

Individual Income Tax Returns, Preliminary Data, 1998

Data Release

Taxpayers filed 124.7 million U.S. individual income tax returns for 1998, an increase of 1.8 percent from the 122.5 million returns filed for 1997. Adjusted gross income less deficit (AGI) increased 8.4 percent to nearly \$5.4 trillion for 1998. Taxable income increased 9.5 percent to nearly \$3.8 trillion. Total income tax increased 7.0 percent to \$783.9 billion, and the alternative minimum tax rose 26.1 percent to \$4.4 billion for 1998.

Figure A shows that the largest component of AGI, salaries and wages, increased 7.1 percent to \$3.9 trillion for 1998. The second largest component of AGI, net capital gain, increased 22.0 percent to \$424.3 billion. Taxable income from pensions and annuities rose 7.8 percent to \$284.9 billion, while business or profession net income rose 6.8 percent to \$218.1 billion. Taxable Individual Retirement Arrangement (IRA) distributions rose 33.8 percent to \$74.3 billion, partly due to the income resulting from conversions of traditional IRA's to Roth IRA's (see the Changes in Law section for details). Other income items with large percentage changes are taxable Social Security benefits, which increased 11.7 percent to \$69.9 billion, and partnership and S Corporation net income, which increased 9.5 percent to \$213.9 billion. Unemployment compensation continued to fall for 1998, declining 2.4 percent to \$16.8 billion.

Statutory adjustments to total income increased 9.0 percent, from \$45.6 billion for 1997 to \$49.8 billion for 1998. The largest statutory adjustment was the deduction for one-half of self-employment tax, representing 30.7 percent of the total, which increased 7.1 percent to \$15.3 billion. The self-employed health insurance deduction increased 21.3 percent to \$4.5 billion, partly due to the 1998 change in law which increased the deductible percentage amount from 40 percent to 45 percent of premiums. The medical savings account deduction increased to \$63.0 million for 1998, the second year it was available. The deduction for interest on qualified student loans, a new adjustment for 1998, totaled \$1.7 billion.

Total deductions, the sum of the standard deduc-

tions and total itemized deductions (after limitation), equaled \$1,119.1 billion for 1998, an increase of 6.6 percent. The number of returns claiming the basic standard deduction increased 0.8 percent, accounting for 68.8 percent of all returns filed and 39.9 percent of the total deductions amount. The average standard deduction (comprised of the basic and additional standard deductions) increased 3.2 percent from \$5,212 for 1997 to \$5,379 for 1998. Most of this increase was due to inflation indexing. Itemized deductions were claimed on 30.5 percent of all returns filed for 1998 and represented 58.8 percent of the total deductions amount. The average total for itemized deductions (after limitation) was \$17,317, a 4.2-percent increase from the 1997 average of \$16,615. Due to the AGI limitation on itemized deductions, for 1998, more than 4.8 million higher-income taxpayers were unable to deduct \$25.9 billion in itemized deductions, an increase of 14.0 percent from 1997. Interest paid, comprising the largest portion (38.3 percent) of total itemized deductions, increased 7.7 percent to \$261.9 billion. The taxes paid deduction, accounting for 34.7 percent of the total, increased 8.8 percent to \$237.3 billion. The charitable contributions deduction increased 9.9 percent to \$105.3 billion.

Total tax credits used to offset income tax liabilities increased 151.3 percent to \$29.1 billion. This huge increase is due to the new tax credits introduced for 1998: the child tax credit and the education tax credits. Nearly 24.9 million taxpayers claimed \$15.2 billion in child tax credits, and 4.7 million returns showed education tax credits totaling \$3.4 billion. In addition, the foreign tax credit increased 6.6 percent to \$3.9 billion. The portion of the earned income credit (EIC) used to offset income tax before credits decreased 40.8 percent to \$2.2 billion. A large part of this decline can be attributed to the taxpayers who would have used the EIC to offset income tax before credits, but instead were able to directly reduce their tax liabilities with the child tax credit. For example, for taxpayers with AGI between \$15,000 and \$30,000, the number of returns with EIC used to offset income tax before credits decreased 26.9 percent, and the amount decreased 38.7 percent for 1998 (Table 1). Within this income-size class, the number of returns with total EIC increased 5.6 percent, and the amount of total EIC

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Figure A

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 1997 and 1998

(Money amounts are in thousands of dollars)

