

# High-Income Tax Returns for 2000

by Brian Balkovic

The Tax Reform Act of 1976 requires annual publication of data on individual income tax returns reporting income of \$200,000 or more, including the number of such returns reporting no income tax liability and the importance of various tax provisions in making these returns nontaxable [1]. This article presents detailed data for the 2.8 million high-income returns for 2000, as well as summary data for the period 1977 to 2000. Detailed data for the years 1974 through 1999 have been published previously [2].

Two income concepts are used in this article to classify tax returns as high-income: the statutory concept of adjusted gross income (AGI) and the expanded income concept [3]. Expanded income uses items reported on tax returns to obtain a more comprehensive measure of income than AGI. Specifically, expanded income is AGI plus tax-exempt interest, nontaxable Social Security benefits, the foreign-earned income exclusion, and items of “tax preference” for “alternative minimum tax” purposes; less unreimbursed employee business expenses, moving expenses, investment interest expense to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor [4, 5]. Note that, although expanded income is a more comprehensive measure of income than AGI, for some taxpayers, the subtractions from AGI to arrive at expanded income exceed the additions, with the result that expanded income is less than AGI.

## Number of High-Income Returns

Table 1 shows that, for 2000, there were 2,771,577 individual income tax returns reporting AGI of \$200,000 or more, and 2,807,804 with expanded income of \$200,000 or more. These returns represented, respectively, 2.142 percent and 2.170 percent of all returns for 2000.

Since 1977, the number of returns reporting income of \$200,000 or more has increased at a much more rapid rate than the total number of returns filed. This pattern is true under both income concepts. Between 1999 and 2000, while the total number of tax returns increased 1.8 percent, the number of high

AGI returns increased 14.1 percent, and the number of high expanded-income returns rose 13.2 percent. As a result, for each year, returns with income of \$200,000 or more comprised a larger share of all returns than for the preceding year.

The difference in the number of high-income returns between the two income concepts significantly decreased beginning with 1987, when AGI began to include 100 percent of long-term capital gains. That change in the definition of AGI made the income concepts of AGI and expanded income more comparable. In addition, as a result of the inclusion of tax-exempt interest in expanded income starting with 1987, expanded income for years after 1986 is not strictly comparable to expanded income for years before 1987.

In the top panel of Figure A, the \$200,000 threshold for high-income returns is measured in current-year (nominal) dollars. As a result of inflation, the real (constant) dollar level of the threshold fell over time, and some returns are classified as high-income that would not have been classified as high-income for earlier years. To maintain the comparability of the real threshold over time, the nominal \$200,000 threshold has been adjusted for inflation to 1976 constant dollars for all years, and the number of high-income tax returns has been recomputed in the lower panel of Figure A [6].

When measured in 1976 constant dollars, under the expanded income concept, the total number of high-income returns for 2000 was only 8.4 times the number for 1977. However, the number of high-income returns for 2000 measured in current-year dollars was 41.6 times as large as for 1977. Since 1977, the percentage of returns with expanded income of \$200,000 or more in current dollars increased every year. The share of high-expanded-income returns in 1976 constant dollars increased from 1999 to 2000, as it has for 7 years. For 2000, the share of high-expanded-income returns reached 0.381 percent, surpassing the preceding high of 0.351 percent, reached in 1999. Figure B shows the difference between the constant and current dollar shares of high-income returns.

Based on AGI, the number of high-income returns for 2000 measured in current-year dollars was 51.9 times as large as for 1977. Measured in 1976 constant dollars, the number of returns for 2000 was only 10.5 times the number for 1977. Between 1988

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Figure A

## All Returns and Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Income Concept, Tax Years 1977-2000

Tax year	All returns	\$200,000 income threshold measured in current dollars			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)
1977.....	86,634,640	53,403	67,580	0.060	0.076
1978.....	89,771,551	68,506	85,137	0.076	0.095
1979.....	92,694,302	93,731	122,231	0.101	0.132
1980.....	93,902,459	117,250	149,826	0.125	0.160
1981.....	95,396,123	138,136	175,092	0.143	0.182
1982.....	95,337,432	169,367	207,291	0.178	0.217
1983.....	96,321,310	198,608	249,319	0.206	0.259
1984.....	99,438,708	243,760	310,042	0.245	0.312
1985.....	101,660,287	296,507	370,340	0.292	0.364
1986.....	103,045,170	374,363	529,460	0.363	0.514
1987.....	106,996,270	539,967	557,848	0.505	0.521
1988.....	109,708,280	725,345	737,659	0.661	0.672
1989.....	112,135,673	786,063	814,152	0.701	0.726
1990.....	113,717,138	834,957	860,940	0.734	0.757
1991.....	114,730,123	846,707	892,178	0.738	0.778
1992.....	113,604,503	954,747	989,522	0.840	0.871
1993.....	114,601,819	993,326	1,043,213	0.867	0.910
1994.....	115,943,131	1,109,498	1,153,829	0.957	0.995
1995.....	118,218,327	1,272,508	1,319,382	1.076	1.116
1996.....	120,351,208	1,523,407	1,572,114	1.266	1.306
1997.....	122,421,991	1,807,900	1,854,031	1.477	1.514
1998.....	124,770,662	2,085,211	2,132,301	1.671	1.709
1999.....	127,075,145	2,429,942	2,479,556	1.912	1.951
2000.....	129,373,500	2,771,577	2,807,804	2.142	2.170

Tax year	Current dollar income threshold equal to \$200,000 in 1976 constant dollars (whole dollars)	\$200,000 income threshold measured in 1976 constant dollars <sup>1</sup>			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(6)	(7)	(8)	(9)	(10)
1977.....	213,005	45,931	58,991	0.053	0.068
1978.....	229,174	49,388	62,556	0.055	0.070
1979.....	255,184	55,542	76,479	0.060	0.083
1980.....	289,631	52,512	71,704	0.056	0.076
1981.....	319,508	50,880	71,146	0.053	0.075
1982.....	339,192	59,411	81,297	0.062	0.085
1983.....	350,088	67,310	93,977	0.070	0.098
1984.....	365,202	80,800	116,389	0.081	0.117
1985.....	378,207	95,740	134,715	0.094	0.133
1986.....	385,237	119,550	191,596	0.116	0.186
1987.....	399,297	161,408	169,942	0.151	0.159
1988.....	415,817	235,051	241,201	0.214	0.220
1989.....	435,852	217,685	228,530	0.194	0.204
1990.....	459,400	216,716	228,659	0.191	0.201
1991.....	478,735	183,442	195,743	0.160	0.171
1992.....	493,146	213,783	227,354	0.188	0.200
1993.....	507,909	201,236	212,853	0.176	0.186
1994.....	520,914	204,532	214,673	0.176	0.185
1995.....	535,677	237,770	248,077	0.201	0.210
1996.....	551,494	278,342	288,194	0.231	0.239
1997.....	564,148	335,040	345,869	0.274	0.283
1998.....	572,934	385,183	396,207	0.309	0.318
1999.....	585,589	436,118	446,583	0.343	0.351
2000.....	605,272	482,396	492,589	0.373	0.381

<sup>1</sup> 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

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and 1994, the share of such returns fell from 0.214 percent to 0.176 percent of all returns, before increasing each year from 1995 through 2000 to reach 0.373 percent for 2000. As for high-expanded-income returns, the 2000 share was a new high, surpassing the previous high of 0.351 percent reached in 1999.

### Nontaxable High-Income Returns

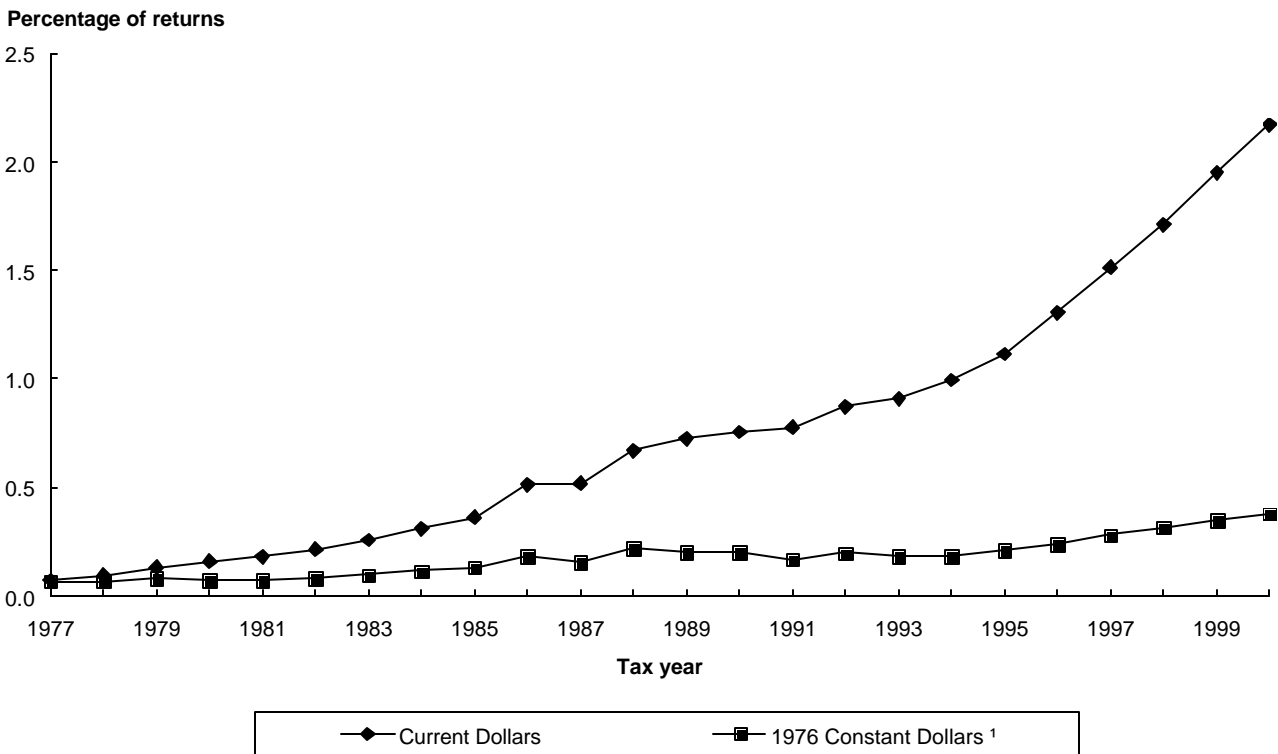
Two tax concepts are used in this article to classify tax returns as taxable or nontaxable. The first concept, "U.S. income tax," is total Federal income tax liability (including the "alternative minimum tax" (AMT)), less all credits against income tax. Since the U.S. income tax applies to worldwide income and since a credit (subject to certain limits) is allowed against U.S. income tax for income taxes paid to

foreign governments, a return could be classified as nontaxable under this first concept even though income taxes had been paid to a foreign government. The second tax concept, "worldwide income tax," addresses this circumstance by adding to U.S. income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign-earned income [7, 8].

For 2000, of the 2,771,577 income tax returns with AGI of \$200,000 or more, 2,328 (0.084 percent) showed no U.S. income tax liability; and 2,022 (0.073 percent) showed no worldwide income tax liability (the top panel of Figure C). For 1999, there were 1,605 returns (0.067 percent) with AGI of \$200,000 or more with no U.S. income tax liability; and 1,398 returns (0.058 percent) with no worldwide income tax liability.

Figure B

### Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977-2000



<sup>1</sup> 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

# High-Income Tax Returns for 2000

Figure C

## Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax Status and Income Concept, Tax Years 1977-2000

Tax year	\$200,000 income threshold measured in current dollars							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1977.....	60	85	37	64	0.112	0.126	0.069	0.095
1978.....	98	105	60	67	0.143	0.123	0.088	0.079
1979.....	70	114	28	64	0.075	0.093	0.030	0.052
1980.....	143	198	56	114	0.122	0.132	0.048	0.076
1981.....	226	304	79	114	0.164	0.174	0.057	0.065
1982.....	262	299	109	153	0.155	0.144	0.064	0.074
1983.....	447	579	321	437	0.225	0.232	0.162	0.175
1984.....	532	325	471	271	0.218	0.105	0.193	0.087
1985.....	612	613	442	454	0.206	0.166	0.149	0.123
1986.....	659	595	437	379	0.176	0.112	0.117	0.072
1987.....	857	472	740	364	0.159	0.085	0.137	0.065
1988.....	822	397	731	309	0.113	0.054	0.101	0.042
1989.....	1,081	779	987	691	0.138	0.096	0.126	0.085
1990.....	1,219	1,183	1,114	1,087	0.146	0.137	0.133	0.126
1991.....	1,253	1,933	1,131	1,740	0.148	0.217	0.134	0.195
1992.....	909	1,896	823	1,799	0.095	0.192	0.086	0.182
1993.....	1,022	2,392	932	1,950	0.103	0.229	0.094	0.187
1994.....	1,137	2,574	1,061	2,161	0.102	0.223	0.096	0.187
1995.....	998	2,676	896	1,746	0.078	0.203	0.070	0.132
1996.....	1,044	1,820	950	1,660	0.069	0.116	0.062	0.106
1997.....	1,189	1,814	1,048	1,562	0.066	0.098	0.058	0.084
1998.....	1,467	2,224	1,283	1,914	0.070	0.104	0.062	0.090
1999.....	1,605	2,525	1,398	2,174	0.067	0.102	0.058	0.088
2000.....	2,328	2,766	2,022	2,320	0.084	0.099	0.073	0.083

Tax year	\$200,000 income threshold measured in 1976 constant dollars <sup>1</sup>							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1977.....	54	75	32	56	0.118	0.127	0.070	0.095
1978.....	62	70	31	39	0.126	0.112	0.063	0.062
1979.....	38	71	15	39	0.068	0.093	0.027	0.051
1980.....	56	71	22	39	0.107	0.099	0.042	0.054
1981.....	53	87	21	55	0.104	0.122	0.041	0.077
1982.....	58	68	27	36	0.098	0.084	0.045	0.044
1983.....	138	135	113	108	0.205	0.144	0.168	0.115
1984.....	170	78	160	66	0.210	0.067	0.198	0.057
1985.....	190	155	137	99	0.198	0.115	0.143	0.073
1986.....	201	189	138	120	0.168	0.099	0.115	0.063
1987.....	312	126	271	85	0.193	0.074	0.168	0.050
1988.....	277	141	251	116	0.118	0.058	0.107	0.048
1989.....	293	128	269	106	0.135	0.056	0.124	0.046
1990.....	339	169	307	137	0.156	0.074	0.142	0.060
1991.....	301	305	273	277	0.164	0.156	0.149	0.142
1992.....	171	288	148	264	0.080	0.127	0.069	0.116
1993.....	180	323	160	300	0.089	0.152	0.080	0.141
1994.....	227	345	209	329	0.113	0.161	0.104	0.153
1995.....	202	281	174	252	0.085	0.113	0.073	0.102
1996.....	236	275	213	254	0.085	0.095	0.077	0.088
1997.....	256	247	222	214	0.076	0.071	0.066	0.062
1998.....	290	289	251	253	0.075	0.073	0.065	0.064
1999.....	351	343	296	293	0.082	0.077	0.069	0.066
2000.....	464	365	390	290	0.096	0.074	0.081	0.059

<sup>1</sup> 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

NOTE: See Figure H for the derivation of U.S. income tax and worldwide income tax.

