or 1996 and not remarried in 1997	Single	under 65	\$6,800
		65 or older	\$7,800
	Head of household	under 65	\$8,700
		65 or older	\$9,700
	Qualifying widow(er) with dependent child	under 65	\$9,550
		65 or older	\$10,350

Requirements for Filing

The filing requirements for Tax Year 1997 were based on gross income, marital status, age, and, to a lesser extent, dependency and blindness. Gross income included all income received in the form of money, property, and services that was not expressly exempt from tax. Generally, a citizen or resident of the United States was required to file a tax return if gross income for the year was at least as much as the amount shown for the appropriate filing status in Figure 1. If the taxpayer could be claimed as a dependent by another person (such as a parent), Figure 2 was used to determine the necessity for filing.

In addition to the general filing requirements, an individual was obligated to file a return for Tax Year 1997 if he or she:

1. was liable for any of the following taxes:
 - social security or Medicare tax on unreported tip income;
 - uncollected social security, Medicare, or railroad retirement tax on reported tip income or group-term life insurance;
 - alternative minimum tax;
 - tax on an individual retirement arrangement (IRA) or a qualified retirement plan;
 - tax from the recapture of investment credit or low-income housing credit;

Figure 2.-Filing Requirements for Children and Other Dependents

If someone (such as a parent) can claim the individual as a dependent, and any of the four conditions listed below applies, he or she must file a return.

In this chart unearned income includes taxable interest and dividends. Earned income includes wages, tips, and taxable scholarship and fellowship grants.

Caution: If an individual's gross income was \$2,650 or more, he or she generally could not be claimed as a dependent unless the individual was under age 19 or under age 24 and a full-time student.

1. Single dependents under 65 must file a return if-

Unearned income was:	and	The total of that income plus earned income was:
\$1 or more		more than \$650
\$0		more than \$4,150

2. Single dependents 65 or older or blind must file a return if-

- Earned income was more than \$5,150 (\$6,150 if 65 or older and blind), or
- Unearned income was more than \$1,650 (\$2,650 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$4,150) or \$650, whichever is larger, plus \$1,000 (\$2,000 if 65 or older and blind).

3. Married dependents under 65 must file a return if-

- Earned income was more than \$3,450, or
- Unearned income was more than \$0 and gross income was more than \$650, or
- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.

4. Married dependents 65 or older or blind must file a return if-

- Earned income was more than \$4,250 (\$5,050 if 65 or older and blind), or
- Unearned was more than \$1,450 (\$2,250 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$3,450) or \$650, whichever is larger, plus \$800 (\$1,600 if 65 or older and blind), or
- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.

- tax from medical savings accounts (MSA);
- 2. received any advanced earned income credit (AEIC) payments.
- 3. had net earnings from self-employment of at least \$400; or
- 4. had wages of \$108.28 or more from a church or qualified church-controlled

organization that was exempt from employer social security and Medicare taxes.

Data shown in this report include individuals who were not required to file tax returns, but did so for any of a number of reasons. For example, an individual might have filed a return to obtain a refund of tax withheld, or take advantage of the earned income credit.

Changes in Law

Major changes in effect for Tax Year 1997 which influenced the Statistics of Income data are listed below. Section 4, Explanation of Terms, provides more detailed explanations and definitions of the terms used in this report.

Adoption Credit

A taxpayer who paid qualified adoption expenses in 1997 and the adoption was final in or before 1997 was able to take a tax credit. The credit could have been as much as \$5,000 for each child (\$6,000 for a child with special needs).

Capital Gain Distributions

Beginning with Tax Year 1997, all capital gain distributions had to be reported on the Schedule D, even if there were no other capital gains or losses.

Capital Gain Rate

The maximum long-term capital gains tax rate for most sales or exchanges of properties after May 6, 1997 was reduced to 20 percent (10 percent for taxpayers in the 15-percent tax bracket). Sales or exchanges before May 7, 1997 or after July 28, 1997 for assets held more than a year but less than 18 months were still taxed at the 28-percent rate. Gains from the sale of certain depreciable real property was taxed at a 25-percent rate. Therefore, for 1997, the long-term capital gain tax rate could be 10-percent, 20-percent, 25-percent, or 28-percent.

Earned Income Credit

The income eligibility level and amount of the earned income credit (EIC) for 1997 was adjusted for inflation. If a taxpayer's "earned income" and modified adjusted gross income for 1997 were both less than \$25,760 and the taxpayer had one qualifying child living with them, the credit could be as much as \$2,210. If the taxpayer had two or more qualifying children living with them and earned less than \$29,290, the credit could be as much as \$3,656. For those taxpayers with no qualifying children and earned

less than \$9,770, the credit could be as much as \$332.

Modified AGI did not include the losses from sales of capital assets, estates and trusts, rents and royalties, and 50 percent of business losses. Also, taxpayers with investment income totaling more than \$2,250 were not eligible to receive the EIC. Investment income included interest (taxable and tax-exempt), dividend income, and capital gain net income.