Item	1997	1998	Percentage increase
	(1)	(2)	(3)
All returns	122,504,288	124,723,856	1.8
Form 1040 returns.....	68,471,003	70,802,481	3.4
Form 1040A returns.....	24,899,806	26,131,575	4.9
Form 1040EZ returns.....	21,335,143	20,954,921	-1.8
Form 1040PC returns.....	7,798,336	6,834,879	-12.4
Electronically-filed returns ¹	24,640,273	29,259,767	18.7
Adjusted gross income (less deficit)	4,973,633,695	5,389,319,320	8.4
Salaries and wages:			
Number of returns.....	104,732,774	106,695,214	1.9
Amount.....	3,636,547,837	3,894,442,329	7.1
Taxable interest:			
Number of returns.....	67,473,250	67,341,614	-0.2
Amount.....	163,192,471	168,750,445	3.4
Tax-exempt interest: ²			
Number of returns.....	4,930,466	4,768,640	-3.3
Amount.....	48,542,710	49,332,034	1.6
Dividends:			
Number of returns.....	29,465,494	30,336,310	3.0
Amount.....	118,281,322	114,898,584	-2.9
State income tax refunds:			
Number of returns.....	19,263,349	19,563,294	1.6
Amount.....	13,431,766	13,716,888	2.1
Alimony received:			
Number of returns.....	415,638	441,235	6.2
Amount.....	4,752,275	5,012,104	5.5
Business or profession net income:			
Number of returns.....	12,653,651	13,046,376	3.1
Amount.....	204,173,708	218,117,482	6.8
Business or profession net loss:			
Number of returns.....	4,232,951	4,001,532	-5.5
Amount.....	22,422,137	22,294,162	-0.6
Net capital gain:			
Number of returns.....	19,707,181	20,840,396	5.8
Amount.....	347,926,242	424,304,797	22.0
Net capital loss:			
Number of returns.....	4,429,092	4,675,341	5.6
Amount.....	8,636,881	8,967,148	3.8
Sales of property other than capital assets, net gain:			
Number of returns.....	860,835	807,386	-6.2
Amount.....	5,895,975	5,649,654	-4.2
Sales of property other than capital assets, net loss:			
Number of returns.....	831,274	852,725	2.6
Amount.....	6,998,771	6,828,198	-2.4
Taxable Individual Retirement Arrangement distributions:			
Number of returns.....	6,287,644	7,847,579	24.8
Amount.....	55,558,686	74,332,903	33.8
Taxable pensions and annuities:			
Number of returns.....	19,729,019	20,719,686	5.0
Amount.....	264,326,557	284,873,835	7.8
Rent and royalty net income:			
Number of returns.....	5,119,867	5,076,047	-0.9
Amount.....	44,019,717	44,453,694	1.0
Rent and royalty net loss:			
Number of returns.....	4,456,646	4,480,572	0.5
Amount.....	25,002,599	25,425,770	1.7

Footnotes at end of figure.

Individual Income Tax Returns, Preliminary Data, 1998

Figure A (Continued)

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 1997 and 1998--Continued

(Money amounts are in thousands of dollars)

Item	1997	1998	Percentage increase
	(1)	(2)	(3)
Partnership and S Corporation net income:			
Number of returns.....	3,672,708	3,740,965	1.9
Amount.....	195,321,321	213,858,319	9.5
Partnership and S Corporation net loss:			
Number of returns.....	1,947,383	1,981,207	1.7
Amount.....	32,860,320	37,868,870	15.2
Estate and trust net income:			
Number of returns.....	430,633	460,419	6.9
Amount.....	8,052,676	9,345,555	16.1
Estate and trust net loss:			
Number of returns.....	46,596	42,879	-8.0
Amount.....	450,594	418,445	-7.1
Farm net income:			
Number of returns.....	736,690	680,638	-7.6
Amount.....	9,500,887	9,102,540	-4.2
Farm net loss:			
Number of returns.....	1,437,932	1,411,038	-1.9
Amount.....	15,801,791	16,197,867	2.5
Unemployment compensation:			
Number of returns.....	7,154,482	7,099,220	-0.8
Amount.....	17,190,215	16,776,662	-2.4
Taxable Social Security benefits:			
Number of returns.....	8,415,004	9,062,986	7.7
Amount.....	62,542,027	69,872,740	11.7
Total statutory adjustments:			
Number of returns.....	18,604,112	21,844,020	17.4
Amount.....	45,628,205	49,753,150	9.0
Payments to an Individual Retirement Arrangement:			
Number of returns.....	4,094,100	3,876,364	-5.3
Amount.....	8,739,421	8,209,082	-6.1
Student loan interest deduction:			
Number of returns.....	N/A	3,801,935	N/A
Amount.....	N/A	1,745,220	N/A
Medical savings account deduction:			
Number of returns.....	10,429	41,440	297.4
Amount.....	17,507	63,033	260.0
Moving expenses adjustment:			
Number of returns.....	767,911	811,857	5.7
Amount.....	1,786,132	1,701,184	-4.8
Self-employment tax deduction:			
Number of returns.....	13,368,106	13,617,912	1.9
Amount.....	14,280,723	15,294,110	7.1
Self-employed health insurance deduction:			
Number of returns.....	3,148,427	3,257,792	3.5
Amount.....	3,686,328	4,470,325	21.3
Payments to a self-employed retirement (Keogh) plan:			
Number of returns.....	1,169,016	1,146,791	-1.9
Amount.....	9,820,102	10,497,152	6.9
Penalty on early withdrawal of savings:			
Number of returns.....	927,381	832,023	-10.3
Amount.....	231,862	218,975	-5.6
Alimony paid:			
Number of returns.....	619,979	579,322	-6.6
Amount.....	6,146,687	6,564,239	6.8

Footnotes at end of figure.