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Of the 2,807,804 tax returns with expanded income of \$200,000 or more, some 2,766 (0.099 percent) had no U.S. income tax liability; and 2,320 (0.083 percent) had no worldwide income tax liability [9]. Of the 2,479,556 returns with expanded income of \$200,000 or more for 1999, there were 2,525 (0.102 percent) with no U.S. income tax liability and 2,174 (0.088 percent) with no worldwide income tax liability.

Thus, whether measured by absence of U.S. income tax or absence of worldwide income tax, the proportion of nontaxable high-AGI returns increased between 1999 and 2000, but the proportion of nontaxable high-expanded-income returns decreased.

Although the number of nontaxable, high-expanded-income returns, as measured by absence of U.S. income tax, increased in all but a few years since 1977, that increase largely was attributable to the growth in the overall number of all returns--taxable and nontaxable--with income of \$200,000 or more. As mentioned previously, because of the inclusion of tax-exempt interest in expanded income starting with 1987, the concept of expanded income is no longer strictly comparable to expanded income calculated for years before 1987 [10].

Regardless of the income measure (AGI or expanded income) or the tax concept (U.S. income tax or worldwide income tax) used, the numbers of 2000 nontaxable, high-income returns in 1976 constant dollars were much lower than the numbers in current dollars. The percentages of nontaxable returns are not substantially different regardless of whether measured in constant or current dollars. Of returns with AGI of \$200,000 or more in current dollars, 0.084 percent reported no U.S. income tax for 2000; and 0.073 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.096; the percentage without worldwide income tax liability was 0.081 (see the lower panel of Figure C).

Of returns with expanded income of \$200,000 or more in current dollars, 0.099 percent reported no U.S. income tax; and 0.083 percent reported no worldwide income tax. When looking at these same returns using 1976 constant dollars, the percentage without U.S. income tax liability was 0.074; the percentage without worldwide income tax liability was 0.059.

Figure D shows the number of returns with no worldwide income tax and with expanded income of \$200,000 or more and their proportion of all high-

income returns for 1977 through 2000. These data are shown in both current-year and 1976 constant dollars. In this figure, the spread between the two percentage lines was small for the late 1970's, showed an increase for the early 1980's, and then narrowed before widening again after 1988. The spread also narrowed from 1994 through 1997 and then slightly increased for 1998 and 1999. For 2000, the spread narrowed slightly.

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

### Detailed Data for 2000

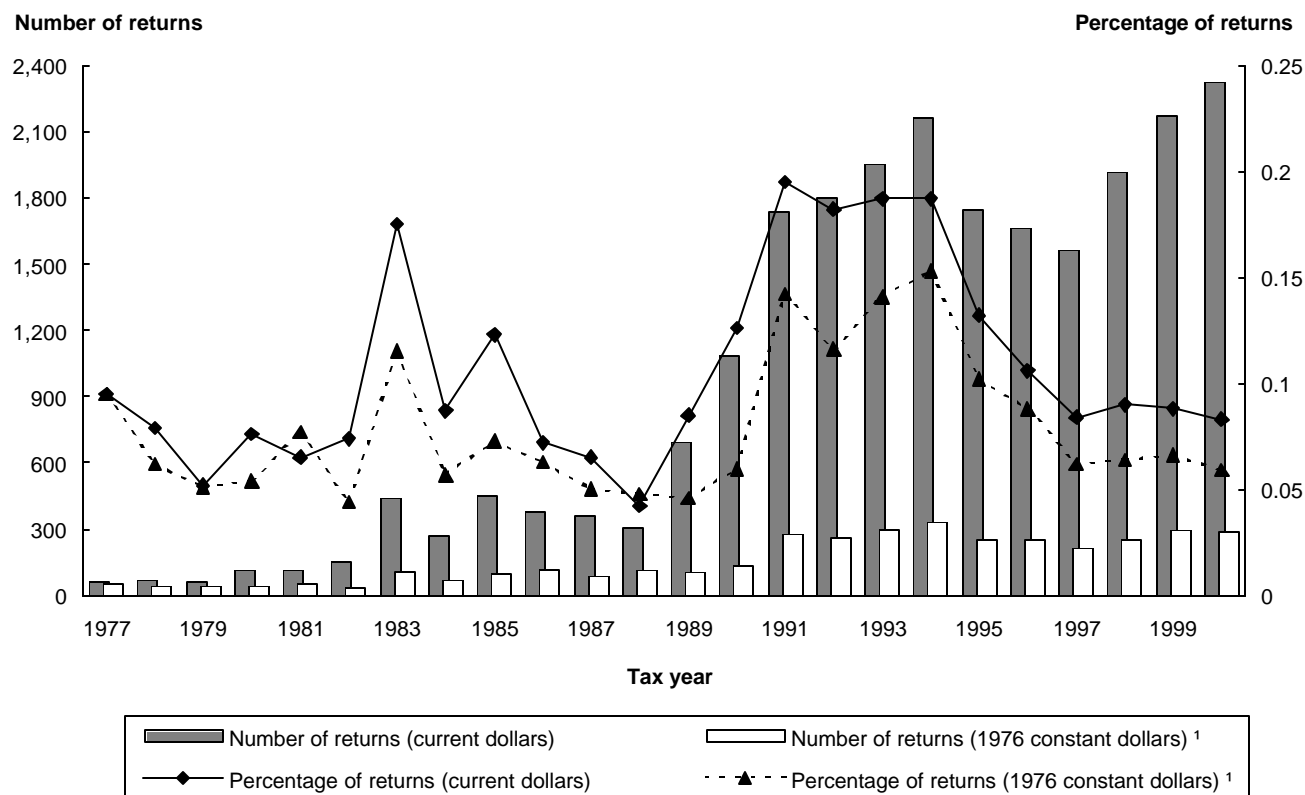
Tables 1 through 12 present data based on income tax returns for 2000, mainly those with income of \$200,000 or more (measured in current-year dollars) of AGI or expanded income. Most of the data are shown for taxable and nontaxable returns, both separately and combined. In summary, the tables show:

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

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Figure D

## Number and Percentage of Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More, Tax Years 1977-2000



<sup>1</sup> 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

NOTE: See Figure H for the derivation of worldwide income tax.

and second most important items in reducing (or eliminating) income tax (Tables 7 and 8);

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

Tables 1,3,5,7,9, and 11 use the U.S. income tax concept to classify returns as taxable or nontaxable, whereas Tables 2, 4, 6, 8, 10, and 12 use the worldwide income tax concept.

### Size of Income

Tables 1 and 2 show the number of all returns, taxable returns, and nontaxable returns, cross-classified by broad AGI and expanded income-size classes. The tables show that most returns fall in the same broad income-size class under both income concepts, but that the number of nontaxable returns is greater in each income class over \$50,000 when income is measured by economic income rather than by AGI. Table 1 shows that 2,328 returns with no U.S. income tax had an AGI of \$200,000 or more; and 2,766 returns with no U.S. income tax had an expanded income of \$200,000 or more.

### Distribution of Tax Levels

Tables 3 and 4 show the distributions of high-income returns by the ratios of “adjusted” taxable income to

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AGI or expanded income. Taxable income has been “adjusted” for these tables by subtracting from taxable income the deduction equivalents of tax credits and other items [11]. Thus, the tables show the extent to which AGI or expanded income, respectively, are reduced before taxes are imposed on the remaining income. The tables also illustrate three important facts about high-income tax returns. (The examples in the paragraphs below are drawn from the “expanded income” columns in Table 4.)

- As already described, only a small portion of high-income taxpayers were able to escape all income taxes (0.090 percent, which is rounded to 0.1 percent in Table 4).
- Another group of high-income taxpayers--small, but larger than the nontaxable group--was able to offset a very substantial fraction of its income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income. Such taxpayers may be called “nearly nontaxables.” (Around 0.5 percent of high-expanded-income taxpayers reported some tax liability, but were able to reduce their taxable incomes to less than 25 percent of their expanded incomes.)
- Overall, a large portion of high-income taxpayers were subject to tax on a large share of their incomes and, consequently, reported very substantial amounts of tax. (60.2 percent had taxable income equal to 80 percent or more of expanded income; and 96.9 percent had taxable income equal to 50 percent or more of expanded income.)

Tables 11 and 12 show the distributions of tax returns in another way: by tax burden. These two tables classify all tax returns by both size of income and effective tax rate, i.e., income tax as a percentage of either adjusted gross income or expanded income. These tables show that, on average, high-income taxpayers did have higher effective tax rates. The tables also illustrate the wide dispersion of effective tax rates for high-income returns. For example, Table 12 shows that, while 1.2 percent of returns with expanded income of \$200,000 or more had

either no worldwide income tax or worldwide income tax of less than 10 percent of expanded income, 43.2 percent had effective tax rates of 25 percent or more. In addition, 78.2 percent of high-income taxpayers had average tax rates ranging from 20 percent to 35 percent, while 38.3 percent had effective tax rates between 20 percent and 25 percent.

### Characteristics of Tax Returns

Tables 5 and 6 show, in the aggregate, the frequencies and amounts of the types of income, the items of tax preference, and the various deductions, credits, and income taxes shown on high-income returns. By comparing the columns for nontaxable returns with those for taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, nontaxable returns under the expanded-income concept were much more likely to have tax-exempt interest than were taxable returns, and when they did have it, the average amount was much higher. Similarly, nontaxable returns were much less likely to have any income from salaries and wages.

### Reasons for Nontaxability

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

Because they do not generate AMT adjustments or preferences, tax-exempt bond interest, itemized deductions for interest expense, miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor, casualty or theft losses, and medical expenses (exceeding 10 percent of AGI) could, by themselves, produce nontaxability [12].

Due to the AMT exclusion of \$45,000 on joint returns (\$33,750 on single and head-of-household returns and \$22,500 on returns of married taxpayers filing separately), a return could have been nontaxable, even though it included some items that produced AMT adjustments or preferences [13]. Further, since the starting point for “alternative minimum

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taxable income” was taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative, due to itemized deductions and personal exemptions exceeding AGI, so that the taxpayer’s AMT adjustments and preferences are less than the sum of the AMT exclusion and the amount by which regular taxable income is below zero. Note that, because of the AMT, taxpayers may have found it beneficial to report additional deduction items on their tax returns, even if the items did not produce a benefit for regular tax purposes.

Tables 7 and 8 classify tax returns by the items that had the largest and second largest effects in reducing or eliminating income tax. For returns on which each of the largest effects was identified, the tables show each of the second largest effects [14]. For example, Table 7 shows that, on taxable returns with some U.S. income tax and expanded income of \$200,000 or more, the taxes paid deduction was the most important item 50.8 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 59.2 percent of the time, and the charitable contributions deduction was the third most important item 26.7 percent of the time.

Table 8 shows that, on returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in reducing the tax, reported on 52.5 percent of the returns, was the exclusion for State and local government interest (“tax-exempt interest”). For these returns, the itemized deduction for medical and dental expense was the second most important item 28.4 percent of the time, and the deduction for taxes paid was the second most important item 25.0 percent of the time.

The four categories with the largest effect in reducing taxes on high adjusted-gross-income returns with no worldwide income tax were the investment interest expense deduction (681 returns or 34.2 percent of the 1,993 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); total miscellaneous deductions (421 returns or 21.1 percent); partnership and S corporation net losses (191 returns or 9.6 percent); and the medical and dental expense deduction (176 returns or 8.8 percent). These effects are also shown graphically in Figure E.

The four categories that most frequently had the largest effect in reducing taxes for high expanded-income returns with no worldwide income tax were tax-exempt interest (1,219 returns or 52.5 percent of the 2,320 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); the medical and dental expense deduction (357 returns or 15.4 percent); all other tax credits (214 returns or 9.2 percent); and partnership and S corporation net losses (190 returns or 8.2 percent). These effects are also shown graphically in Figure F. Table 8 also shows the two items that most frequently had the second largest effect in reducing regular tax liability for high expanded-income returns with no worldwide tax. These were the deduction for taxes paid (458 returns or 19.7 percent) and the deduction for medical and dental expenses (397 returns or 17.1 percent).