Exemption Amount

Indexing for inflation allowed a taxpayer to claim a \$2,650 deduction for each exemption to which he or she was entitled for 1997, an increase over the \$2,550 allowed for 1996. The AGI threshold for the limitation of exemption amounts was also indexed for inflation, increasing from \$117,950 to \$121,200 for single filers; \$176,950 to \$181,800 for married persons filing jointly and surviving spouses; \$147,450 to \$151,500 for heads of household; and \$88,475 to \$90,900 for married persons filing separately. The phaseout of the deduction for exemptions was completed at AGI levels above \$243,700 for single filers; \$304,300 for married persons filing jointly and surviving spouses; \$274,000 for heads of household; and \$152,150 for married persons filing separately. Above these levels, no deduction for exemptions was allowed.

Individual Retirement Arrangements

Married couples filing a joint return could contribute up to \$2,000 to each spouses IRA, even if one spouse had minimal or no compensation. Therefore, the total combined IRA contributions could be up to \$4,000 for a year. In previous years the maximum contributions was \$2,250 if one spouse had no compensation.

Itemized Deductions

If a taxpayer's AGI was greater than \$121,200 (\$60,600 if married filing separately), his or her itemized deductions may have been limited; the threshold was increased from \$117,950 (\$58,975) for 1996, as a result of

inflation indexing. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: (a) 80 percent of the non-exempt deductions, or (b) 3 percent of the amount of AGI in excess of the limitation threshold.

Medical Savings Account Deduction

Certain taxpayers who were covered only by a high-deductible health plan were able to participate in the medical savings account program. The taxpayer was allowed to take a deduction of up to \$1,462.50 (\$3,375 for a family) a year for contributions to a medical savings account.

Sale of a Home

Taxpayers who sold their main homes after May 6, 1997, were able to exclude from income up to \$250,000 (\$500,000 for married couples filing a joint tax return) of the gain on the sale of their homes.

Self-Employed Health Insurance Deduction

The maximum percentage of self-employed health insurance premiums that a taxpayer could deduct as an adjustment to income rose to 40 percent, up from 30 percent in 1996.

Self-employment Tax

The ceiling on taxable "self-employment income" was raised for 1997, to \$65,400 for the social security portion (12.4 percent) of the self-employment tax. The limit was \$62,700 for 1996. Also, all "net earnings" of at least \$400 (\$108.28 for church employees) were subject to the (2.9 percent) Medicare tax portion. (Self-employment taxes and Medicare taxes are reflected in the statistics for "total tax liability.")

Standard Deduction

The standard deduction increased for 1997 as a result of inflation indexing. For single filers, the standard deduction rose from \$4,000 to \$4,150; for married persons filing jointly or surviving spouses, from \$6,700 to \$6,900; for married persons filing separately, from \$3,350 to \$3,450; and for heads of household, from \$5,900 to \$6,050. The basic standard deduction claimed by filers who were dependent children of other taxpayers remained at \$650 for 1997. Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$800 or \$1000 depending on marital status.

The 1979 Income Concept A Retrospective Income Definition

In order to analyze changes in income and taxes over a period of years, a consistent definition of income must be used. The income concept available from Federal income tax returns, AGI, was designed to facilitate tax administration, and its definition has changed over time to reflect modifications to the Internal Revenue Code. Tax laws of the 1980's (the Economic Recovery Tax Act of 1981, the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984, and the Tax Reform Act of 1986) made significant changes to the components of AGI, which made it more difficult to use AGI for accurate comparisons of income from year to year. For this reason, it was decided to develop an income definition that would be applicable over several years, and allow comparisons both before and after the major tax legislation of the 1980's.

The result was a retrospective income definition known as the 1979 Income Concept, reflecting a base period from 1979 through 1986. It was calculated using only data available from individual income tax returns. By using the same income items in the calculation each year, its definition was consistent throughout the base years. In addition, this retrospective income definition could be used in future years to compare income by continuing to include the same components that were common to all years.

Figure 3.-Calculation of the 1979 Income Concept for 1997

1979 Total Income Concept=

Salaries and wages¹

plus (+):

- interest¹
- dividends¹
- taxable refunds¹
- alimony received¹
- sale of capital assets, net gain less loss¹
- other gains or losses (Form 4797)¹
- net business income or loss¹
- net farm income or loss¹
- rent net income or loss¹
- net royalty income or loss¹
- net partnership income or loss¹
- net subchapter S corporation income or loss¹
- net farm rental income or loss¹
- net estate and trust income or loss¹
- unemployment compensation¹
- depreciation in excess of straight-line depreciation²
- total pension income²
- other net income less loss¹
- net operating loss¹

minus (-):

- disallowed passive losses³
- moving expenses¹
- alimony¹
- unreimbursed business expense³

¹ Included in AGI for Tax Year 1997.

² Not fully included in AGI for Tax Year 1997.

³ Not included in AGI for Tax Year 1997.

The calculation of the 1979 Income Concept is shown in Figure 3. Several items partially excluded from AGI for the base years were fully included in this new income measure, the largest of which was capital gains. The full amount of all capital gains, as well as all dividends and unemployment compensation, was included in the income calculation. Total pensions, annuities, IRA distributions, and roll-overs were added, including the non-taxable portions that were excluded from AGI. Social security benefits were omitted because they were not reported on tax returns until 1984. Also, any depreciation in excess of straight-line depreciation, which was subtracted in computing AGI, was added back.