Individual Income Tax Returns, Preliminary Data, 1998

Figure A (Continued)

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 1997 and 1998--Continued

(Money amounts are in thousands of dollars)

Item	1997	1998	Percentage increase
	(1)	(2)	(3)
Total deductions:			
Number of returns.....	121,575,987	123,760,759	1.8
Amount.....	1,049,970,181	1,119,132,208	6.6
Basic standard deduction:			
Number of returns.....	85,071,506	85,774,873	0.8
Amount.....	429,938,966	447,089,099	4.0
Additional standard deduction:			
Number of returns.....	11,257,922	11,227,340	-0.3
Amount.....	13,493,067	14,252,500	5.6
Total itemized deductions (after limitation):			
Number of returns.....	36,504,481	37,985,887	4.1
Amount.....	606,538,148	657,790,608	8.4
Itemized deductions in excess of limitation:			
Number of returns.....	4,479,837	4,846,638	8.2
Amount.....	22,715,637	25,895,464	14.0
Medical and dental expenses deduction:			
Number of returns.....	5,193,855	5,494,566	5.8
Amount.....	28,838,607	31,709,067	10.0
Taxes paid deduction:			
Number of returns.....	35,991,146	37,397,393	3.9
Amount.....	218,100,408	237,276,925	8.8
Interest paid deduction:			
Number of returns.....	30,683,207	31,831,765	3.7
Amount.....	243,179,413	261,856,247	7.7
Charitable contributions deduction:			
Number of returns.....	32,543,464	33,720,851	3.6
Amount.....	95,820,541	105,340,735	9.9
Taxable income:			
Number of returns.....	99,395,449	100,820,014	1.4
Amount.....	3,432,601,738	3,758,885,170	9.5
Income tax before credits:			
Number of returns.....	99,305,907	100,814,912	1.5
Amount.....	740,652,974	808,559,373	9.2
Total tax credits:³			
Number of returns.....	16,235,140	34,314,350	111.4
Amount.....	11,591,063	29,126,608	151.3
Child care credit:			
Number of returns.....	5,823,415	6,120,222	5.1
Amount.....	2,475,419	2,648,668	7.0
Credit for the elderly or disabled:			
Number of returns.....	192,560	178,568	-7.3
Amount.....	41,819	35,414	-15.3
Child tax credit:			
Number of returns.....	N/A	24,877,278	N/A
Amount.....	N/A	15,170,677	N/A
Education tax credits:			
Number of returns.....	N/A	4,689,153	N/A
Amount.....	N/A	3,410,627	N/A
Adoption credit:			
Number of returns.....	30,286	40,882	35.0
Amount.....	54,859	82,706	50.8
Foreign tax credit:			
Number of returns.....	2,329,539	2,986,741	28.2
Amount.....	3,650,471	3,892,874	6.6

Footnotes at end of figure.

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Figure A (Continued)

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 1997 and 1998--Continued

(Money amounts are in thousands of dollars)

Item	1997	1998	Percentage increase
	(1)	(2)	(3)
General business credit:			
Number of returns.....	296,981	263,734	-11.2
Amount.....	719,091	629,907	-12.4
Prior year minimum tax credit:			
Number of returns.....	110,042	96,413	-12.4
Amount.....	618,349	733,928	18.7
Income tax after credits:			
Number of returns.....	93,493,709	93,012,960	-0.5
Amount.....	729,061,910	779,432,765	6.9
Self-employment tax:			
Number of returns.....	13,370,219	13,618,890	1.9
Amount.....	28,563,757	30,581,853	7.1
Alternative minimum tax:			
Number of returns.....	590,649	828,008	40.2
Amount.....	3,508,934	4,425,885	26.1
Total earned income credit (EIC):			
Number of returns.....	19,490,211	19,765,814	1.4
Amount.....	30,635,793	31,777,371	3.7
EIC used to offset income tax before credits:			
Number of returns.....	8,435,216	5,942,233	-29.6
Amount.....	3,788,127	2,244,206	-40.8
EIC used to offset other taxes:			
Number of returns.....	3,034,468	3,168,054	4.4
Amount.....	2,220,331	2,357,834	6.2
Excess EIC, refundable portion:			
Number of returns.....	15,498,935	16,364,466	5.6
Amount.....	24,627,335	27,175,330	10.3
Additional child tax credit:			
Number of returns.....	N/A	748,599	N/A
Amount.....	N/A	500,353	N/A
Total income tax:			
Number of returns.....	93,509,465	93,032,387	-0.5
Amount.....	732,582,380	783,876,633	7.0
Total tax liability:			
Number of returns.....	95,620,585	95,432,653	-0.2
Amount.....	762,354,215	815,934,420	7.0

N/A - Not applicable.