Tables 9 and 10 present another way of illustrating the importance of various tax provisions in reducing or eliminating income tax. Unlike Tables 7 and 8, these tables cover only nontaxable returns, i.e., returns showing no income tax liability, including AMT. Tables 9 and 10 show the number of times that various items reduced income by different fractions of income. The items shown are the various categories of itemized deductions, the deduction equivalents of two different types of tax credits, and total tax preferences excluded from income. For example, for high-expanded-income returns with no worldwide income tax (Table 10), the itemized deduction for casualty or theft losses exceeded 100 percent of expanded income on 78 of the 2,320 returns, but there was no casualty or theft loss deduction on 2,210 returns.

### Notes and References

- [1] The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).
- [2] Lerman, Allen H., “High-Income Tax Returns: 1974 and 1975, A Report on High-Income Taxpayers Emphasizing Tax Returns with Little or No Tax Liability,” U.S. Department of Treasury, Office of Tax Analysis, March 1977, and “High-Income Tax Returns: 1975 and 1976, A Report Emphasizing Nontaxable and Nearly Nontaxable Income Tax Returns,” U.S. Department of Treasury, Office of Tax Analysis, August 1978.



# High-Income Tax Returns for 2000

Figure E

## Returns with No Worldwide Income Tax and with Adjusted Gross Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 2000

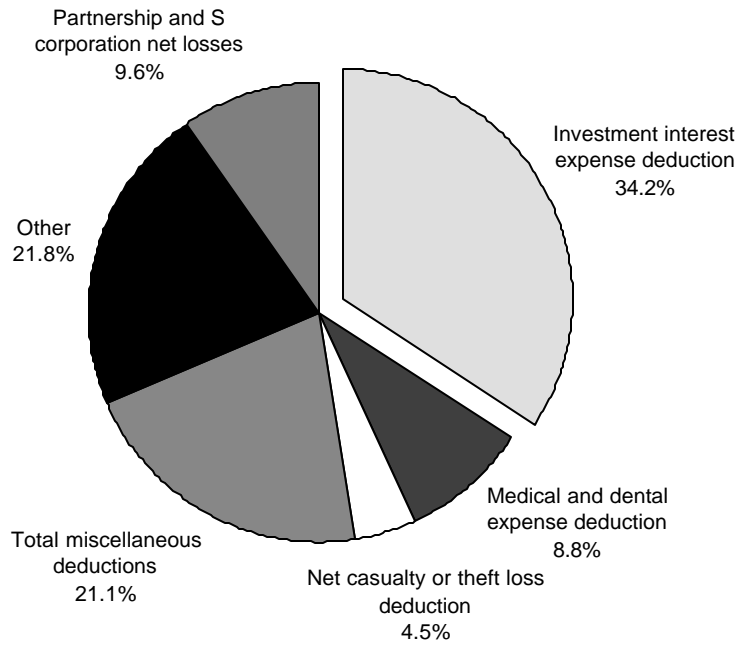
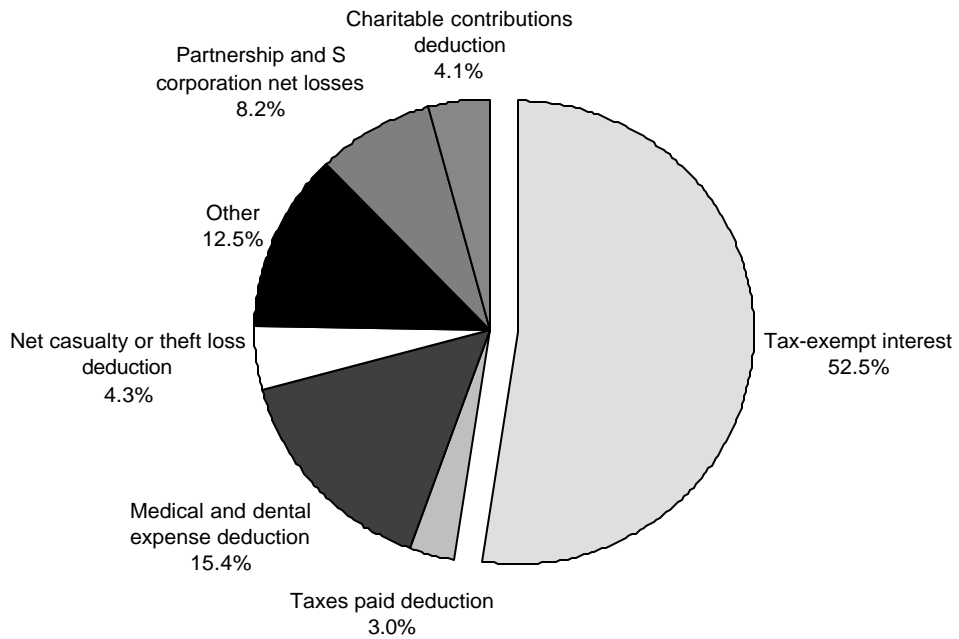


Figure F

## Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 2000



## High-Income Tax Returns for 2000

U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income--Individual Income Tax Returns* for 1977 through 1982 and 1985 through 1988. (For 1977 and 1978, only the number of nontaxable, high-AGI returns was published.)

Lerman, Allen H., "High-Income Tax Returns, 1983," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4, pp. 31-61; "High-Income Tax Returns, 1984," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4, pp. 1-29; "High-Income Tax Returns for 1989," *Statistics of Income Bulletin*, Spring 1993, Volume 12, Number 4, pp. 23-50; "High-Income Tax Returns for 1990," *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3, pp. 104-132; "High-Income Tax Returns for 1991," *Statistics of Income Bulletin*, Winter 1994-1995, Volume 14, Number 3, pp. 96-130; and "High-Income Tax Returns for 1992," *Statistics of Income Bulletin*, Winter 1995-1996, Volume 15, Number 3, pp. 46-82;

Latzy, John, "High-Income Tax Returns for 1993," *Statistics of Income Bulletin*, Winter 1996-1997, Volume 16, Number 3, pp. 64-101; and "High-Income Tax Returns, 1994," *Statistics of Income Bulletin*, Winter 1997-1998, Volume 17, Number 3, pp. 31-69;

Cruciano, Therese, "High-Income Tax Returns for 1995," *Statistics of Income Bulletin*, Summer 1998, Volume 18, Number 1, pp. 69-108; "High-Income Tax Returns for 1996," *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3, pp. 7-59.

Parisi, Michael, "High-Income Tax Returns for 1997," *Statistics of Income Bulletin*, Winter 1999-2000, Volume 19, Number 3, pp. 6-58.

Balkovic, Brian, "High-Income Tax Returns for 1998," *Statistics of Income Bulletin*, Winter 2000-2001, Volume 20, Number 3, pp. 5-57; "High-Income Tax Returns for 1999," *Statistics of Income Bulletin*, Spring 2002, Volume 21, Number 4, pp. 7-58.

- [3] The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income

(AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (90 Stat. at 815) eliminated the requirement to use the last two income concepts.

- [4] The definition of adjustments to AGI to obtain the expanded income given in the text is for 1999. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.
- [5] See Notes to Appendix A, Note A4.
- [6] Inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.
- [7] See Appendix B for a discussion of the tax concepts. In data published for years prior to 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income--Individual Income Tax Returns* (see footnote 2), the "U.S. income tax" concept was described as "total income tax," and the "worldwide income tax" concept was described as "modified total income tax."
- [8] The inclusion of foreign taxes paid on excluded foreign-earned income, beginning with Tax Year 1990, represents an improvement in the worldwide income tax concept. It does, however, represent a slight break in the year-to-year comparability of data for worldwide income tax. However, the number of returns with foreign taxes paid on excluded foreign-earned income is extremely small compared to the number of returns with the foreign tax credit.
- [9] Includes returns on which income tax was entirely offset by the earned income credit.
- [10] Tax-exempt interest had to be reported on the individual income tax return, starting with Tax Year 1987, and is included in expanded income

## High-Income Tax Returns for 2000

starting with that year. Beginning with Tax Year 1991, tax-exempt interest was incorporated into the criteria used for sampling returns for Statistics of Income, thus increasing the reliability of the estimates of expanded income.

- [11] See Appendix B for a description of how the deduction equivalent of credits was computed.
- [12] The deduction for charitable contributions could also fall into this class if it were not limited to 50 percent of AGI.
- [13] The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status, but since taxpayers will have some AMT liability in the phaseout range, the phaseout income is not relevant for nontaxable, high-income returns.
- [14] Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

### Appendix A: Income Concepts

Congress wanted data on high-income taxpayers classified by an income concept that was more comprehensive than adjusted gross income (AGI), but that was based entirely on items already reported on income tax returns. In order to derive such an income concept, it was necessary to begin with a broad, inclusive concept of income. AGI must then be compared to this broad income concept, and the differences (both additions and subtractions) that can be determined from items reported on tax returns identified.

This appendix begins by defining “Haig-Simons income,” a very broad concept of income used by economists and others as a standard. AGI is then compared to Haig-Simons income, and the major differences between the two income concepts are listed. The final section defines “expanded income,” a more comprehensive income measure than AGI, based entirely on tax return data.

### Haig-Simons Income

The broadest measure of annual income generally used by economists and others is defined as the value

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

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

- *Labor income.*--This includes all forms of employee compensation (including wages and salaries), employee fringe benefits (such as employer-provided health insurance and accrued pension benefits or contributions), and the employer share of payroll taxes (such as Social Security taxes). Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income (such as pension benefits) would be counted in the year it was earned, rather than in the year it was received.
- *Capital income.*--This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether or not realized), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms and is net of real, economic depreciation and all other expenses (which could exceed capital income).
- *Transfer payments.*--These include payments in cash (such as Social Security benefits, workers’ compensation, unemployment benefits, Aid to Families with Dependent Children (AFDC), and noncash benefits (such as Medicare, Medicaid, and food stamps).

## High-Income Tax Returns for 2000

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

### Adjusted Gross Income

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

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

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRA's),

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

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

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

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

## High-Income Tax Returns for 2000

### Expanded Income

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

### Investment Interest

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

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

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and non-income-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets and, therefore, ought to be deductible against the gross receipts from such taxable assets. As a result of these problems, it has been necessary to set arbitrary limits on the amount of investment expenses that are deductible in calculating expanded income.

Investment expenses that have not been deducted in determining AGI can generally appear on a Federal individual income tax return in two places. Investment interest expense is taken into account in the calculation of the itemized deduction for interest paid. Deductible investment interest expense is a separate part of the total interest deduction. Other investment expenses, such as management fees, are included in the miscellaneous category of itemized deductions [A8]. Beginning with 1987, most types of income-producing expenses included as miscellaneous itemized deductions are only deductible to the extent that their total exceeds 2 percent of AGI. To determine expenses that should be deductible in calculating an approximation of H-S income, investment expenses have been defined as deductible investment interest expense. Other investment expenses could not be separated from the remainder of miscellaneous deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do not exceed investment income, they are generally allowed as a deduction in the computation of deductible in-

Figure G

### Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977-2000

Adjusted gross income (AGI)

PLUS:	<ul style="list-style-type: none"> <li>o Excluded capital gains (tax years prior to 1987)</li> <li>o Tax-exempt interest (1987 and later tax years)</li> <li>o Nontaxable Social Security benefits (1987 and later tax years)</li> <li>o Tax preferences for alternative minimum tax purposes [A5]</li> <li>o Foreign-earned income exclusion (1990 and later tax years)</li> </ul>
MINUS:	<ul style="list-style-type: none"> <li>o Unreimbursed employee business expenses [A6]</li> <li>o Nondeductible rental losses (Tax Year 1987)</li> <li>o Moving expense deduction (Tax Years 1987 through 1993) [A7]</li> <li>o Investment interest expense deduction to the extent it does not exceed investment income</li> <li>o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)</li> </ul>
EQUALS:	<ul style="list-style-type: none"> <li>o Expanded income</li> </ul>

NOTE: Footnotes to Figure G are included with the footnotes to Appendix A.

## High-Income Tax Returns for 2000

vestment interest expense and thus expanded income. Investment interest expenses that do exceed investment income are not deductible in calculating expanded income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly-measured income. However, in some instances, limiting investment expenses to investment income may overstate income by disallowing genuine investment losses.

### Notes to Appendix A

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

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

[A3] See Notes and References, footnote 4.

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

Beginning in 1987, taxpayers were required to report on their Federal income tax returns the amount of their tax-exempt interest incomes from State and local government bonds. Since 1987, tax-exempt interest has been included in expanded income.

Taxpayers are also required to report Social Security benefits. Since 1988, nontaxable Social Security benefits have been included in

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

The subtraction of unreimbursed employee business expense and the moving expense deduction is to make the concept of expanded income comparable to years prior to 1987. All current-year moving expenses beginning with Tax Year 1994 were deducted in the calculation of AGI as a statutory adjustment.

Due to subtracting non-limited miscellaneous deductions and not subtracting the nondeductible rental loss for 1989, the expanded income concept for 1989 is not strictly comparable to expanded income for 1988. Nor is the expanded income concept for 1990 strictly comparable to expanded income for 1989 because of the addition of the foreign-earned income exclusion. Specific details on the definition of expanded income for any given year are available in the reports and publications enumerated in footnote 2, under Notes and References.

[A5] The "tax preferences" (obtained from Form 6251, *Alternative Minimum Tax Computation*) excluded from adjusted gross income and tabulated in Tables 5 and 6 include the following items: the excess of accelerated depreciation over straight-line depreciation on certain real property and property subject to a lease (for property placed in service before 1987); the appreciated portion of the value of certain property contributed to charitable organizations; the excess of percentage depletion over the "adjusted basis" of the property; certain intangible drilling costs to the extent that they exceed otherwise allowable amortization deductions; and related adjustments, refigured for AMT purposes, such as section 179 expense deductions, expenses for business or rental use of the home, taxable IRA distributions, etc.