Deductions that could be subtracted in the calculation of the 1979 Income Concept were limited to employee business expenses, alimony paid, and moving expenses. These same items were also subtracted in computing AGI until 1987 when unreimbursed business expenses and moving expenses were changed from adjustments to itemized deductions. Starting in 1994, moving expenses were once more made an adjustment to income. The amounts reported for employee business expenses by taxpayers who itemized deductions were subtracted in the calculation of the 1979 Income Concept. Taxpayers who did not itemize deductions, however, could not claim this expense (as well

Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 1997

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

Size of income	Income				Salaries and wages			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total.....	122,421,991	4,969,950	122,421,991	5,057,116	104,404,985	3,613,918	104,404,985	3,613,918
Under \$10,000.....	28,268,832	83,431	27,963,057	80,358	22,224,372	114,736	22,113,951	112,055
\$10,000 under \$20,000.....	24,567,930	363,126	24,390,630	361,275	19,941,162	274,341	19,875,221	273,849
\$20,000 under \$30,000.....	18,009,668	444,278	18,445,734	455,208	15,692,166	359,372	15,771,943	362,089
\$30,000 under \$40,000.....	12,966,743	450,252	13,415,987	465,185	11,668,852	371,925	11,920,729	379,969
\$40,000 under \$50,000.....	9,787,857	437,634	9,820,131	439,628	8,903,924	361,282	8,925,224	362,855
\$50,000 under \$60,000.....	7,456,806	408,355	7,344,278	402,324	6,818,541	335,046	6,711,601	335,029
\$60,000 under \$70,000.....	5,554,540	359,260	5,229,986	338,258	5,016,854	287,723	4,792,961	278,438
\$70,000 under \$80,000.....	3,962,455	296,334	3,770,803	281,615	3,600,611	238,313	3,493,813	232,051
\$80,000 under \$90,000.....	2,691,283	227,914	2,635,794	223,331	2,432,614	179,257	2,444,440	178,568
\$90,000 under \$100,000.....	1,970,079	187,064	1,928,983	182,919	1,784,248	147,277	1,734,992	143,394
\$100,000 under \$125,000.....	2,764,817	306,976	2,714,429	301,606	2,485,868	229,495	2,489,782	227,141
\$125,000 under \$150,000.....	1,331,825	181,378	1,373,706	187,359	1,195,991	128,389	1,232,889	126,577
\$150,000 under \$175,000.....	782,537	126,385	816,933	131,903	677,531	82,830	710,201	83,522
\$175,000 under \$200,000.....	498,720	93,072	533,520	99,718	434,810	59,619	460,668	60,124
\$200,000 under \$300,000.....	910,335	218,492	1,030,883	247,563	767,250	132,111	875,207	137,692
\$300,000 under \$400,000.....	323,994	111,471	359,957	123,929	274,758	63,238	302,940	65,021
\$400,000 under \$500,000.....	167,405	74,351	195,590	86,744	140,644	39,624	164,824	40,969
\$500,000 under \$1,000,000.....	261,708	176,670	293,705	198,919	222,459	85,575	250,180	88,088
\$1,000,000 or more.....	144,459	423,507	157,887	449,274	122,332	123,768	133,420	126,487

Size of income	Taxable interest received				Dividends in AGI		Dividends received	
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total.....	67,300,571	171,700	67,300,571	171,700	29,507,639	120,493	29,507,639	120,493
Under \$10,000.....	9,262,646	10,886	9,046,202	10,762	3,689,590	4,333	3,599,666	4,356
\$10,000 under \$20,000.....	9,698,207	17,926	9,468,240	17,577	3,345,027	6,294	3,178,810	6,245
\$20,000 under \$30,000.....	8,660,558	14,167	9,020,671	16,502	2,907,674	6,060	3,132,036	7,254
\$30,000 under \$40,000.....	7,805,470	11,966	8,230,209	15,279	2,762,689	5,550	2,981,527	6,619
\$40,000 under \$50,000.....	6,896,742	11,679	6,950,230	11,268	2,719,875	5,773	2,759,557	6,416
\$50,000 under \$60,000.....	5,705,316	9,767	5,578,362	10,379	2,448,639	5,333	2,432,306	5,931
\$60,000 under \$70,000.....	4,628,904	9,238	4,360,123	7,728	2,207,032	5,563	2,001,250	5,250
\$70,000 under \$80,000.....	3,461,529	7,658	3,308,188	5,936	1,822,960	5,733	1,694,644	4,733
\$80,000 under \$90,000.....	2,467,846	6,069	2,382,212	5,045	1,301,049	4,872	1,315,197	4,670
\$90,000 under \$100,000.....	1,836,540	4,319	1,796,087	4,638	1,103,977	4,111	1,038,417	3,965
\$100,000 under \$125,000.....	2,595,203	9,540	2,562,593	8,267	1,760,354	8,242	1,713,236	7,321
\$125,000 under \$150,000.....	1,273,247	5,197	1,306,222	4,985	921,788	5,983	925,810	5,029
\$150,000 under \$175,000.....	753,979	4,373	783,565	4,229	577,821	4,204	612,754	4,275
\$175,000 under \$200,000.....	483,209	3,320	515,043	3,400	393,927	3,495	412,426	3,431
\$200,000 under \$300,000.....	885,966	8,812	1,000,513	8,691	741,205	8,907	809,674	8,587
\$300,000 under \$400,000.....	317,600	4,111	351,757	4,235	278,941	4,611	310,842	4,824
\$400,000 under \$500,000.....	165,499	2,885	193,182	2,898	149,619	3,303	173,490	3,285
\$500,000 under \$1,000,000.....	258,489	7,759	290,136	7,732	238,766	7,856	266,545	7,858
\$1,000,000 or more.....	143,620	22,029	157,035	22,148	136,709	20,272	149,452	20,443