¹ Included in data for Forms 1040, 1040A, and 1040EZ.

² Not included in adjusted gross income.

³ Includes EIC used to offset income tax before credits.

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

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increased 10.9 percent.

The total EIC (for all income-size classes) increased 3.7 percent to \$31.8 billion. The portion of the EIC used to offset other taxes (such as the self-employment tax) rose 6.2 percent to more than \$2.4 billion. The largest part of the EIC, the refundable portion, was treated as a refund and paid directly to taxpayers who had no tax liability against which to apply the credit, or whose EIC exceeded income tax (and other taxes). The refundable portion of the EIC increased 10.3 percent to \$27.2 billion for 1998. The number of taxpayers with AGI between \$15,000 and \$30,000 reporting a refundable portion of the EIC increased 23.3 percent, and the amount of the refundable portion increased 39.7 percent. As stated above, these increases reflect the increased number of taxpayers who reduced their tax liabilities with the child tax credit, thereby increasing the portion of the EIC to be refunded.

The comparisons of data for Tax Years 1997 and 1998 in this article are based on the preliminary estimates for both years. A few income and tax items tend to be understated in preliminary estimates; therefore, comparisons based on preliminary estimates for 1 year and final estimates for the previous year could be misleading. Comparisons based entirely on preliminary estimates both reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. Final statistics for Tax Year 1997 are available in the Fall 1999 issue of the *Bulletin*.

Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—1997, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the 1998 preliminary data presented in this article.

Additional Child Tax Credit.—Taxpayers with three or more qualifying children may have been eligible for an additional child tax credit, which could have allowed some or all of the credit even if there was no tax liability.

Capital Gain Rates.—In most cases, the holding period for property to be eligible for the lowest long-term capital gain tax rate (10 percent or 20 percent rate) decreased from more than 18 months to more than one year.

Child Tax Credit.—Beginning with 1998, taxpayers could have taken a \$400 tax credit for each of their qualifying children under the age of 17. This credit was limited if tax liability was less than the credit amount or if modified AGI exceeded \$75,000 for single filers, heads of household, or surviving spouses; \$110,000 for married persons filing jointly; and \$55,000 for married persons filing separately.

Earned Income Credit.—There were several changes to the earned income credit for 1998. Modified AGI (used to limit the credit) included tax-exempt interest and certain nontaxable parts of pensions, annuities, or IRA distributions. The amount of business losses added back to calculate modified AGI increased from 50 percent to 75 percent. In addition, both the maximum amount of the earned income credit and the income eligibility amounts increased due to indexing for inflation.

Education Tax Credits.—Two new tax credits were available to taxpayers paying higher education costs for 1998. For each eligible student, taxpayers could have claimed a Hope credit up to \$1,500 (100 percent of the first \$1,000 plus 50 percent of the next \$1,000 of qualified tuition and related expenses incurred and paid after December 31, 1997). The Hope credit could be claimed for only 2 taxable years for each eligible student. The lifetime learning credit could have been up to \$1,000 per family (20 percent of the first \$5,000 of qualified tuition and related expenses incurred and paid after June 30, 1998) for all students enrolled in eligible educational institutions. There was no limit on the number of years the lifetime learning credit could be claimed. Both credits were phased out for modified AGI between \$40,000 and \$50,000 (\$80,000 and \$100,000 for married persons filing jointly). In addition, the credits were nonrefundable and not available to married taxpayers filing separately.

Individual Retirement Arrangements (IRA's).—Several changes were made to IRA's for 1998, including the introduction of two new plans: the educational IRA and the Roth IRA. Taxpayers could have made nondeductible contributions up to \$500 annually to an educational IRA for a child under age 18. The earnings and withdrawals were tax-free to the extent that withdrawals did not exceed the beneficiary's qualified higher education expenses for the year. The educational IRA contribution was phased out for modified AGI between \$95,000 and

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\$110,000 (between \$150,000 and \$160,000 for married taxpayers filing jointly).

Like the educational IRA, contributions to the Roth IRA were nondeductible and, if the requirements were satisfied, all earnings and withdrawals were tax-free. The Roth IRA contribution was phased out for modified AGI between \$150,000 and \$160,000 for married persons filing jointly; between \$95,000 and \$110,000 for single filers, heads of households, and married persons filing separately (not living with spouses at any time during the year); and between zero and \$10,000 for married taxpayers filing separately, but living with spouses during the year. A traditional IRA could have been converted to a Roth IRA, if modified AGI was less than \$100,000 and if filing status was not married filing separately. The income resulting from this conversion was included in AGI over a 4-year period. One quarter of the amount was included in income for each year beginning with 1998 and ending with 2001, unless the taxpayer elected to report the total amount for 1998.