## High-Income Tax Returns for 2000

Preferences obtained through itemized deductions do not represent omitted income. Hence, they have not been counted as preference items in calculating a broader measure of income. The preference from tax-exempt interest on certain private activity bonds was not included, since the interest for all tax-exempt State and local government bonds is considered to be omitted income. Specific details on the tax preference items obtained from Form 6251 for earlier years are available in the reports and publications enumerated in footnote 2, under Notes and References.

- [A6] Includes deductible meal and entertainment expenses. Deductible expenses are limited to 50 percent of total meal and entertainment expenses, beginning with Tax Year 1994.
- [A7] Certain moving expenses, such as expenses for temporary quarters and expenses for selling a former residence, are limited.
- [A8] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from S corporations, only the net amounts of which are included in adjusted gross income.

### Appendix B: Tax Concepts

This appendix provides a brief summary of the U.S. taxation of worldwide income and the foreign tax credit. The two tax concepts used in this article are then defined. The following section explains the computation of the deduction equivalent of credits and other items. A final section discusses the possible implications of the use of unaudited tax return data for this article.

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

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

States [B1]. Income from sources outside the United States may also be subject to tax by foreign governments.

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

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

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

#### Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., returns showing an income tax liability) or nontaxable (i.e., returns showing no income tax liability) and to measure the tax burdens on taxable returns: U.S. income tax and worldwide income tax. Worldwide income tax is defined for purposes of this article as U.S. income tax plus the foreign tax credits reported on the U.S.

## High-Income Tax Returns for 2000

income tax return and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, *Foreign Tax Credit*). The amount of the foreign tax credits and foreign taxes paid on excluded foreign-earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax, is shown in Figure H.

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

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

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax

after the provision. For example, the “deduction equivalent of all tax credits” is equal to the difference between “taxable income that would yield income tax before credits” and “taxable income that would yield income tax after credits.”

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

The deduction equivalents of tax credits shown in Tables 9 and 10 were computed by assuming that deductions and exclusions reduce taxes before credits. As a result, the deduction equivalent of tax credits may be overstated.

### Unaudited Data

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

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

Figure H

### Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2000

Tax at regular rates (tax generated)	
PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
PLUS:	Alternative minimum tax (Form 6251)
EQUALS:	Income tax before credits
MINUS:	Tax credits
EQUALS:	U.S. income tax
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign-earned income (Form 1116)
EQUALS:	Worldwide income tax



## High-Income Tax Returns for 2000

### Notes to Appendix B

- [B1] An exception is that certain income earned abroad may be excluded from AGI. Any foreign taxes paid on such income are not creditable against U.S. income tax. The tables in this article include such excluded income in expanded income. Foreign taxes paid on such income are reflected in worldwide income tax, as discussed later.
- [B2] Although the foreign tax credit is an item of tax preference for AMT purposes, taxpayers below the AMT exclusion thresholds, or with

preferences or deductions not subject to AMT, could completely offset pre-credit U.S. income tax liability with foreign tax credits.

- [B3] Where foreign tax rates exceed U.S. rates, foreign tax credits will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign tax liabilities understates worldwide income tax liability. In other cases, when foreign tax credits are for taxes paid on income from previous years, use of foreign tax credits as a proxy may overstate or understate worldwide taxes on current-year income.

SOURCE: IRS, Statistics of Income Bulletin, Spring 2003, Publication 1136 (Revised 6-03).

# High-Income Tax Returns for 2000

**Table 1.--Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2000**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 <sup>1</sup>	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total.....</b>	<b>129,373,500</b>	<b>92,844,989</b>	<b>25,673,487</b>	<b>8,083,447</b>	<b>2,771,577</b>
Under \$50,000 <sup>1</sup> .....	92,241,597	91,661,678	571,010	6,258	2,652
\$50,000 under \$100,000.....	26,290,390	1,147,580	24,879,760	260,332	2,718
\$100,000 under \$200,000.....	8,033,709	33,444	217,096	7,727,944	55,225
\$200,000 or more.....	2,807,804	2,287	5,621	88,913	2,710,982
<b>Returns with U.S. income tax</b>					
<b>Total.....</b>	<b>100,165,434</b>	<b>63,776,794</b>	<b>25,541,521</b>	<b>8,077,869</b>	<b>2,769,249</b>
Under \$50,000 <sup>1</sup> .....	63,238,066	62,679,700	552,000	4,578	1,788
\$50,000 under \$100,000.....	26,109,775	1,077,598	24,769,584	260,044	2,549
\$100,000 under \$200,000.....	8,012,556	17,947	214,684	7,724,941	54,983
\$200,000 or more.....	2,805,037	1,549	5,253	88,306	2,709,929
<b>Returns without U.S. income tax</b>					
<b>Total.....</b>	<b>29,208,066</b>	<b>29,068,195</b>	<b>131,965</b>	<b>5,578</b>	<b>2,328</b>
Under \$50,000 <sup>1</sup> .....	29,003,531	28,981,978	19,009	1,680	864
\$50,000 under \$100,000.....	180,616	69,982	110,177	288	169
\$100,000 under \$200,000.....	21,153	15,497	2,412	3,003	242
\$200,000 or more.....	2,766	738	368	607	1,053

<sup>1</sup> Includes returns with adjusted gross deficit or with negative expanded income.

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

# High-Income Tax Returns for 2000

**Table 2.--Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2000**

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 <sup>1</sup>	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>					
<b>Total.....</b>	<b>129,373,500</b>	<b>92,844,989</b>	<b>25,673,487</b>	<b>8,083,447</b>	<b>2,771,577</b>
Under \$50,000 <sup>1</sup> .....	92,241,597	91,661,678	571,010	6,258	2,652
\$50,000 under \$100,000.....	26,290,390	1,147,580	24,879,760	260,332	2,718
\$100,000 under \$200,000.....	8,033,709	33,444	217,096	7,727,944	55,225
\$200,000 or more.....	2,807,804	2,287	5,621	88,913	2,710,982
<b>Returns with worldwide income tax</b>					
<b>Total.....</b>	<b>100,223,593</b>	<b>63,825,894</b>	<b>25,549,654</b>	<b>8,078,490</b>	<b>2,769,555</b>
Under \$50,000 <sup>1</sup> .....	63,277,483	62,719,102	552,000	4,578	1,803
\$50,000 under \$100,000.....	26,120,092	1,081,663	24,775,673	260,195	2,561
\$100,000 under \$200,000.....	8,020,536	23,566	216,681	7,725,290	54,999
\$200,000 or more.....	2,805,483	1,563	5,300	88,428	2,710,192
<b>Returns without worldwide income tax</b>					
<b>Total.....</b>	<b>29,149,907</b>	<b>29,019,095</b>	<b>123,833</b>	<b>4,957</b>	<b>2,022</b>
Under \$50,000 <sup>1</sup> .....	28,964,115	28,942,576	19,009	1,680	849
\$50,000 under \$100,000.....	170,298	65,917	104,087	137	157
\$100,000 under \$200,000.....	13,173	9,878	415	2,655	226
\$200,000 or more.....	2,320	724	321	485	790

<sup>1</sup> Includes returns with adjusted gross deficit or with negative expanded income.

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

# High-Income Tax Returns for 2000

**Table 3.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2000**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>2,771,577</b>	<b>100.0</b>	--	<b>2,807,804</b>	<b>100.0</b>	--
<b>Returns without U.S. income tax</b> .....	<b>2,328</b>	<b>0.1</b>	--	<b>2,766</b>	<b>0.1</b>	--
<b>Returns with U.S. income tax:</b>						
<b>Total</b> .....	<b>2,769,249</b>	<b>99.9</b>	<b>100.0</b>	<b>2,805,037</b>	<b>99.9</b>	<b>100.0</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Under 5 percent.....	1,260	( <sup>1</sup> )	( <sup>1</sup> )	2,036	0.1	0.1
5 under 10 percent.....	1,653	0.1	0.1	7,304	0.3	0.3
10 under 15 percent.....	4,696	0.2	0.3	7,847	0.3	0.6
15 under 20 percent.....	6,191	0.2	0.5	6,796	0.2	0.9
20 under 25 percent.....	4,395	0.2	0.7	8,055	0.3	1.1
25 under 30 percent.....	4,791	0.2	0.8	8,931	0.3	1.5
30 under 35 percent.....	6,419	0.2	1.1	12,059	0.4	1.9
35 under 40 percent.....	8,982	0.3	1.4	14,403	0.5	2.4
40 under 45 percent.....	13,728	0.5	1.9	20,027	0.7	3.1
45 under 50 percent.....	25,920	0.9	2.8	31,048	1.1	4.2
50 under 60 percent.....	112,710	4.1	6.9	132,914	4.7	9.0
60 under 70 percent.....	257,884	9.3	16.2	272,903	9.7	18.7
70 under 80 percent.....	638,927	23.1	39.3	632,409	22.5	41.2
80 percent or more.....	1,681,693	60.7	100.0	1,648,304	58.8	100.0

<sup>1</sup> Less than 0.05 percent.

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

# High-Income Tax Returns for 2000

**Table 4.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2000**

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>2,771,577</b>	<b>100.0</b>	<b>--</b>	<b>2,807,804</b>	<b>100.0</b>	<b>--</b>
<b>Returns without worldwide income tax.....</b>	<b>2,022</b>	<b>0.1</b>	<b>--</b>	<b>2,320</b>	<b>0.1</b>	<b>--</b>
<b>Returns with worldwide income tax:</b>						
<b>Total.....</b>	<b>2,769,555</b>	<b>99.9</b>	<b>100.0</b>	<b>2,805,483</b>	<b>99.9</b>	<b>100.0</b>
<b>Ratio of adjusted taxable income to income per concept:</b>						
Under 5 percent.....	1,307	( <sup>1</sup> )	( <sup>1</sup> )	1,755	0.1	0.1
5 under 10 percent.....	1,227	( <sup>1</sup> )	0.1	2,284	0.1	0.1
10 under 15 percent.....	1,237	( <sup>1</sup> )	0.1	1,855	0.1	0.2
15 under 20 percent.....	2,777	0.1	0.2	2,919	0.1	0.3
20 under 25 percent.....	2,389	0.1	0.3	4,715	0.2	0.5
25 under 30 percent.....	3,350	0.1	0.4	5,761	0.2	0.7
30 under 35 percent.....	4,840	0.2	0.6	8,124	0.3	1.0
35 under 40 percent.....	7,235	0.3	0.9	11,380	0.4	1.4
40 under 45 percent.....	11,570	0.4	1.3	18,643	0.7	2.0
45 under 50 percent.....	23,352	0.8	2.1	28,379	1.0	3.1
50 under 60 percent.....	109,196	3.9	6.1	128,896	4.6	7.7
60 under 70 percent.....	253,086	9.1	15.2	270,674	9.6	17.3
70 under 80 percent.....	637,522	23.0	38.2	632,588	22.5	39.8
80 percent or more.....	1,710,467	61.8	100.0	1,687,511	60.2	100.0

<sup>1</sup> Less than 0.05 percent.

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

# High-Income Tax Returns for 2000

**Table 5.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages.....	2,352,979	760,306,710	2,351,756	760,023,993	1,223	282,717
Business or profession:						
Net income.....	562,681	61,575,811	562,315	61,550,443	366	25,368
Net loss.....	158,366	3,757,912	158,087	3,635,734	279	122,178
Farm:						
Net income.....	19,268	839,357	19,254	839,297	14	59
Net loss.....	54,570	2,265,169	54,482	2,250,145	88	15,024
Partnership and S corporation net income after Section 179 property deduction: <sup>1</sup>						
Net income.....	927,967	218,456,954	927,511	218,397,747	456	59,208
Net loss.....	280,727	28,998,667	279,912	28,437,943	815	560,724
Sales of capital assets:						
Net gain.....	1,825,634	483,299,019	1,824,302	482,433,517	1,332	865,502
Net loss.....	554,201	1,385,047	553,540	1,383,171	661	1,876
Sales of property other than capital assets:						
Net gain.....	114,999	2,744,249	114,852	2,738,624	147	5,625
Net loss.....	182,809	2,653,820	182,526	2,613,644	283	40,176
Taxable interest received.....	2,680,970	65,705,360	2,678,875	65,019,987	2,095	685,373
Tax-exempt interest.....	906,558	29,957,271	905,733	29,873,122	825	84,149
Dividends.....	2,435,120	65,725,967	2,433,191	65,376,129	1,929	349,838
Pensions and annuities in adjusted gross income.....	559,903	22,009,036	559,465	21,992,613	438	16,424
Rent:						
Net income.....	401,606	16,937,036	401,272	16,919,854	334	17,182
Net loss, total (deductible and nondeductible).....	318,162	3,784,696	317,819	3,766,053	343	18,643
Nondeductible rental loss.....	201,932	2,006,830	201,711	2,000,850	221	5,981
Royalty:						
Net income.....	128,985	4,233,200	128,785	4,226,332	200	6,868
Net loss.....	5,751	34,929	5,744	34,192	7	737
Estate or trust:						
Net income.....	93,409	8,093,651	93,299	8,082,847	110	10,804
Net loss.....	9,664	575,303	9,628	571,833	36	3,470
State income tax refunds.....	1,269,273	5,872,538	1,268,475	5,853,529	798	19,009
Alimony received.....	6,499	802,815	**	**	**	**
Social Security benefits in adjusted gross income.....	458,060	7,405,086	457,427	7,395,779	633	9,307
Social Security benefits (nontaxable).....	458,060	1,306,883	457,427	1,305,241	633	1,643
Unemployment compensation.....	33,448	138,577	33,426	138,487	22	90
Other income.....	435,894	13,725,468	435,465	13,710,018	429	15,450
Other loss.....	33,470	1,676,044	33,407	1,670,403	63	5,641
Foreign-earned income exclusion.....	26,829	1,905,153	26,687	1,893,828	142	11,325
Total income.....	2,771,577	1,714,078,654	2,769,249	1,712,317,461	2,328	1,761,192
Statutory adjustments, total.....	1,126,014	13,888,081	1,125,288	13,880,014	726	8,066
Payments to Individual Retirement Arrangements.....	119,927	395,344	119,870	395,187	57	156
Payments to self-employed retirement (Keogh) plans.....	306,668	5,860,230	306,615	5,859,090	53	1,140
Moving expenses adjustment.....	34,590	196,185	34,578	196,101	12	84
Adjusted gross income.....	2,771,577	1,700,190,573	2,769,249	1,698,437,447	2,328	1,753,126
Investment interest expense deduction.....	658,321	17,672,421	656,887	16,586,015	1,434	1,086,406
Total tax preferences excluded from adjusted gross income.....	916,100	30,367,235	915,257	30,276,077	843	91,158
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	20,252	417,458	20,203	410,274	49	7,185
Passive activity loss (alternative minimum tax adjustment).....	337,622	1,239,876	337,242	1,241,337	380	-1,462
Expanded income.....	2,771,497	1,707,504,614	2,769,249	1,707,066,060	2,248	438,554