Size of income	Business or profession net income less loss				Sales of capital assets			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total.....	16,937,575	186,741	16,937,575	186,741	24,240,112	356,083	24,240,112	356,083
Under \$10,000.....	3,101,014	5,549	2,928,685	3,956	3,177,033	8,725	3,090,004	8,763
\$10,000 under \$20,000.....	2,784,571	17,554	2,754,147	16,103	2,503,579	4,705	2,396,338	4,478
\$20,000 under \$30,000.....	2,046,269	13,737	2,075,415	13,150	2,276,043	5,324	2,460,905	6,272
\$30,000 under \$40,000.....	1,830,714	13,093	1,854,403	11,984	2,162,427	5,359	2,345,997	6,343
\$40,000 under \$50,000.....	1,495,091	13,412	1,567,017	13,074	2,167,517	6,644	2,187,449	7,199
\$50,000 under \$60,000.....	1,272,503	11,762	1,294,410	10,585	1,845,205	6,752	1,868,549	7,556
\$60,000 under \$70,000.....	1,031,256	11,500	979,478	10,800	1,770,842	8,443	1,576,823	7,893
\$70,000 under \$80,000.....	708,675	6,189	690,897	8,120	1,439,081	7,228	1,353,333	7,223
\$80,000 under \$90,000.....	505,759	8,093	497,740	6,374	1,087,816	7,735	1,095,172	7,196
\$90,000 under \$100,000.....	395,484	6,382	402,179	6,899	941,469	6,504	882,101	6,450
\$100,000 under \$125,000.....	594,126	12,485	622,726	12,710	1,538,864	14,800	1,492,501	13,553
\$125,000 under \$150,000.....	341,726	11,420	338,477	11,247	878,816	11,792	856,440	11,300
\$150,000 under \$175,000.....	193,863	8,210	202,647	8,152	544,487	9,851	567,322	9,405
\$175,000 under \$200,000.....	128,421	7,295	143,947	7,613	383,418	7,609	392,906	7,306
\$200,000 under \$300,000.....	270,432	15,669	310,730	18,519	722,678	22,939	794,155	22,922
\$300,000 under \$400,000.....	89,134	7,645	102,536	8,134	276,903	14,758	300,949	14,931
\$400,000 under \$500,000.....	47,246	3,810	56,023	5,200	146,784	11,422	166,882	11,356
\$500,000 under \$1,000,000.....	66,500	6,906	76,303	7,735	239,014	32,166	261,795	31,783

Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 1997--Continued

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

Size of income	Rents, royalties, and farm rental net income less loss				Partnership and S corporation net income less loss			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, total.....	10,176,040	22,366	10,176,040	22,366	6,032,483	168,323	6,032,483	168,323
Under \$10,000.....	930,439	-1,559	892,501	-1,598	507,761	-13,781	505,940	-13,956
\$10,000 under \$20,000.....	1,288,717	1,155	1,253,624	1,108	454,466	291	427,594	280
\$20,000 under \$30,000.....	1,183,490	473	1,250,161	772	437,720	1,499	446,611	1,203
\$30,000 under \$40,000.....	1,073,525	472	1,128,888	953	449,988	1,398	483,638	1,581
\$40,000 under \$50,000.....	993,814	252	1,034,866	55	442,623	1,682	452,137	1,444
\$50,000 under \$60,000.....	861,729	53	822,188	153	423,785	2,866	417,321	2,338
\$60,000 under \$70,000.....	702,381	408	652,071	582	358,692	2,266	353,297	2,775
\$70,000 under \$80,000.....	651,957	161	628,261	-197	333,953	2,595	292,385	2,472
\$80,000 under \$90,000.....	436,214	575	438,544	591	294,320	2,965	295,928	2,576
\$90,000 under \$100,000.....	335,045	485	319,947	661	243,146	3,166	249,696	2,025
\$100,000 under \$125,000.....	599,387	1,378	566,256	1,120	471,618	6,068	449,200	6,518
\$125,000 under \$150,000.....	321,396	1,284	334,593	1,271	327,720	6,407	326,109	6,536
\$150,000 under \$175,000.....	173,471	1,678	180,272	1,443	227,895	6,521	227,657	5,812
\$175,000 under \$200,000.....	121,659	1,071	123,237	1,043	161,808	5,787	155,463	5,861
\$200,000 under \$300,000.....	203,256	3,070	228,019	3,109	356,309	17,131	377,767	17,439
\$300,000 under \$400,000.....	100,347	2,130	105,671	1,987	165,971	11,877	171,837	12,486
\$400,000 under \$500,000.....	50,769	1,301	57,199	1,356	94,707	9,668	102,816	9,874
\$500,000 under \$1,000,000.....	91,373	3,174	96,795	3,169	170,316	27,489	180,318	27,971
\$1,000,000 or more.....	57,071	4,805	62,947	4,788	109,686	72,427	116,769	73,091