Beginning with 1998, taxpayers not covered by an employment retirement plan may have been able to deduct all contributions to a traditional IRA, even if their spouses were covered by a plan. The deduction was limited to \$2,000 and was phased out for modified AGI (on a joint return) between \$150,000 and \$160,000. The modified AGI levels at which the traditional IRA deduction phased out (for taxpayers covered by a retirement plan at work) was between \$40,000 and \$50,000 for married persons filing jointly and surviving spouses; between \$30,000 and \$40,000 for single filers or heads of households; and between zero and \$10,000 for married taxpayers filing separately. For 1998, IRA investments included certain platinum coins and certain gold, silver, platinum, and palladium bullion. The additional tax on early withdrawals from a traditional IRA was eliminated if the distributions were used for qualified higher education expenses. This additional tax was also eliminated on distributions up to \$10,000 from traditional or Roth IRA's if the distributions were used to buy, build, or rebuild a qualified first home.

Inflation Indexing.—The following items increased due to indexing for inflation: the itemized deduction limitation, personal exemption amounts, the basic and additional standard deduction amounts (including the standard deduction for dependents), the

amount of earnings subject to self-employment tax, and the tax bracket boundaries.

Interest on Student Loans.—Beginning with 1998, up to \$1,000 of interest paid on qualified student loans could have been deducted as a statutory adjustment.

Self-Employed Health Insurance Deduction.—The maximum percentage of self-employed health insurance premiums deducted as an adjustment to income increased to 45 percent (up from 40 percent for 1997).

Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, 1040EZ, and 1040PC, including electronically-filed returns) filed during Calendar Year 1999. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes [1]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The preliminary 1998 data are based on a sample of 137,371 returns and an estimated final population of 124,947,658 returns. The corresponding sample and population for the preliminary 1997 data were 102,565 and 122,985,588 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 1998 returns, between January and late September of 1999. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately

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large amounts of investment income, passive losses, and alternative minimum tax.

Notes and References

[1] Returns in the sample were stratified based on the presence or absence of one or more of the

following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

SOURCE: IRS, *Statistics of Income Bulletin*, Publication 1136, Spring 2000.

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Table 1.--Individual Income Tax Returns, Tax Year 1998 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income