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 5.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept--Continued</b>						
Exemption amount.....	1,409,449	6,671,119	1,408,445	6,667,169	1,004	3,950
Itemized deductions:						
Total per adjusted gross income concept.....	2,574,851	193,207,138	2,572,649	191,210,948	2,202	1,996,190
Charitable contributions deduction.....	2,473,540	55,421,387	2,471,727	55,224,674	1,813	196,713
Interest paid deduction:						
Total per adjusted gross income concept.....	2,159,726	56,857,204	2,157,902	55,709,624	1,824	1,147,580
Total home mortgage interest.....	2,011,675	39,014,374	2,010,275	38,953,448	1,400	60,926
Medical and dental expense deduction.....	33,412	1,179,974	33,126	1,122,022	286	57,952
Net casualty or theft loss deduction.....	2,370	205,128	2,268	116,870	102	88,258
Taxes paid deduction.....	2,565,156	102,690,477	2,563,107	102,542,431	2,049	148,046
Net limited miscellaneous deductions per adjusted gross income concept.....	418,857	7,741,812	418,065	7,676,696	792	65,116
Non-limited miscellaneous deductions.....	74,758	4,325,788	74,254	3,995,157	504	330,631
Excess of exemptions and deductions over adjusted gross income.....	4,173	1,283,962	2,513	806,148	1,660	477,814
Taxable income.....	2,767,332	1,500,199,314	2,766,735	1,499,969,294	597	230,020
Tax at regular rates.....	2,767,422	447,889,876	2,766,821	447,828,477	601	61,399
Alternative minimum tax (Form 6251).....	519,149	7,499,588	**	**	**	**
Income tax before credits.....	2,769,843	455,315,830	2,769,241	455,254,431	602	61,400
Tax credits:						
Total.....	1,038,199	6,622,389	1,037,597	6,560,989	602	61,400
Child care credit.....	157,337	76,155	157,316	76,149	21	6
Minimum tax credit.....	81,489	1,165,584	81,127	1,134,045	362	31,539
Foreign tax credit.....	823,436	4,840,559	823,131	4,812,404	305	28,156
General business credit.....	70,241	424,498	70,191	424,152	50	346
U.S. total income tax.....	2,769,249	448,796,311	2,769,249	448,796,311	--	--
Taxable income which would yield:						
Income tax before credits.....	2,769,843	1,321,808,711	2,769,241	1,321,624,761	602	183,949
Income tax after credits.....	2,769,085	1,304,467,665	2,769,085	1,304,467,665	--	--
U.S. total income tax.....	2,769,249	1,304,756,792	2,769,249	1,304,756,792	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,771,577	1,700,190,573	2,769,249	1,698,437,447	2,328	1,753,126
plus: Total tax preferences excluded from adjusted gross income <sup>2</sup> .....	916,100	30,367,235	915,257	30,276,077	843	91,158
Social Security benefits (nontaxable).....	458,060	1,306,883	457,427	1,305,241	633	1,643
Foreign-earned income exclusion.....	26,829	1,905,153	26,687	1,893,828	142	11,325
minus: Investment interest expense deduction.....	658,321	17,672,421	656,887	16,586,015	1,434	1,086,406
Non-limited miscellaneous deductions.....	74,758	4,325,788	74,254	3,995,157	504	330,631
Unreimbursed employee business expenses.....	516,819	4,267,020	516,640	4,265,360	179	1,660
<b>Equals: Expanded income.....</b>	<b>2,771,497</b>	<b>1,707,504,614</b>	<b>2,769,249</b>	<b>1,707,066,060</b>	<b>2,248</b>	<b>438,554</b>

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 5.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages.....	2,348,637	758,447,567	2,347,487	758,158,702	1,150	288,865
Business or profession:						
Net income.....	568,366	61,933,228	568,095	61,914,956	271	18,272
Net loss.....	155,397	3,730,317	155,176	3,633,071	221	97,246
Farm:						
Net income.....	19,516	884,333	19,503	884,288	13	46
Net loss.....	54,665	2,256,433	54,587	2,243,398	78	13,034
Partnership and S corporation net income after Section 179 property deduction: <sup>1</sup>						
Net income.....	934,960	218,364,955	934,503	218,322,989	457	41,966
Net loss.....	286,224	28,758,374	285,475	28,333,330	749	425,044
Sales of capital assets:						
Net gain.....	1,866,182	484,221,334	1,864,791	483,585,287	1,391	636,047
Net loss.....	556,035	1,395,342	554,975	1,392,366	1,060	2,976
Sales of property other than capital assets:						
Net gain.....	115,393	2,730,681	115,267	2,726,262	126	4,419
Net loss.....	184,465	2,672,392	184,234	2,640,157	231	32,235
Taxable interest received.....	2,720,335	66,334,632	2,717,692	65,894,060	2,643	440,571
Tax-exempt interest.....	974,230	35,319,766	972,248	34,717,916	1,982	601,851
Dividends.....	2,483,223	67,293,025	2,480,764	67,072,388	2,459	220,637
Pensions and annuities in adjusted gross income.....	589,228	23,319,222	588,637	23,301,684	591	17,539
Rent:						
Net income.....	414,006	17,159,080	413,700	17,146,765	306	12,315
Net loss, total (deductible and nondeductible).....	325,014	3,828,604	324,702	3,819,748	312	8,856
Nondeductible rental loss.....	204,051	2,042,938	203,910	2,039,355	141	3,583
Royalty:						
Net income.....	132,948	4,308,339	132,728	4,303,919	220	4,420
Net loss.....	5,451	34,352	5,443	34,051	8	301
Estate or trust:						
Net income.....	98,098	8,086,257	97,913	8,077,567	185	8,690
Net loss.....	9,698	587,107	9,660	576,869	38	10,238
State income tax refunds.....	1,273,632	5,904,767	1,272,732	5,886,726	900	18,041
Alimony received.....	6,499	802,793	**	**	**	**
Social Security benefits in adjusted gross income.....	508,202	8,272,371	506,947	8,254,228	1,255	18,143
Social Security benefits (nontaxable).....	508,204	1,460,029	506,947	1,456,745	1,257	3,284
Unemployment compensation.....	33,420	138,343	33,407	138,289	13	54
Other income.....	442,742	13,646,079	442,373	13,633,968	369	12,111
Other loss.....	46,634	1,977,059	46,543	1,974,464	91	2,595
Foreign-earned income exclusion.....	46,008	3,315,562	45,713	3,288,797	295	26,765
Total income.....	2,807,804	1,715,535,333	2,805,037	1,714,418,943	2,766	1,116,391
Statutory adjustments, total.....	1,131,726	13,936,776	1,131,099	13,929,166	627	7,610
Payments to Individual Retirement Arrangements.....	122,107	400,120	122,053	399,965	54	155
Payments to self-employed retirement (Keogh) plans.....	308,596	5,878,534	308,553	5,877,403	43	1,130
Moving expenses adjustment.....	34,098	192,608	34,086	192,504	12	104
Adjusted gross income.....	2,807,804	1,701,598,557	2,805,037	1,700,489,776	2,766	1,108,780
Investment interest expense deduction.....	649,037	16,166,255	648,164	15,622,212	873	544,043
Total tax preferences excluded from adjusted gross income.....	984,524	35,804,402	982,482	35,178,196	2,042	626,207
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	21,799	492,853	21,696	468,217	103	24,636
Passive activity loss (alternative minimum tax adjustment).....	345,893	1,245,437	345,525	1,248,274	368	-2,837
<b>Expanded income.....</b>	<b>2,807,804</b>	<b>1,720,109,643</b>	<b>2,805,037</b>	<b>1,718,900,715</b>	<b>2,766</b>	<b>1,208,928</b>

Footnotes at end of table.



# High-Income Tax Returns for 2000

**Table 5.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept--Continued</b>						
Exemption amount.....	1,450,038	6,852,942	1,447,897	6,841,766	2,141	11,176
Itemized deductions:						
Total per adjusted gross income concept.....	2,589,606	189,779,665	2,587,270	188,635,529	2,335	1,144,137
Total per expanded income concept.....	2,589,182	204,289,806	2,586,851	203,672,604	2,330	617,202
Charitable contributions deduction.....	2,487,261	55,896,330	2,485,249	55,729,310	2,012	167,020
Interest paid deduction:						
Total per adjusted gross income concept.....	2,143,734	54,838,059	2,142,312	54,249,455	1,422	588,604
Total per expanded income concept.....	1,994,605	38,671,804	1,993,493	38,627,243	1,112	44,561
Total home mortgage interest.....	1,992,371	38,501,279	1,991,264	38,456,904	1,107	44,374
Medical and dental expense deduction.....	40,774	1,368,768	39,649	1,249,572	1,125	119,196
Net casualty or theft loss deduction.....	2,380	206,998	2,268	116,870	112	90,128
Taxes paid deduction.....	2,577,451	102,953,208	2,575,220	102,818,794	2,230	134,414
Net limited miscellaneous deductions per adjusted gross income concept.....	407,543	7,514,115	406,194	7,451,715	1,349	62,400
Non-limited miscellaneous deductions.....	65,166	2,131,005	65,097	2,124,275	69	6,730
Excess of exemptions and deductions over adjusted gross income.....	5,435	1,143,296	3,464	844,759	1,971	298,537
Taxable income.....	2,802,362	1,504,555,785	2,801,572	1,504,306,683	789	249,101
Tax at regular rates.....	2,802,463	448,841,562	2,801,660	448,775,516	803	66,046
Alternative minimum tax (Form 6251).....	522,939	7,548,418	522,930	7,548,411	9	7
Income tax before credits.....	2,805,840	456,315,006	2,805,030	456,248,953	809	66,053
Tax credits:						
Total.....	1,075,264	6,948,732	1,074,455	6,882,679	809	66,053
Child care credit.....	152,893	75,422	152,875	75,415	18	7
Minimum tax credit.....	83,997	1,170,621	83,598	1,138,296	399	32,324
Foreign tax credit.....	863,277	5,163,452	862,832	5,131,481	445	31,971
General business credit.....	68,939	423,115	68,884	422,748	55	367
U.S. total income tax.....	2,805,037	449,470,456	2,805,037	449,470,456	--	--
Taxable income which would yield:						
Income tax before credits.....	2,805,840	1,325,821,662	2,805,030	1,325,618,603	809	203,059
Income tax after credits.....	2,804,536	1,307,333,786	2,804,536	1,307,333,786	--	--
U.S. total income tax.....	2,805,037	1,307,633,247	2,805,037	1,307,633,247	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,807,804	1,701,598,557	2,805,037	1,700,489,776	2,766	1,108,780
plus: Total tax preferences excluded from adjusted gross income <sup>2</sup> .....	984,524	35,804,402	982,482	35,178,196	2,042	626,207
Social Security benefits (nontaxable).....	508,204	1,460,029	506,947	1,456,745	1,257	3,284
Foreign-earned income exclusion.....	46,008	3,315,562	45,713	3,288,797	295	26,765
minus: Investment interest expense deduction.....	649,037	16,166,255	648,164	15,622,212	873	544,043
Non-limited miscellaneous deductions.....	65,166	2,131,005	65,097	2,124,275	69	6,730
Unreimbursed employee business expenses.....	487,429	3,765,871	487,293	3,765,192	136	680
Equals: Expanded income.....	2,807,804	1,720,109,643	2,805,037	1,718,900,715	2,766	1,208,928