Size of income	Nondeductible passive losses				Estate and trust net income less loss			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total.....	1,249,942	11,155	1,249,942	11,155	508,135	8,134	508,135	8,134
Under \$10,000.....	87,321	1,424	106,210	3,973	50,690	-76	50,871	-64
\$10,000 under \$20,000.....	68,980	483	75,770	597	38,819	140	37,245	127
\$20,000 under \$30,000.....	68,610	208	63,946	206	42,849	113	49,016	132
\$30,000 under \$40,000.....	40,667	190	45,564	127	30,959	112	38,642	164
\$40,000 under \$50,000.....	44,755	191	46,741	106	42,238	228	36,895	201
\$50,000 under \$60,000.....	56,288	823	51,382	115	27,420	138	25,206	218
\$60,000 under \$70,000.....	61,732	256	51,562	226	26,872	232	32,667	297
\$70,000 under \$80,000.....	40,073	465	51,805	167	31,563	354	31,110	282
\$80,000 under \$90,000.....	65,938	123	64,542	202	21,671	132	15,430	124
\$90,000 under \$100,000.....	59,726	180	54,031	215	16,991	165	10,606	47
\$100,000 under \$125,000.....	119,520	764	108,142	390	41,060	371	43,337	360
\$125,000 under \$150,000.....	85,216	600	84,721	482	30,011	395	26,391	397
\$150,000 under \$175,000.....	94,279	622	85,081	417	19,040	374	18,271	377
\$175,000 under \$200,000.....	67,167	504	63,643	432	11,953	242	11,759	204
\$200,000 under \$300,000.....	126,203	1,059	130,020	977	30,102	605	33,279	647
\$300,000 under \$400,000.....	55,376	505	54,502	444	13,156	316	12,680	325
\$400,000 under \$500,000.....	31,192	534	32,605	338	6,213	368	7,414	394
\$500,000 under \$1,000,000.....	48,669	786	49,720	624	14,211	862	14,377	825
\$1,000,000 or more.....	28,230	1,437	29,955	1,117	12,314	3,064	12,941	3,077

Size of income	Pensions and annuities in AGI ¹		Pensions and annuities ¹		Total statutory adjustments			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total.....	22,137,843	314,755	23,858,155	461,946	18,785,760	46,955	12,520,067	47,495
Under \$10,000.....	2,259,652	10,863	2,191,590	10,957	2,877,004	2,236	283,114	1,702
\$10,000 under \$20,000.....	4,747,567	39,719	4,659,404	39,154	3,120,834	3,804	646,972	3,108
\$20,000 under \$30,000.....	3,450,655	40,856	3,871,945	47,212	2,479,267	4,138	1,140,372	4,356
\$30,000 under \$40,000.....	2,512,842	33,764	2,959,810	42,524	2,132,977	3,627	1,627,058	4,923
\$40,000 under \$50,000.....	2,075,992	28,822	2,282,516	37,887	1,772,620	3,661	1,699,505	4,979
\$50,000 under \$60,000.....	1,676,132	26,941	1,757,337	31,088	1,336,598	2,881	1,519,072	4,825
\$60,000 under \$70,000.....	1,361,859	25,297	1,303,195	25,195	994,149	2,745	1,332,819	3,870
\$70,000 under \$80,000.....	1,052,794	20,725	1,017,944	21,447	682,022	1,766	1,026,312	3,197
\$80,000 under \$90,000.....	689,669	14,125	763,052	19,017	560,854	2,128	804,250	2,698
\$90,000 under \$100,000.....	478,173	12,016	534,480	15,209	421,949	1,592	574,767	1,967
\$100,000 under \$125,000.....	715,600	20,593	823,404	25,587	687,636	3,199	765,389	3,454
\$125,000 under \$150,000.....	356,967	9,519	480,768	20,749	425,314	2,497	352,379	1,807
\$150,000 under \$175,000.....	221,462	7,483	299,513	14,394	275,783	2,075	206,050	1,121
\$175,000 under \$200,000.....	128,577	4,395	193,729	11,034	198,746	1,720	134,108	1,003
\$200,000 under \$300,000.....	213,728	8,896	369,914	30,451	384,489	3,527	236,195	1,902
\$300,000 under \$400,000.....	67,540	2,836	117,663	12,033	149,561	1,696	71,044	781
\$400,000 under \$500,000.....	38,256	1,702	71,716	11,153	80,391	872	30,660	384
\$500,000 under \$1,000,000.....	57,316	3,451	104,322	22,413	127,696	1,644	49,265	770
\$1,000,000 or more.....	33,063	2,751	55,851	24,440	77,872	1,146	20,736	650

Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 1997--Continued

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

Size of income	Total itemized deductions				Taxable income			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
All returns, total.....	36,624,595	620,810	36,611,682	593,125	99,314,519	3,429,109	99,314,519	3,429,109
Under \$10,000.....	613,956	6,393	723,828	6,716	10,523,655	16,909	10,463,548	17,470
\$10,000 under \$20,000.....	2,049,210	21,878	2,066,493	20,278	19,783,327	119,955	19,573,611	119,701
\$20,000 under \$30,000.....	3,241,048	33,462	3,376,088	33,197	17,590,002	239,937	17,968,657	246,925
\$30,000 under \$40,000.....	4,283,541	46,041	4,483,188	45,249	12,885,008	279,357	13,294,668	294,479
\$40,000 under \$50,000.....	4,602,356	54,229	4,550,600	50,816	9,752,878	288,611	9,760,686	297,046
\$50,000 under \$60,000.....	4,316,943	55,467	4,230,437	52,462	7,443,416	280,098	7,293,004	278,563
\$60,000 under \$70,000.....	3,944,334	54,759	3,700,073	49,291	5,547,768	252,849	5,206,551	239,740
\$70,000 under \$80,000.....	3,032,224	46,673	2,923,976	43,449	3,957,911	213,300	3,746,522	201,850
\$80,000 under \$90,000.....	2,253,219	38,296	2,178,292	35,411	2,683,349	166,382	2,623,582	161,260
\$90,000 under \$100,000.....	1,734,503	32,045	1,634,198	29,312	1,968,218	138,413	1,925,637	134,953
\$100,000 under \$125,000.....	2,442,556	51,375	2,403,454	47,529	2,762,741	232,638	2,710,344	222,593
\$125,000 under \$150,000.....	1,237,969	30,692	1,256,946	28,779	1,330,138	139,869	1,367,697	136,886
\$150,000 under \$175,000.....	726,166	20,020	737,556	19,112	781,412	100,307	815,322	99,159
\$175,000 under \$200,000.....	463,863	13,846	481,670	13,865	498,589	75,512	530,690	75,319
\$200,000 under \$300,000.....	856,078	31,686	947,356	32,391	909,372	182,962	1,029,761	187,568
\$300,000 under \$400,000.....	300,834	14,014	328,622	14,198	323,711	97,341	359,370	100,096
\$400,000 under \$500,000.....	155,747	8,886	177,943	9,163	167,283	65,415	193,823	68,222
\$500,000 under \$1,000,000.....	237,972	18,772	266,564	19,214	261,499	157,796	293,405	160,837
\$1,000,000 or more.....	132,072	42,277	144,398	42,695	144,242	381,459	157,641	386,444

Size of income	Total tax credits				Total income tax			
	1997 Adjusted Gross Income		1979 Income Concept		1997 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
All returns, total.....	16,194,821	12,179	16,194,821	12,179	93,471,200	731,321	93,471,200	731,321
Under \$10,000.....	1,268,678	94	1,230,563	96	9,999,987	2,636	9,950,307	2,748
\$10,000 under \$20,000.....	4,617,608	2,201	4,596,743	2,174	15,721,574	15,779	15,550,289	15,784
\$20,000 under \$30,000.....	3,815,087	2,230	3,842,065	2,250	16,356,615	33,662	16,690,136	34,714
\$30,000 under \$40,000.....	951,350	397	1,007,751	407	12,881,191	43,079	13,288,072	45,695
\$40,000 under \$50,000.....	1,004,319	471	1,009,350	448	9,739,055	46,714	9,747,092	48,250
\$50,000 under \$60,000.....	874,824	383	892,853	384	7,435,582	46,027	7,285,306	46,176
\$60,000 under \$70,000.....	736,307	375	704,681	339	5,545,326	43,517	5,204,472	42,054
\$70,000 under \$80,000.....	606,190	319	562,600	309	3,958,076	39,763	3,747,191	37,426
\$80,000 under \$90,000.....	376,394	217	369,546	215	2,684,466	32,731	2,625,201	31,661
\$90,000 under \$100,000.....	279,977	197	299,692	177	1,968,454	28,408	1,925,582	27,856
\$100,000 under \$125,000.....	476,856	345	468,405	234	2,763,155	50,651	2,709,759	48,328
\$125,000 under \$150,000.....	294,303	313	271,774	214	1,330,656	32,176	1,367,667	31,344
\$150,000 under \$175,000.....	167,399	229	161,511	156	781,736	24,404	814,894	24,003
\$175,000 under \$200,000.....	117,721	211	124,742	246	498,616	19,037	530,722	18,748
\$200,000 under \$300,000.....	247,774	547	266,213	743	909,772	50,005	1,030,112	50,409
\$300,000 under \$400,000.....	105,273	365	112,593	345	323,777	29,124	359,425	29,699
\$400,000 under \$500,000.....	64,293	258	74,283	296	167,299	20,383	193,823	21,058
\$500,000 under \$1,000,000.....	112,911	853	116,784	923	261,529	51,291	293,423	51,895
\$1,000,000 or more.....	77,556	2,174	82,671	2,224	144,335	121,936	157,727	123,472

1 Individual Retirement Arrangements are included in the calculation of "Pensions and annuities."

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

as moving expenses prior to 1994). For this reason, the deduction for these two expenses beginning in 1987 is not completely comparable to that for previous years.