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

Item	All returns	Size of adjusted gross income					
		Under \$15,000 ¹	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns.....	124,723,856	40,128,663	30,073,307	23,111,815	23,116,071	6,239,713	2,054,288
Form 1040 returns.....	70,802,481	14,581,185	13,138,449	14,934,984	20,292,103	5,877,470	1,978,289
Form 1040A returns.....	26,131,575	11,048,001	9,412,034	4,566,687	1,104,854	--	--
Form 1040EZ returns.....	20,954,921	12,511,179	5,955,256	2,222,955	265,530	--	--
Form 1040PC returns.....	6,834,879	1,988,298	1,567,567	1,387,188	1,453,585	362,243	75,998
Electronically-filed returns ²	29,259,767	10,872,960	8,858,758	5,131,946	3,745,621	586,556	63,928
Adjusted gross income (less deficit).....	5,389,319,320	252,417,013	657,119,937	903,438,720	1,588,991,324	818,584,373	1,168,767,953
Salaries and wages:							
Number of returns.....	106,695,214	31,928,941	25,683,157	20,771,063	20,988,341	5,575,161	1,748,551
Amount.....	3,894,442,329	232,339,569	523,592,869	742,779,707	1,269,921,611	586,055,996	539,752,577
Taxable interest:							
Number of returns.....	67,341,614	13,046,351	13,074,231	14,351,987	18,994,226	5,871,153	2,003,668
Amount.....	168,750,445	16,741,623	23,322,434	23,249,409	39,752,489	24,318,629	41,365,859
Tax-exempt interest: ³							
Number of returns.....	4,768,640	408,622	489,819	667,431	1,467,238	968,967	766,563
Amount.....	49,332,034	1,636,401	1,852,795	3,835,222	9,192,633	8,945,398	23,869,585
Dividends:							
Number of returns.....	30,336,310	5,165,909	4,423,780	5,374,692	9,382,342	4,220,130	1,769,457
Amount.....	114,898,584	6,099,564	8,110,239	10,811,952	24,027,596	21,612,853	44,236,381
State income tax refunds:							
Number of returns.....	19,563,294	557,877	1,890,643	4,543,800	8,899,976	2,755,676	915,322
Amount.....	13,716,888	293,281	694,636	1,962,991	4,931,402	2,471,031	3,363,547
Alimony received:							
Number of returns.....	441,235	80,426	154,825	107,826	79,258	16,507	2,393
Amount.....	5,012,104	436,111	1,081,755	1,274,314	1,570,679	479,198	170,048
Business or profession net income:							
Number of returns.....	13,046,376	3,624,814	2,590,292	2,481,261	2,851,879	1,068,209	429,922
Amount.....	218,117,482	21,798,308	26,823,914	29,426,218	51,762,608	43,012,639	45,293,795
Business or profession net loss:							
Number of returns.....	4,001,532	832,687	700,847	854,457	1,191,365	310,181	111,994
Amount.....	22,294,162	7,606,028	3,009,105	3,124,182	4,833,080	1,877,545	1,844,221
Net capital gain:							
Number of returns.....	20,840,396	3,547,580	2,858,448	3,529,952	6,379,777	3,141,418	1,383,220
Amount.....	424,304,797	9,703,317	8,883,349	14,702,100	43,098,966	51,075,111	296,841,954
Net capital loss:							
Number of returns.....	4,675,341	885,163	668,480	783,600	1,343,103	651,152	343,844
Amount.....	8,967,148	1,620,012	1,266,939	1,373,483	2,568,803	1,329,355	808,556
Sales of property other than capital assets, net gain:							
Number of returns.....	807,386	127,840	128,612	137,803	202,140	117,124	93,867
Amount.....	5,649,654	640,358	387,270	497,068	1,146,639	1,086,109	1,892,211
Sales of property other than capital assets, net loss:							
Number of returns.....	852,725	140,014	113,362	118,671	205,521	138,070	137,086
Amount.....	6,828,198	2,700,540	398,990	608,332	750,077	801,280	1,568,978
Taxable Individual Retirement Arrangement distributions:							
Number of returns.....	7,847,579	1,106,704	1,762,614	1,697,710	2,467,407	619,664	193,479
Amount.....	74,332,903	4,409,238	8,533,878	10,837,951	24,415,822	15,494,347	10,641,667
Taxable pensions and annuities:							
Number of returns.....	20,719,686	4,104,031	5,257,653	4,347,649	5,105,521	1,476,518	428,316
Amount.....	284,873,835	24,377,717	56,109,765	57,464,370	92,612,309	38,365,499	15,944,176
Rent and royalty net income:							
Number of returns.....	5,076,047	835,215	841,238	934,684	1,366,019	692,425	406,466
Amount.....	44,453,694	3,129,803	3,448,248	4,193,951	8,841,411	8,723,034	16,117,246
Rent and royalty net loss:							
Number of returns.....	4,480,572	559,283	682,652	910,218	1,550,334	634,810	143,275
Amount.....	25,425,770	3,643,765	3,190,183	4,390,900	8,068,194	3,825,810	2,306,916
Partnership and S Corporation net income:							
Number of returns.....	3,740,965	291,458	379,054	515,458	1,029,844	817,767	707,385
Amount.....	213,858,319	2,226,898	3,460,702	4,966,427	15,796,153	28,954,031	158,454,107

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1998

Table 1.--Individual Income Tax Returns, Tax Year 1998 Preliminary Data: 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)