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

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

<sup>2</sup> Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

# High-Income Tax Returns for 2000

**Table 6.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept</b>						
Salaries and wages.....	2,352,979	760,306,710	2,351,986	760,108,158	993	198,553
Business or profession:						
Net income.....	562,681	61,575,811	562,358	61,553,673	323	22,138
Net loss.....	158,366	3,757,912	158,106	3,639,131	260	118,780
Farm:						
Net income.....	19,268	839,357	19,254	839,297	14	59
Net loss.....	54,570	2,265,169	54,485	2,250,181	85	14,988
Partnership and S corporation net income after section 179 property deduction: <sup>1</sup>						
Net income.....	927,967	218,456,954	927,564	218,404,005	403	52,949
Net loss.....	280,727	28,998,667	279,966	28,459,838	761	538,829
Sales of capital assets:						
Net gain.....	1,825,634	483,299,019	1,824,489	482,529,436	1,145	769,583
Net loss.....	554,201	1,385,047	553,595	1,383,329	606	1,717
Sales of property other than capital assets:						
Net gain.....	114,999	2,744,249	114,869	2,740,052	130	4,198
Net loss.....	182,809	2,653,820	182,542	2,614,174	267	39,646
Taxable interest received.....	2,680,970	65,705,360	2,679,146	65,034,341	1,824	671,018
Tax-exempt interest.....	906,558	29,957,271	905,814	29,876,151	744	81,120
Dividends.....	2,435,120	65,725,967	2,433,428	65,391,589	1,692	334,378
Pensions and annuities in adjusted gross income.....	559,903	22,009,036	559,506	21,995,545	397	13,491
Rent:						
Net income.....	401,606	16,937,036	401,308	16,921,038	298	15,998
Net loss, total (deductible and nondeductible).....	318,162	3,784,696	317,847	3,766,438	315	18,258
Nondeductible rental loss.....	201,932	2,006,830	201,727	2,001,090	205	5,740
Royalty:						
Net income.....	128,985	4,233,200	128,798	4,226,521	187	6,678
Net loss.....	5,751	34,929	5,745	34,460	6	469
Estate or trust:						
Net income.....	93,409	8,093,651	93,305	8,085,696	104	7,955
Net loss.....	9,664	575,303	9,630	571,838	34	3,465
State income tax refunds.....	1,269,273	5,872,538	1,268,529	5,854,621	744	17,917
Alimony received.....	6,499	802,815	**	**	**	**
Social Security benefits in adjusted gross income.....	458,060	7,405,086	457,474	7,396,392	586	8,694
Social Security benefits (nontaxable).....	458,060	1,306,883	457,474	1,305,349	586	1,534
Unemployment compensation.....	33,448	138,577	33,428	138,499	20	78
Other income.....	435,894	13,725,468	435,503	13,710,987	391	14,481
Other loss.....	33,470	1,676,044	33,434	1,671,267	36	4,778
Foreign-earned income exclusion.....	26,829	1,905,153	26,826	1,905,052	3	101
Total income.....	2,771,577	1,714,078,654	2,769,555	1,712,509,740	2,022	1,568,914
Statutory adjustments, total.....	1,126,014	13,888,081	1,125,358	13,880,747	656	7,333
Payments to Individual Retirement Arrangements.....	119,927	395,344	119,879	395,208	48	136
Payments to self-employed retirement (Keogh) plans.....	306,668	5,860,230	306,622	5,859,128	46	1,102
Moving expenses adjustment.....	34,590	196,185	34,580	196,115	10	69
Adjusted gross income.....	2,771,577	1,700,190,573	2,769,555	1,698,628,993	2,022	1,561,580
Investment interest expense deduction.....	658,321	17,672,421	657,017	16,610,893	1,304	1,061,528
Total tax preferences excluded from adjusted gross income.....	916,100	30,367,235	915,341	30,282,922	759	84,313
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	20,252	417,458	20,214	414,089	38	3,369
Passive activity loss (alternative minimum tax adjustment).....	337,622	1,239,876	337,285	1,240,547	337	-671
Expanded income.....	2,771,497	1,707,504,614	2,769,555	1,707,249,724	1,942	254,891

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 6.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted Gross Income Concept--Continued</b>						
Exemption amount.....	1,409,449	6,671,119	1,408,559	6,667,632	890	3,487
Itemized deductions:						
Total per adjusted gross income concept.....	2,574,851	193,207,138	2,572,844	191,258,008	2,007	1,949,131
Charitable contributions deduction.....	2,473,540	55,421,387	2,471,892	55,231,963	1,648	189,424
Interest paid deduction:						
Total per adjusted gross income concept.....	2,159,726	56,857,204	2,158,077	55,738,903	1,649	1,118,301
Total home mortgage interest.....	2,011,675	39,014,374	2,010,407	38,957,830	1,268	56,544
Medical and dental expense deduction.....	33,412	1,179,974	33,137	1,123,392	275	56,582
Net casualty or theft loss deduction.....	2,370	205,128	2,269	117,328	101	87,800
Taxes paid deduction.....	2,565,156	102,690,477	2,563,283	102,550,518	1,873	139,958
Net limited miscellaneous deductions per adjusted gross income concept.....	418,857	7,741,812	418,112	7,678,587	745	63,226
Non-limited miscellaneous deductions.....	74,758	4,325,788	74,261	3,996,132	497	329,656
Excess of exemptions and deductions over adjusted gross income.....	4,173	1,283,962	2,514	806,164	1,659	477,797
Taxable income.....	2,767,332	1,500,199,314	2,767,040	1,500,112,647	292	86,668
Tax at regular rates.....	2,767,422	447,889,876	2,767,127	447,868,826	295	21,050
Alternative minimum tax (Form 6251).....	519,149	7,499,588	**	**	**	**
Income tax before credits.....	2,769,843	455,315,830	2,769,547	455,294,780	296	21,050
Tax credits:						
Total.....	312,048	1,781,830	311,752	1,760,779	296	21,050
Child care credit.....	157,337	76,155	157,322	76,150	15	5
Minimum tax credit.....	81,489	1,165,584	81,221	1,144,975	268	20,610
Foreign tax credit.....	--	--	--	--	--	--
General business credit.....	70,241	424,498	70,211	424,289	30	209
Worldwide total income tax.....	2,769,555	454,211,598	2,769,555	454,211,598	--	--
Foreign taxes paid.....	823,439	5,415,287	823,439	5,415,287	--	--
Foreign taxes paid on excluded foreign-earned income (Form 1116).....	18,865	574,727	18,865	574,727	--	--
Taxable income which would yield:						
Income tax before credits.....	2,769,843	1,321,808,711	2,769,547	1,321,741,051	296	67,660
Income tax after credits.....	2,769,547	1,318,683,135	2,769,547	1,318,683,135	--	--
Worldwide total income tax.....	2,769,555	1,318,955,438	2,769,555	1,318,955,438	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,771,577	1,700,190,573	2,769,555	1,698,628,993	2,022	1,561,580
plus: Total tax preferences excluded from adjusted gross income <sup>2</sup> .....	916,100	30,367,235	915,341	30,282,922	759	84,313
Social Security benefits (nontaxable).....	458,060	1,306,883	457,474	1,305,349	586	1,534
Foreign-earned income exclusion.....	26,829	1,905,153	26,826	1,905,052	3	101
minus: Investment interest expense deduction.....	658,321	17,672,421	657,017	16,610,893	1,304	1,061,528
Non-limited miscellaneous deductions.....	74,758	4,325,788	74,261	3,996,132	497	329,656
Unreimbursed employee business expenses.....	516,819	4,267,020	516,662	4,265,567	157	1,454
Equals: Expanded income.....	2,771,497	1,707,504,614	2,769,555	1,707,249,724	1,942	254,891

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 6.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept</b>						
Salaries and wages.....	2,348,637	758,447,567	2,347,853	758,269,328	784	178,239
Business or profession:						
Net income.....	568,366	61,933,228	568,151	61,918,514	215	14,715
Net loss.....	155,397	3,730,317	155,200	3,636,750	197	93,567
Farm:						
Net income.....	19,516	884,333	19,504	884,288	12	45
Net loss.....	54,665	2,256,433	54,594	2,243,783	71	12,650
Partnership and S corporation net income after section 179 property deduction: <sup>1</sup>						
Net income.....	934,960	218,364,955	934,557	218,329,445	403	35,510
Net loss.....	286,224	28,758,374	285,531	28,353,688	693	404,686
Sales of capital assets:						
Net gain.....	1,866,182	484,221,334	1,865,007	483,676,231	1,175	545,103
Net loss.....	556,035	1,395,342	555,060	1,392,606	975	2,736
Sales of property other than capital assets:						
Net gain.....	115,393	2,730,681	115,287	2,727,908	106	2,773
Net loss.....	184,465	2,672,392	184,250	2,640,634	215	31,758
Taxable interest received.....	2,720,335	66,334,632	2,718,077	65,904,167	2,258	430,465
Tax-exempt interest.....	974,230	35,319,766	972,361	34,728,870	1,869	590,897
Dividends.....	2,483,223	67,293,025	2,481,080	67,084,952	2,143	208,074
Pensions and annuities in adjusted gross income.....	589,228	23,319,222	588,683	23,304,676	545	14,547
Rent:						
Net income.....	414,006	17,159,080	413,741	17,148,521	265	10,560
Net loss, total (deductible and nondeductible).....	325,014	3,828,604	324,749	3,820,462	265	8,142
Nondeductible rental loss.....	204,051	2,042,938	203,932	2,039,719	119	3,220
Royalty:						
Net income.....	132,948	4,308,339	132,743	4,304,094	205	4,245
Net loss.....	5,451	34,352	5,446	34,323	5	29
Estate or trust:						
Net income.....	98,098	8,086,257	97,925	8,080,534	173	5,723
Net loss.....	9,698	587,107	9,662	576,952	36	10,155
State income tax refunds.....	1,273,632	5,904,767	1,272,796	5,887,821	836	16,947
Alimony received.....	6,499	802,793	**	**	**	**
Social Security benefits in adjusted gross income.....	508,202	8,272,371	506,998	8,254,969	1,204	17,402
Social Security benefits (nontaxable).....	508,204	1,460,029	506,998	1,456,876	1,206	3,153
Unemployment compensation.....	33,420	138,343	33,411	138,310	9	34
Other income.....	442,742	13,646,079	442,425	13,635,790	317	10,289
Other loss.....	46,634	1,977,059	46,597	1,975,850	37	1,209
Foreign-earned income exclusion.....	46,008	3,315,562	45,992	3,313,940	16	1,623
Total income.....	2,807,804	1,715,535,333	2,805,483	1,714,614,161	2,320	921,172
Statutory adjustments, total.....	1,131,726	13,936,776	1,131,187	13,930,098	539	6,679
Payments to Individual Retirement Arrangements.....	122,107	400,120	122,064	399,994	43	126
Payments to self-employed retirement (Keogh) plans.....	308,596	5,878,534	308,563	5,877,512	33	1,021
Moving expenses adjustment.....	34,098	192,608	34,089	192,544	9	64
Adjusted gross income.....	2,807,804	1,701,598,557	2,805,483	1,700,684,063	2,320	914,494
Investment interest expense deduction.....	649,037	16,166,255	648,275	15,632,408	762	533,848
Total tax preferences excluded from adjusted gross income.....	984,524	35,804,402	982,600	35,193,814	1,924	610,588
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	21,799	492,853	21,711	472,882	88	19,971
Passive activity loss (alternative minimum tax adjustment).....	345,893	1,245,437	345,564	1,247,485	329	-2,049
<b>Expanded income.....</b>	<b>2,807,804</b>	<b>1,720,109,643</b>	<b>2,805,483</b>	<b>1,719,125,448</b>	<b>2,320</b>	<b>984,195</b>

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 6.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2000--Continued**

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Expanded Income Concept--Continued</b>						
Exemption amount.....	1,450,038	6,852,942	1,448,164	6,843,477	1,874	9,465
Itemized deductions:						
Total per adjusted gross income concept.....	2,589,606	189,779,665	2,587,514	188,668,597	2,091	1,111,069
Total per expanded income concept.....	2,589,182	204,289,806	2,587,090	203,697,282	2,091	592,524
Charitable contributions deduction.....	2,487,261	55,896,330	2,485,438	55,736,613	1,823	159,716
Interest paid deduction:						
Total per adjusted gross income concept.....	2,143,734	54,838,059	2,142,512	54,264,661	1,222	573,399
Total per expanded income concept.....	1,994,605	38,671,804	1,993,654	38,632,253	951	39,551
Total home mortgage interest.....	1,992,371	38,501,279	1,991,424	38,461,869	947	39,410
Medical and dental expense deduction.....	40,774	1,368,768	39,679	1,251,341	1,095	117,427
Net casualty or theft loss deduction.....	2,380	206,998	2,270	117,456	110	89,542
Taxes paid deduction.....	2,577,451	102,953,208	2,575,428	102,827,035	2,022	126,173
Net limited miscellaneous deductions per adjusted gross income concept.....	407,543	7,514,115	406,265	7,453,612	1,278	60,503
Non-limited miscellaneous deductions.....	65,166	2,131,005	65,102	2,124,352	64	6,653
Excess of exemptions and deductions over adjusted gross income.....	5,435	1,143,296	3,469	844,942	1,966	298,354
Taxable income.....	2,802,362	1,504,555,785	2,802,013	1,504,465,090	348	90,695
Tax at regular rates.....	2,802,463	448,841,562	2,802,105	448,819,553	358	22,009
Alternative minimum tax (Form 6251).....	522,939	7,548,418	522,931	7,548,411	8	7
Income tax before credits.....	2,805,840	456,315,006	2,805,475	456,292,991	364	22,016
Tax credits:						
Total.....	310,756	1,785,280	310,391	1,763,264	364	22,016
Child care credit.....	152,893	75,422	152,884	75,419	9	3
Minimum tax credit.....	83,997	1,170,621	83,691	1,149,074	306	21,547
Foreign tax credit.....	--	--	--	--	--	--
General business credit.....	68,939	423,115	68,905	422,904	34	211
Worldwide total income tax.....	2,805,483	455,515,882	2,805,483	455,515,882	--	--
Foreign taxes paid.....	863,280	6,045,426	863,280	6,045,426	--	--
Foreign taxes paid on excluded foreign-earned income (Form 1116).....	31,585	881,974	31,585	881,974	--	--
Taxable income which would yield:						
Income tax before credits.....	2,805,840	1,325,821,662	2,805,475	1,325,749,823	364	71,840
Income tax after credits.....	2,805,476	1,323,573,928	2,805,476	1,323,573,928	--	--
Worldwide total income tax.....	2,805,483	1,323,849,673	2,805,483	1,323,849,673	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,807,804	1,701,598,557	2,805,483	1,700,684,063	2,320	914,494
plus: Total tax preferences excluded from adjusted gross income <sup>2</sup> .....	984,524	35,804,402	982,600	35,193,814	1,924	610,588
Social Security benefits (nontaxable).....	508,204	1,460,029	506,998	1,456,876	1,206	3,153
Foreign-earned income exclusion.....	46,008	3,315,562	45,992	3,313,940	16	1,623
minus: Investment interest expense deduction.....	649,037	16,166,255	648,275	15,632,408	762	533,848
Non-limited miscellaneous deductions.....	65,166	2,131,005	65,102	2,124,352	64	6,653
Unreimbursed employee business expenses.....	487,429	3,765,871	487,320	3,765,365	109	506
<b>Equals: Expanded income.....</b>	<b>2,807,804</b>	<b>1,720,109,643</b>	<b>2,805,483</b>	<b>1,719,125,448</b>	<b>2,320</b>	<b>984,195</b>