Comparison of AGI with 1979 Income Concept

The Tax Reform Act of 1986 (TRA 86) made extensive changes to the calculation of AGI

beginning with 1987. These changes made necessary a revision of the calculation of the 1979 Income Concept, in order to make tax years beginning with 1987 comparable to the base years, 1979 through 1986. The law changes limited the deduction of passive losses and eliminated unreimbursed employee business expenses and moving expenses as "adjustments" (moving expenses changed back for 1994) in

figuring AGI beginning with Tax Year 1987. Since passive losses had been fully deductible for both income measures prior to 1987, the disallowed passive losses had to be deducted in the 1979 Income Concept calculation for tax years after 1986.

Some income items, such as capital gains, that had been partially excluded from AGI under prior law were fully included. The new law also eliminated or restricted some deductions. Therefore, if AGI is used to measure income, comparisons between 1986 income and tax data with that for years after 1986 are misleading. A more accurate comparison can be made using the 1979 Income Concept because it measures income in the same way for all years. Table B shows total income and selected tax items for 1997 using AGI and the 1979 Income Concept, classified by size of 1997 AGI.

Before TRA 86 became effective, a comparison of income measured by AGI with that measured by the 1979 Income Concept showed significant differences at income levels of \$200,000 or more. But, with the elimination of preferential treatment of various income items by TRA 86, such as the exclusion of a portion of capital gains, much of the difference disappeared. Under tax law prior to 1987, the capital gains exclusion accounted for the largest difference at the higher income levels between the two income measures. For 1997, 1979 Concept income was 1.8 percent higher than income as calculated using AGI. This difference was primarily attributed to the inclusion of more than \$147.2 billion in nontaxable pensions and annuities (including IRA distributions) in the 1979 Income Concept.

Income for all returns, using the 1979 Income Concept, increased 9.6 percent for 1997; income for the group \$200,000 and above increased 25.0 percent, after increasing 24.8 percent for 1996. Total income tax for all returns increased 11.1 percent; and total income tax reported for the \$200,000 and above income group increased 19.7 percent for 1997, following an increase of 24.6 percent for 1996.

The average tax rates (income tax as a percentage of total income) for each income class and both income concepts for years 1986 through 1997 are shown in Figure 4.

For the population as a whole, average tax rates for 1997 (based on the 1979 Income Concept) are higher than those for 1986 (before tax reform). However, between these 2 years, the average tax rates have declined in all income categories below \$300,000. The remaining four income categories show the following increases in average tax rates between 1986 and 1996: returns with income between \$300,000 and \$400,000 increased 1.4 percentage points; returns with income between \$400,000 and \$500,000 increased 0.9 percentage points; returns with income between \$500,000 and \$1,000,000 increased 2.4 percentage points; and returns with income exceeding \$1,000,000 increased 6.1 percentage points. Although the average tax rate for 1997 was calculated using a lower maximum marginal tax rate of 39.6 percent for 1997 compared to 50 percent for 1986, it was calculated on income which included all capital gains (long-term gains could be partially excluded from income for 1986). Also, certain deductions from income that were allowed for 1986 were limited or eliminated beginning with 1987.

SOURCE: IRS, Statistics of Income, Individual Income Tax Returns 1997, Publication 1304 (Rev. 4-2000).

Figure 4--Total Income Tax as a Percentage of Adjusted Gross Income and the 1979 Income Concept, 1986-1997