Item	All returns	Size of adjusted gross income					
		Under \$15,000 ¹	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Partnership and S Corporation net loss:							
Number of returns.....	1,981,207	312,499	203,958	307,446	592,329	330,786	234,190
Amount.....	37,868,870	13,913,614	1,434,695	2,169,323	4,274,374	3,808,891	12,267,971
Estate and trust net income:							
Number of returns.....	460,419	66,937	45,769	64,408	125,884	87,809	69,611
Amount.....	9,345,555	190,083	262,155	344,224	1,083,749	1,307,356	6,157,988
Estate and trust net loss:							
Number of returns.....	42,879	6,915	2,683	4,124	16,846	5,741	6,570
Amount.....	418,445	146,410	713	23,245	63,944	14,549	169,585
Farm net income:							
Number of returns.....	680,638	185,400	149,925	128,336	162,022	38,774	16,181
Amount.....	9,102,540	1,065,017	1,200,404	1,680,833	3,010,448	1,292,260	853,577
Farm net loss:							
Number of returns.....	1,411,038	326,517	276,743	302,919	371,068	87,513	46,277
Amount.....	16,197,867	5,286,699	2,263,874	2,481,163	3,198,919	1,247,148	1,720,064
Unemployment compensation:							
Number of returns.....	7,099,220	1,831,990	2,105,000	1,612,023	1,357,691	165,121	27,395
Amount.....	16,776,662	3,685,348	5,114,761	4,061,960	3,307,090	504,015	103,488
Taxable Social Security benefits:							
Number of returns.....	9,062,986	46,549	1,690,498	2,994,847	3,136,092	855,113	339,887
Amount.....	69,872,740	135,045	2,719,928	15,257,173	34,882,883	11,788,763	5,088,948
Total statutory adjustments:							
Number of returns.....	21,844,020	4,504,262	4,749,134	4,846,124	5,103,651	1,766,304	874,543
Amount.....	49,753,150	3,499,910	6,301,115	7,748,725	12,392,228	10,080,382	9,730,789
Payments to an Individual Retirement Arrangement:							
Number of returns.....	3,876,364	321,906	885,464	1,089,147	1,056,209	398,349	125,289
Amount.....	8,209,082	526,756	1,679,015	2,195,235	2,324,733	1,058,926	424,418
Student loan interest deduction:							
Number of returns.....	3,801,935	442,731	1,181,453	1,237,902	939,848	--	--
Amount.....	1,745,220	148,155	590,484	653,343	353,238	--	--
Moving expenses adjustment:							
Number of returns.....	811,857	68,919	169,930	200,043	252,854	97,239	22,872
Amount.....	1,701,184	97,525	228,267	332,344	573,645	317,215	152,188
Self-employment tax deduction:							
Number of returns.....	13,617,912	3,638,434	2,644,761	2,494,083	2,942,994	1,238,899	658,741
Amount.....	15,294,110	1,660,303	2,149,495	2,432,807	4,140,954	2,674,195	2,236,355
Self-employed health insurance deduction:							
Number of returns.....	3,257,792	464,383	635,577	644,264	783,840	415,417	314,311
Amount.....	4,470,325	453,487	746,641	781,252	1,124,822	693,978	670,145
Payments to a self-employed retirement (Keogh) plan:							
Number of returns.....	1,146,791	20,707	64,328	130,065	365,536	330,355	235,800
Amount.....	10,497,152	42,716	166,488	463,043	1,987,169	3,498,100	4,339,637
Penalty on early withdrawal of savings:							
Number of returns.....	832,023	179,035	161,855	198,730	227,256	51,573	13,574
Amount.....	218,975	35,696	48,614	41,379	56,848	19,598	16,840
Alimony paid:							
Number of returns.....	579,322	47,749	82,006	108,429	183,221	103,210	54,707
Amount.....	6,564,239	413,889	551,119	717,962	1,577,329	1,530,030	1,773,910
Total deductions:							
Number of returns.....	123,760,759	39,171,708	30,070,258	23,108,730	23,116,071	6,239,713	2,054,279
Amount.....	1,119,132,208	190,998,303	190,944,187	186,764,664	289,698,208	137,116,050	123,610,796
Basic standard deduction:							
Number of returns.....	85,774,873	37,775,819	25,694,983	14,515,261	7,050,661	570,952	167,196
Amount.....	447,089,099	170,841,291	139,842,016	85,691,851	45,835,110	3,791,889	1,086,942

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1998

Table 1.--Individual Income Tax Returns, Tax Year 1998 Preliminary Data: 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)