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

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

<sup>2</sup> Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000**

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction <sup>1</sup>		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with U.S. income tax</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total.....</b>	<b>2,651,389</b>	<b>100.0</b>	<b>607,630</b>	<b>22.9</b>	<b>69,492</b>	<b>2.6</b>	<b>1,446,727</b>	<b>54.6</b>
Interest paid deduction.....	932,740	35.2	--	--	17,168	24.7	809,845	56.0
Investment interest expense deduction <sup>1</sup> .....	76,357	2.9	10,923	1.8	--	--	46,598	3.2
Taxes paid deduction.....	817,604	30.8	516,419	85.0	35,465	51.0	--	--
Charitable contributions deduction.....	526,118	19.8	56,018	9.2	8,898	12.8	442,701	30.6
Medical and dental expense deduction.....	6,652	0.3	510	0.1	19	(?)	4,092	0.3
Net casualty or theft loss deduction.....	62	(?)	42	(?)	--	--	--	--
Total miscellaneous deductions.....	101,570	3.8	12,885	2.1	2,375	3.4	70,093	4.8
Foreign tax credit.....	32,123	1.2	1,053	0.2	690	1.0	20,170	1.4
General business credit.....	12,200	0.5	1,226	0.2	437	0.6	6,949	0.5
All other tax credits.....	16,654	0.6	829	0.1	917	1.3	9,744	0.7
Partnership and S corporation net losses.....	42,140	1.6	7,069	1.2	3,323	4.8	22,560	1.6
No second largest item.....	87,172	3.3	655	0.1	198	0.3	13,974	1.0
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total.....</b>	<b>2,704,567</b>	<b>100.0</b>	<b>599,058</b>	<b>22.1</b>	<b>--</b>	<b>--</b>	<b>1,373,171</b>	<b>50.8</b>
Interest paid deduction.....	916,544	33.9	--	--	--	--	813,015	59.2
Tax-exempt interest <sup>3</sup> .....	162,242	6.0	5,779	1.0	--	--	109,228	8.0
Taxes paid deduction.....	859,571	31.8	520,669	86.9	--	--	--	--
Charitable contributions deduction.....	469,149	17.3	58,054	9.7	--	--	366,591	26.7
Medical and dental expense deduction.....	8,355	0.3	510	0.1	--	--	3,578	0.3
Net casualty or theft loss deduction.....	62	(?)	42	(?)	--	--	8	(?)
Total miscellaneous deductions.....	42,519	1.6	3,612	0.6	--	--	19,169	1.4
Foreign tax credit.....	62,620	2.3	603	0.1	--	--	12,429	0.9
General business credit.....	10,681	0.4	1,034	0.2	--	--	5,540	0.4
All other tax credits.....	17,326	0.6	879	0.1	--	--	9,018	0.7
Partnership and S corporation net losses.....	43,942	1.6	7,070	1.2	--	--	18,933	1.4
Foreign-earned income exclusion <sup>3</sup> .....	23,585	0.9	151	(?)	--	--	127	(?)
No second largest item.....	87,971	3.3	655	0.1	--	--	15,535	1.1

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)
<b>Returns with U.S. income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>231,603</b>	<b>8.7</b>	<b>13,862</b>	<b>0.5</b>	<b>1,082</b>	<b>(?)</b>
Interest paid deduction.....	52,264	22.6	1,342	9.7	392	36.2
Investment interest expense deduction <sup>1</sup> .....	7,274	3.1	48	0.3	5	0.5
Taxes paid deduction.....	149,546	64.6	7,915	57.1	677	62.5
Charitable contributions deduction.....	--	--	1,034	7.5	--	--
Medical and dental expense deduction.....	1,619	0.7	--	--	--	--
Net casualty or theft loss deduction.....	8	(?)	--	--	--	--
Total miscellaneous deductions.....	10,233	4.4	1,977	14.3	8	0.7
Foreign tax credit.....	1,771	0.8	1,017	7.3	--	--
General business credit.....	2,505	1.1	--	--	--	--
All other tax credits.....	955	0.4	189	1.4	--	--
Partnership and S corporation net losses.....	4,997	2.2	340	2.5	--	--
No second largest item.....	430	0.2	--	--	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>219,806</b>	<b>8.1</b>	<b>13,165</b>	<b>0.5</b>	<b>1,091</b>	<b>(?)</b>
Interest paid deduction.....	53,240	24.2	1,156	8.8	392	36.0
Tax-exempt interest <sup>3</sup> .....	25,403	11.6	3,306	25.1	--	--
Taxes paid deduction.....	126,464	57.5	6,026	45.8	678	62.2
Charitable contributions deduction.....	--	--	897	6.8	4	0.4
Medical and dental expense deduction.....	1,092	0.5	--	--	--	--
Net casualty or theft loss deduction.....	8	(?)	--	--	--	--
Total miscellaneous deductions.....	5,011	2.3	1,100	8.4	16	1.5
Foreign tax credit.....	1,286	0.6	151	1.1	--	--
General business credit.....	1,553	0.7	--	--	--	--
All other tax credits.....	941	0.4	189	1.4	--	--
Partnership and S corporation net losses.....	4,348	2.0	340	2.6	--	--
Foreign-earned income exclusion <sup>3</sup> .....	356	0.2	--	--	--	--
No second largest item.....	104	(?)	--	--	--	--

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued							
	Total miscellaneous deductions		Foreign tax credit		General business credit		All other tax credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
<b>Returns with U.S. income tax</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total.....</b>	<b>71,517</b>	<b>2.7</b>	<b>88,160</b>	<b>3.3</b>	<b>8,615</b>	<b>0.3</b>	<b>23,796</b>	<b>0.9</b>
Interest paid deduction.....	19,121	26.7	8,933	10.1	1,611	18.7	3,273	13.8
Investment interest expense deduction <sup>1</sup> .....	1,536	2.1	1,542	1.7	362	4.2	2,142	9.0
Taxes paid deduction.....	39,351	55.0	17,989	20.4	3,659	42.5	10,589	44.5
Charitable contributions deduction.....	7,942	11.1	1,562	1.8	295	3.4	946	4.0
Medical and dental expense deduction.....	309	0.4	16	(?)	--	--	--	--
Net casualty or theft loss deduction.....	8	(?)	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	820	0.9	177	2.1	131	0.5
Foreign tax credit.....	437	0.6	--	--	597	6.9	1,324	5.6
General business credit.....	180	0.3	156	0.2	--	--	125	0.5
All other tax credits.....	203	0.3	1,657	1.9	231	2.7	--	--
Partnership and S corporation net losses.....	1,457	2.0	1,664	1.9	441	5.1	289	1.2
No second largest item.....	973	1.4	53,821	61.0	1,243	14.4	4,976	20.9
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total.....</b>	<b>15,232</b>	<b>0.6</b>	<b>68,544</b>	<b>2.5</b>	<b>7,865</b>	<b>0.3</b>	<b>22,483</b>	<b>0.8</b>
Interest paid deduction.....	1,884	12.4	3,742	5.5	1,546	19.7	4,141	18.4
Tax-exempt interest <sup>3</sup> .....	2,803	18.4	2,648	3.9	888	11.3	2,064	9.2
Taxes paid deduction.....	7,160	47.0	13,551	19.8	3,308	42.1	10,903	48.5
Charitable contributions deduction.....	2,393	15.7	675	1.0	249	3.2	887	3.9
Medical and dental expense deduction.....	155	1.0	16	(?)	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	382	0.6	5	0.1	65	0.3
Foreign tax credit.....	253	1.7	--	--	378	4.8	559	2.5
General business credit.....	17	0.1	77	0.1	--	--	138	0.6
All other tax credits.....	18	0.1	442	0.6	198	2.5	--	--
Partnership and S corporation net losses.....	479	3.1	839	1.2	320	4.1	286	1.3
Foreign-earned income exclusion <sup>3</sup> .....	--	--	22,721	33.1	--	--	10	(?)
No second largest item.....	70	0.5	23,451	34.2	972	12.4	3,431	15.3

Footnotes at end of table.



# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Partnership and S corporation net losses		Foreign-earned income exclusion <sup>3</sup>		Tax-exempt interest <sup>3</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(23)	(24)	(25)	(26)	(27)	(28)
<b>Returns with U.S. income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>88,906</b>	<b>3.4</b>	--	--	--	--
Interest paid deduction.....	18,790	21.1	--	--	--	--
Investment interest expense deduction <sup>1</sup> .....	5,926	6.7	--	--	--	--
Taxes paid deduction.....	35,994	40.5	--	--	--	--
Charitable contributions deduction.....	6,721	7.6	--	--	--	--
Medical and dental expense deduction.....	86	0.1	--	--	--	--
Net casualty or theft loss deduction.....	3	(?)	--	--	--	--
Total miscellaneous deductions.....	2,873	3.2	--	--	--	--
Foreign tax credit.....	5,062	5.7	--	--	--	--
General business credit.....	622	0.7	--	--	--	--
All other tax credits.....	1,927	2.2	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	10,901	12.3	--	--	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>85,252</b>	<b>3.2</b>	<b>20,399</b>	<b>0.8</b>	<b>278,502</b>	<b>10.3</b>
Interest paid deduction.....	19,439	22.8	772	3.8	17,216	6.2
Tax-exempt interest <sup>3</sup> .....	8,884	10.4	1,240	6.1	--	--
Taxes paid deduction.....	34,307	40.2	1,806	8.9	134,700	48.4
Charitable contributions deduction.....	6,872	8.1	536	2.6	31,993	11.5
Medical and dental expense deduction.....	86	0.1	151	0.7	2,768	1.0
Net casualty or theft loss deduction.....	3	(?)	--	--	--	--
Total miscellaneous deductions.....	953	1.1	159	0.8	12,046	4.3
Foreign tax credit.....	2,693	3.2	14,088	69.1	30,180	10.8
General business credit.....	663	0.8	--	--	1,658	0.6
All other tax credits.....	2,120	2.5	49	0.2	3,474	1.2
Partnership and S corporation net losses.....	--	--	346	1.7	10,980	3.9
Foreign-earned income exclusion <sup>3</sup> .....	167	0.2	--	--	53	(?)
No second largest item.....	9,067	10.6	1,252	6.1	33,435	12.0

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect					
	Number of returns	Percentage of total	Interest paid deduction		Investment interest expense deduction <sup>1</sup>		Taxes paid deduction	
			Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns without U.S. income tax</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total.....</b>	<b>2,299</b>	<b>100.0</b>	<b>86</b>	<b>3.7</b>	<b>721</b>	<b>31.4</b>	<b>76</b>	<b>3.3</b>
Interest paid deduction.....	413	18.0	--	--	177	24.5	14	18.4
Investment interest expense deduction <sup>1</sup> .....	272	11.8	16	18.6	--	--	28	36.8
Taxes paid deduction.....	469	20.4	22	25.6	159	22.1	--	--
Charitable contributions deduction.....	301	13.1	9	10.5	178	24.7	17	22.4
Medical and dental expense deduction.....	47	2.0	**	**	9	1.2	**	**
Net casualty or theft loss deduction.....	127	5.5	**	**	--	--	--	--
Total miscellaneous deductions.....	120	5.2	**	**	39	5.4	10	13.2
Foreign tax credit.....	13	0.6	**	**	**	**	--	--
All other tax credits <sup>4</sup> .....	37	1.6	**	**	5	0.7	**	**
Partnership and S corporation net losses.....	313	13.6	28	32.6	144	20.0	**	**
No second largest item.....	187	8.1	--	--	**	**	--	--
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total.....</b>	<b>2,766</b>	<b>100.0</b>	<b>45</b>	<b>1.6</b>	<b>--</b>	<b>--</b>	<b>74</b>	<b>2.7</b>
Interest paid deduction.....	294	10.6	--	--	--	--	6	8.1
Tax-exempt interest <sup>3</sup> .....	204	7.4	19	42.2	--	--	37	50.0
Taxes paid deduction.....	499	18.0	14	31.1	--	--	--	--
Charitable contributions deduction.....	214	7.7	5	11.1	--	--	13	17.6
Medical and dental expense deduction.....	402	14.5	--	--	--	--	**	**
Net casualty or theft loss deduction.....	253	9.1	--	--	--	--	--	--
Total miscellaneous deductions.....	174	6.3	**	**	--	--	6	8.1
Foreign tax credit.....	68	2.5	--	--	--	--	--	--
All other tax credits <sup>4</sup> .....	83	3.0	**	**	--	--	**	**
Partnership and S corporation net losses.....	199	7.2	**	**	--	--	5	6.8
Foreign-earned income exclusion <sup>3</sup> .....	291	10.5	**	**	--	--	**	**
No second largest item.....	85	3.1	--	--	--	--	--	--