Size of 1996 AGI	Total income tax as a percentage of adjusted gross income											
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All returns, total.....	14.8	13.3	13.4	13.3	13.1	12.9	13.1	13.5	13.7	14.0	14.5	14.7
Under \$10,000.....	4.3	4.0	4.0	3.8	3.7	3.5	3.2	3.0	3.0	3.0	3.1	3.2
\$10,000 under \$20,000.....	7.8	6.8	6.5	6.4	6.1	5.5	5.1	4.9	4.8	4.7	4.6	4.3
\$20,000 under \$30,000.....	10.6	9.4	9.3	9.3	9.1	8.7	8.4	8.2	8.1	7.9	7.7	7.6
\$30,000 under \$40,000.....	12.2	10.6	10.9	10.9	10.6	10.5	10.2	10.1	10.0	9.8	9.7	9.6
\$40,000 under \$50,000.....	13.8	11.8	11.6	11.5	11.4	11.0	10.8	10.7	10.8	10.7	10.8	10.7
\$50,000 under \$60,000.....	15.5	13.5	13.2	12.9	12.4	12.1	11.6	11.5	11.4	11.4	11.3	11.3
\$60,000 under \$70,000.....	16.9	15.1	14.5	14.2	13.8	13.2	12.9	12.7	12.6	12.5	12.3	12.1
\$70,000 under \$80,000.....	18.7	16.5	15.6	15.3	14.9	14.4	14.0	13.9	13.8	13.6	13.6	13.4
\$80,000 under \$90,000.....	19.9	17.8	16.6	16.2	15.8	15.4	15.0	15.1	14.9	14.6	14.6	14.4
\$90,000 under \$100,000.....	20.8	18.8	17.4	17.3	16.6	16.0	15.9	15.7	15.9	15.8	15.4	15.2
\$100,000 under \$125,000.....	23.1	20.1	18.8	18.4	17.5	17.3	16.9	17.0	17.0	16.9	16.7	16.5
\$125,000 under \$150,000.....	25.2	21.8	20.3	19.8	19.2	18.6	18.7	18.6	18.6	18.3	18.4	17.7
\$150,000 under \$175,000.....	28.0	23.0	21.6	21.1	20.4	19.8	19.6	19.7	19.9	19.9	19.8	19.3
\$175,000 under \$200,000.....	29.3	23.9	22.5	21.8	21.1	21.0	20.7	21.2	21.4	20.9	20.9	20.5
\$200,000 under \$300,000.....	31.1	25.8	23.7	22.8	22.6	22.7	22.9	23.8	23.9	23.8	23.4	22.9
\$300,000 under \$400,000.....	33.7	27.0	24.0	23.6	23.7	24.3	24.4	26.9	26.9	26.8	26.6	26.1
\$400,000 under \$500,000.....	36.2	28.2	24.1	23.9	23.6	24.9	25.3	28.4	28.6	28.7	28.2	27.4
\$500,000 under \$1,000,000.....	38.4	29.0	24.6	24.0	24.0	25.7	26.0	30.0	30.2	30.2	30.1	29.0
\$1,000,000 or more.....	40.2	28.6	25.0	24.2	24.1	26.2	26.8	31.2	31.1	31.4	30.8	28.8

Size of 1996 AGI	Total income tax as a percentage of 1979 Income Concept											
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total.....	13.3	13.1	13.3	13.2	13.0	12.7	12.8	13.3	13.5	13.8	14.3	14.5
Under \$10,000.....	4.9	4.2	4.4	4.3	4.3	4.0	3.5	3.2	3.2	3.1	3.2	3.4
\$10,000 under \$20,000.....	7.6	6.7	6.5	6.4	6.1	5.5	5.1	4.8	4.8	4.7	4.6	4.4
\$20,000 under \$30,000.....	10.0	9.3	9.3	9.3	9.1	8.7	8.3	8.2	8.1	7.9	7.8	7.6
\$30,000 under \$40,000.....	11.6	10.7	10.7	10.9	10.7	10.5	10.2	10.2	10.1	10.1	10.0	9.8
\$40,000 under \$50,000.....	12.6	11.7	11.7	11.5	11.5	11.1	10.9	10.8	11.0	11.0	11.1	11.0
\$50,000 under \$60,000.....	13.8	13.4	13.2	12.9	12.5	12.0	11.6	11.6	11.6	11.6	11.6	11.5
\$60,000 under \$70,000.....	14.9	15.0	14.5	14.2	13.8	13.2	12.9	12.7	12.7	12.5	12.5	12.4
\$70,000 under \$80,000.....	15.8	16.2	15.4	15.2	14.6	14.2	13.7	13.7	13.6	13.6	13.5	13.3
\$80,000 under \$90,000.....	16.7	17.5	16.1	16.2	15.5	15.1	14.6	14.7	14.6	14.4	14.5	14.2
\$90,000 under \$100,000.....	16.8	18.1	17.1	16.8	16.1	15.5	15.2	15.3	15.4	15.5	15.2	15.2
\$100,000 under \$125,000.....	18.3	19.3	18.0	17.7	16.9	16.6	16.2	16.3	16.3	16.2	16.1	16.0
\$125,000 under \$150,000.....	19.0	20.6	19.6	18.8	18.0	17.3	17.2	17.7	17.4	17.4	17.3	16.7
\$150,000 under \$175,000.....	19.3	21.2	20.6	20.0	19.1	18.3	17.8	18.0	18.5	18.1	18.4	18.2
\$175,000 under \$200,000.....	20.3	22.5	21.6	20.7	20.0	18.6	19.0	19.1	19.4	19.2	18.9	18.8
\$200,000 under \$300,000.....	22.6	23.8	22.3	21.5	21.4	20.5	20.2	21.4	21.5	21.5	21.3	20.4
\$300,000 under \$400,000.....	22.6	24.5	22.6	21.9	21.5	21.6	21.6	23.5	23.7	23.7	23.1	24.0
\$400,000 under \$500,000.....	23.4	26.5	23.2	22.7	22.3	23.0	21.4	25.4	24.8	25.1	25.0	24.3
\$500,000 under \$1,000,000.....	23.7	26.7	23.5	22.0	21.7	23.5	22.6	26.3	26.1	26.7	27.1	26.1
\$1,000,000 or more.....	21.4	26.8	24.5	23.2	23.2	25.2	26.1	29.5	30.1	30.4	29.8	27.5