Item	All returns	Size of adjusted gross income					
		Under \$15,000 ¹	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Additional standard deduction:							
Number of returns.....	11,227,340	4,326,396	3,566,829	1,726,553	1,356,538	197,693	53,331
Amount.....	14,252,500	5,169,330	4,650,930	2,260,910	1,814,106	282,014	75,211
Total itemized deductions (after limitation):							
Number of returns.....	37,985,887	1,395,889	4,375,275	8,593,469	16,065,410	5,668,761	1,887,083
Amount.....	657,790,608	14,987,683	46,451,241	98,811,903	242,048,992	133,042,147	122,448,643
Itemized deductions in excess of limitation:							
Number of returns.....	4,846,638	--	--	--	110,784	2,849,242	1,886,613
Amount.....	25,895,464	--	--	--	41,367	2,447,461	23,406,636
Medical and dental expenses deduction:							
Number of returns.....	5,494,566	787,158	1,665,409	1,509,323	1,335,052	177,557	20,069
Amount.....	31,709,067	5,546,016	8,630,089	6,837,431	7,702,485	2,275,402	717,644
Taxes paid deduction:							
Number of returns.....	37,397,393	1,262,957	4,189,841	8,455,855	15,954,365	5,652,720	1,881,655
Amount.....	237,276,925	2,278,370	9,049,774	25,579,856	79,084,089	52,821,658	68,463,178
Interest paid deduction:							
Number of returns.....	31,831,765	871,201	3,209,701	7,229,543	14,123,477	4,839,794	1,558,049
Amount.....	261,856,247	5,122,624	18,664,849	44,310,142	106,834,926	53,020,000	33,903,706
Charitable contributions deduction:							
Number of returns.....	33,720,851	917,567	3,509,501	7,353,054	14,728,589	5,395,767	1,816,374
Amount.....	105,340,735	1,076,573	5,494,012	12,021,335	31,860,367	19,522,237	35,366,211
Taxable income:							
Number of returns.....	100,820,014	17,796,311	28,657,810	22,993,598	23,083,180	6,236,368	2,052,748
Amount.....	3,758,885,170	56,728,720	319,413,824	578,320,251	1,129,218,140	634,056,464	1,041,147,771
Income tax before credits:							
Number of returns.....	100,814,912	17,791,427	28,658,373	22,992,660	23,083,327	6,236,368	2,052,757
Amount.....	808,559,373	8,449,864	47,669,125	91,685,260	203,605,390	144,073,426	313,076,307
Total tax credits:⁴							
Number of returns.....	34,314,350	3,314,586	9,327,876	8,271,653	10,642,238	2,048,231	709,766
Amount.....	29,126,608	688,351	6,796,885	6,490,856	9,479,965	1,619,800	4,050,751
Child care credit:							
Number of returns.....	6,120,222	138,664	1,383,968	1,667,707	2,276,057	552,161	101,665
Amount.....	2,648,668	35,029	602,225	685,443	1,017,396	255,514	53,061
Credit for the elderly or disabled:							
Number of returns.....	178,568	126,718	51,850	--	--	--	--
Amount.....	35,414	24,531	10,884	--	--	--	--
Child tax credit:							
Number of returns.....	24,877,278	1,057,861	7,075,186	7,018,588	8,682,526	1,043,116	--
Amount.....	15,170,677	242,520	3,350,086	4,739,488	6,221,286	617,296	--
Education tax credits:							
Number of returns.....	4,689,153	513,317	1,012,197	1,207,640	1,955,999	--	--
Amount.....	3,410,627	212,700	678,562	845,030	1,674,335	--	--
Foreign tax credit:							
Number of returns.....	2,986,741	254,795	224,685	373,632	856,239	717,204	560,185
Amount.....	3,892,874	9,185	38,532	70,026	269,506	512,016	2,993,609
General business credit:							
Number of returns.....	263,734	11,190	16,192	31,158	80,487	68,701	56,006
Amount.....	629,907	3,468	13,905	37,899	142,895	125,547	306,192
Prior year minimum tax credit:							
Number of returns.....	96,413	*3,417	1,734	3,895	12,692	28,717	45,959
Amount.....	733,928	*1,103	512	3,538	18,244	87,814	622,717
Income tax after credits:							
Number of returns.....	93,012,960	15,670,248	23,329,860	22,667,984	23,058,434	6,234,755	2,051,679
Amount.....	779,432,765	7,761,513	40,872,240	85,194,404	194,125,425	142,453,627	309,025,557
Self-employment tax:							
Number of returns.....	13,618,890	3,639,412	2,644,761	2,494,083	2,942,994	1,238,899	658,741
Amount.....	30,581,853	3,319,179	4,297,703	4,864,400	8,280,413	5,347,772	4,472,385
Alternative minimum tax:							
Number of returns.....	828,008	6,568	6,744	26,852	187,504	267,216	333,124
Amount.....	4,425,885	68,589	18,790	24,539	215,613	761,205	3,337,148

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1998

Table 1.--Individual Income Tax Returns, Tax Year 1998 Preliminary Data: 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)

Item	All returns	Size of adjusted gross income					
		Under \$15,000 ¹	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total earned income credit (EIC):							
Number of returns.....	19,765,814	12,243,903	7,498,785	23,125	--	--	--
Amount.....	31,777,371	21,271,896	10,505,219	257	--	--	--
EIC used to offset income tax before credits:							
Number of returns.....	5,942,233	1,449,713	4,476,401	16,120	--	--	--
Amount.....	2,244,206	158,571	2,085,454	181	--	--	--
EIC used to offset other taxes:							
Number of returns.....	3,168,054	2,178,406	989,648	--	--	--	--
Amount.....	2,357,834	1,551,368	806,466	--	--	--	--
Excess EIC, refundable portion:							
Number of returns.....	16,364,466	10,975,730	5,381,730	*7,006	--	--	--
Amount.....	27,175,330	19,561,957	7,613,298	*75	--	--	--
Additional child tax credit:							
Number of returns.....	748,599	50,863	467,075	215,086	12,900	*2,675	--
Amount.....	500,353	44,766	296,774	148,440	6,842	*3,532	--
Total income tax:							
Number of returns.....	93,032,387	15,674,898	23,332,140	22,670,328	23,065,220	6,236,753	2,053,049
Amount.....	783,876,633	7,830,102	40,891,030	85,219,129	194,341,039	143,214,833	312,380,500
Total tax liability:							
Number of returns.....	95,432,653	17,331,675	23,946,531	22,788,156	23,075,632	6,237,230	2,053,430
Amount.....	815,934,420	9,779,807	44,614,973	90,534,376	203,867,782	149,388,689	317,748,792

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

¹ Includes returns with adjusted gross deficit.

² Included in data for Forms 1040, 1040A, and 1040EZ.

³ Not included in adjusted gross income.

⁴ Includes EIC used to offset income tax before credits.

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