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)
<b>Returns without U.S. income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>81</b>	<b>3.5</b>	<b>182</b>	<b>7.9</b>	<b>90</b>	<b>3.9</b>
Interest paid deduction.....	14	17.3	4	2.2	21	23.3
Investment interest expense deduction <sup>1</sup> .....	20	24.7	**	**	4	4.4
Taxes paid deduction.....	6	7.4	10	5.5	19	21.1
Charitable contributions deduction.....	--	--	25	13.7	8	8.9
Medical and dental expense deduction.....	27	33.3	--	--	**	**
Net casualty or theft loss deduction.....	--	--	**	**	--	--
Total miscellaneous deductions.....	**	**	13	7.1	33	36.7
Foreign tax credit.....	**	**	--	--	--	--
All other tax credits..... <sup>4</sup>	**	**	--	--	--	--
Partnership and S corporation net losses.....	**	**	**	**	3	3.3
No second largest item.....	--	--	**	**	**	**
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>108</b>	<b>3.9</b>	<b>363</b>	<b>13.1</b>	<b>101</b>	<b>3.7</b>
Interest paid deduction.....	19	17.6	4	1.1	21	20.8
Tax-exempt interest <sup>3</sup> .....	6	5.6	68	18.7	8	7.9
Taxes paid deduction.....	11	10.2	9	2.5	15	14.9
Charitable contributions deduction.....	--	--	18	5.0	7	6.9
Medical and dental expense deduction.....	47	43.5	--	--	**	**
Net casualty or theft loss deduction.....	--	--	248	68.3	--	--
Total miscellaneous deductions.....	10	9.3	**	**	**	**
Foreign tax credit.....	**	**	--	--	--	--
All other tax credits..... <sup>4</sup>	4	3.7	--	--	--	--
Partnership and S corporation net losses.....	6	5.6	**	**	**	**
Foreign-earned income exclusion <sup>3</sup> .....	**	**	**	**	--	--
No second largest item.....	--	--	**	**	**	**

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Total miscellaneous deductions		Foreign tax credit		All other tax credits <sup>4</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(15)	(16)	(17)	(18)	(19)	(20)
<b>Returns without U.S. income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>423</b>	<b>18.4</b>	<b>157</b>	<b>6.8</b>	<b>276</b>	<b>12.0</b>
Interest paid deduction.....	79	18.7	28	17.8	63	23.0
Investment interest expense deduction <sup>1</sup> .....	14	3.3	14	8.9	43	15.7
Taxes paid deduction.....	117	27.7	**	**	107	39.1
Charitable contributions deduction.....	21	5.0	**	**	20	7.2
Medical and dental expense deduction.....	5	1.2	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	3	1.9	3	1.1
Foreign tax credit.....	--	--	--	--	**	**
All other tax credits..... <sup>4</sup>	4	0.9	**	**	**	**
Partnership and S corporation net losses.....	109	25.8	7	4.5	15	5.5
No second largest item.....	74	17.5	91	58.0	15	5.5
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>28</b>	<b>1.0</b>	<b>229</b>	<b>8.3</b>	<b>274</b>	<b>9.9</b>
Interest paid deduction.....	**	**	6	2.6	81	29.7
Tax-exempt interest <sup>3</sup> .....	6	21.4	**	**	16	5.9
Taxes paid deduction.....	**	**	**	**	119	43.6
Charitable contributions deduction.....	6	21.4	**	**	21	7.7
Medical and dental expense deduction.....	**	**	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	--	--	**	**
Foreign tax credit.....	--	--	--	--	5	1.8
All other tax credits..... <sup>4</sup>	--	--	**	**	**	**
Partnership and S corporation net losses.....	5	17.9	**	**	13	4.8
Foreign-earned income exclusion <sup>3</sup> .....	--	--	200	87.3	--	--
No second largest item.....	--	--	14	6.1	15	5.5

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 7.--Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Partnership and S corporation net losses		Foreign-earned income exclusion <sup>3</sup>		Tax-exempt interest <sup>3</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(21)	(22)	(23)	(24)	(25)	(26)
<b>Returns without U.S. income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>207</b>	<b>9.0</b>	--	--	--	--
Interest paid deduction.....	13	6.3	--	--	--	--
Investment interest expense deduction <sup>1</sup> .....	131	63.3	--	--	--	--
Taxes paid deduction.....	**	**	--	--	--	--
Charitable contributions deduction.....	15	7.2	--	--	--	--
Medical and dental expense deduction.....	--	--	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	**	**	--	--	--	--
Foreign tax credit.....	--	--	--	--	--	--
All other tax credits..... <sup>4</sup>	12	5.8	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	--	--	--	--	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>209</b>	<b>7.6</b>	<b>80</b>	<b>2.9</b>	<b>1,255</b>	<b>45.4</b>
Interest paid deduction.....	**	**	12	15.0	134	10.7
Tax-exempt interest <sup>3</sup> .....	41	19.6	**	**	--	--
Taxes paid deduction.....	9	4.3	6	7.5	310	24.7
Charitable contributions deduction.....	12	5.7	**	**	130	10.4
Medical and dental expense deduction.....	--	--	--	--	350	27.9
Net casualty or theft loss deduction.....	--	--	--	--	5	0.4
Total miscellaneous deductions.....	**	**	--	--	97	7.7
Foreign tax credit.....	**	**	59	73.8	**	**
All other tax credits..... <sup>4</sup>	53	25.4	--	--	8	0.6
Partnership and S corporation net losses.....	--	--	**	**	160	12.7
Foreign-earned income exclusion <sup>3</sup> .....	**	**	--	--	**	**
No second largest item.....	--	--	--	--	53	4.2

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

<sup>1</sup> Investment interest expense deduction only has an effect when using the adjusted gross income concept.

<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Tax-exempt interest and foreign-earned income exclusion only have an effect when using the expanded income concept.

<sup>4</sup> General business credit has been combined with all other tax credits.

NOTES: Detail may not add to totals because of rounding. Total columns do not include returns with no tax effect.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000**

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect			
			Interest paid deduction		Investment interest expense deduction <sup>1</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Returns with worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>2,596,672</b>	<b>100.0</b>	<b>615,485</b>	<b>23.7</b>	<b>71,087</b>	<b>2.7</b>
Interest paid deduction.....	934,101	36.0	--	--	17,372	24.4
Investment interest expense deduction <sup>1</sup> .....	77,494	3.0	11,469	1.9	--	--
Taxes paid deduction.....	812,708	31.3	523,386	85.0	36,664	51.6
Charitable contributions deduction.....	543,493	20.9	57,032	9.3	9,363	13.2
Medical and dental expense deduction.....	6,831	0.3	510	0.1	21	(?)
Net casualty or theft loss deduction.....	62	(?)	42	(?)	--	--
Total miscellaneous deductions.....	101,593	3.9	12,938	2.1	2,432	3.4
General business credit.....	12,301	0.5	1,227	0.2	448	0.6
All other tax credits.....	15,486	0.6	980	0.2	942	1.3
Partnership and S corporation net losses.....	41,286	1.6	7,070	1.1	3,434	4.8
No second largest item.....	51,319	2.0	831	0.1	412	0.6
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>2,681,527</b>	<b>100.0</b>	<b>602,790</b>	<b>22.5</b>	<b>--</b>	<b>--</b>
Interest paid deduction.....	930,676	34.7	--	--	--	--
Tax-exempt interest <sup>3</sup> .....	167,220	6.2	5,874	1.0	--	--
Taxes paid deduction.....	859,910	32.1	524,514	87.0	--	--
Charitable contributions deduction.....	478,659	17.9	58,283	9.7	--	--
Medical and dental expense deduction.....	8,345	0.3	510	0.1	--	--
Net casualty or theft loss deduction.....	62	(?)	42	(?)	--	--
Total miscellaneous deductions.....	42,673	1.6	3,616	0.6	--	--
General business credit.....	10,993	0.4	1,035	0.2	--	--
All other tax credits.....	20,080	0.7	879	0.1	--	--
Partnership and S corporation net losses.....	45,312	1.7	7,070	1.2	--	--
Foreign-earned income exclusion <sup>3</sup> .....	2,047	0.1	311	0.1	--	--
No second largest item.....	115,552	4.3	656	0.1	--	--

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Taxes paid deduction		Charitable contributions deduction		Medical and dental expense deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Returns with worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>1,464,724</b>	<b>56.4</b>	<b>233,186</b>	<b>9.0</b>	<b>13,885</b>	<b>0.5</b>
Interest paid deduction.....	818,678	55.9	52,712	22.6	1,343	9.7
Investment interest expense deduction <sup>1</sup> .....	48,426	3.3	7,345	3.1	48	0.3
Taxes paid deduction.....	--	--	152,108	65.2	8,556	61.6
Charitable contributions deduction.....	459,579	31.4	--	--	1,382	10.0
Medical and dental expense deduction.....	4,284	0.3	1,621	0.7	--	--
Net casualty or theft loss deduction.....	--	--	8	( <sup>2</sup> )	--	--
Total miscellaneous deductions.....	70,701	4.8	10,293	4.4	2,026	14.6
General business credit.....	7,090	0.5	2,520	1.1	--	--
All other tax credits.....	9,973	0.7	971	0.4	189	1.4
Partnership and S corporation net losses.....	23,135	1.6	5,055	2.2	340	2.4
No second largest item.....	22,859	1.6	551	0.2	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>1,386,727</b>	<b>51.7</b>	<b>220,496</b>	<b>8.2</b>	<b>13,188</b>	<b>0.5</b>
Interest paid deduction.....	819,335	59.1	53,450	24.2	1,157	8.8
Tax-exempt interest <sup>3</sup> .....	111,438	8.0	25,476	11.6	3,307	25.1
Taxes paid deduction.....	--	--	127,986	58.0	6,178	46.8
Charitable contributions deduction.....	374,991	27.0	--	--	907	6.9
Medical and dental expense deduction.....	3,578	0.3	1,094	0.5	--	--
Net casualty or theft loss deduction.....	8	( <sup>2</sup> )	8	( <sup>2</sup> )	--	--
Total miscellaneous deductions.....	19,368	1.4	5,041	2.3	1,101	8.4
General business credit.....	5,651	0.4	1,554	0.7	--	--
All other tax credits.....	9,153	0.7	950	0.4	189	1.4
Partnership and S corporation net losses.....	19,371	1.4	4,399	2.0	340	2.6
Foreign-earned income exclusion <sup>3</sup> .....	683	( <sup>2</sup> )	413	0.2	8	0.1
No second largest item.....	23,154	1.7	123	0.1	--	--

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued							
	Net casualty or theft loss deduction		Total miscellaneous deductions		General business credit		All other tax credits	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>Returns with worldwide income tax</b>								
<b>Returns with adjusted gross income of \$200,000 or more</b>								
<b>Total.....</b>	<b>1,083</b>	<b>(?)</b>	<b>72,342</b>	<b>2.8</b>	<b>8,772</b>	<b>0.3</b>	<b>25,515</b>	<b>1.0</b>
Interest paid deduction.....	392	36.2	19,242	26.6	1,620	18.5	3,642	14.3
Investment interest expense deduction <sup>1</sup> .....	5	0.5	1,566	2.2	380	4.3	2,199	8.6
Taxes paid deduction.....	678	62.6	40,251	55.6	3,696	42.1	10,827	42.4
Charitable contributions deduction.....	--	--	8,044	11.1	297	3.4	962	3.8
Medical and dental expense deduction.....	--	--	309	0.4	--	--	--	--
Net casualty or theft loss deduction.....	--	--	8	(?)	--	--	--	--
Total miscellaneous deductions.....	8	0.7	--	--	177	2.0	131	0.5
General business credit.....	--	--	229	0.3	--	--	142	0.6
All other tax credits.....	--	--	203	0.3	257	2.9	--	--
Partnership and S corporation net losses.....	--	--	1,461	2.0	442	5.0	349	1.4
No second largest item.....	--	--	1,030	1.4	1,904	21.7	7,264	28.5
<b>Returns with expanded income of \$200,000 or more</b>								
<b>Total.....</b>	<b>1,093</b>	<b>(?)</b>	<b>15,615</b>	<b>0.6</b>	<b>7,941</b>	<b>0.3</b>	<b>22,984</b>	<b>0.9</b>
Interest paid deduction.....	392	35.9	1,936	12.4	1,546	19.5	4,221	18.4
Tax-exempt interest <sup>3</sup> .....	**	**	2,815	18.0	**	**	2,113	9.2
Taxes paid deduction.....	679	62.1	7,661	49.1	3,323	41.8	10,987	47.8
Charitable contributions deduction.....	**	**	2,401	15.4	**	**	899	3.9
Medical and dental expense deduction.....	--	--	155	1.0	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--	--	--
Total miscellaneous deductions.....	16	1.5	--	--	5	0.1	66	0.3
General business credit.....	--	--	18	0.1	--	--	138	0.6
All other tax credits.....	--	--	18	0.1	221	2.8	--	--
Partnership and S corporation net losses.....	--	--	479	3.1	322	4.1	290	1.3
Foreign-earned income exclusion <sup>3</sup> .....	--	--	10	0.1	--	--	154	0.7
No second largest item.....	--	--	122	0.8	1,201	15.1	4,117	17.9

Footnotes at end of table.



# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Partnership and S corporation net losses		Foreign-earned income exclusion <sup>3</sup>		Tax-exempt interest <sup>3</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(21)	(22)	(23)	(24)	(25)	(26)
<b>Returns with worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>90,592</b>	<b>3.5</b>	--	--	--	--
Interest paid deduction.....	19,101	21.1	--	--	--	--
Investment interest expense deduction <sup>1</sup> .....	6,055	6.7	--	--	--	--
Taxes paid deduction.....	36,542	40.3	--	--	--	--
Charitable contributions deduction.....	6,834	7.5	--	--	--	--
Medical and dental expense deduction.....	86	0.1	--	--	--	--
Net casualty or theft loss deduction.....	3	(?)	--	--	--	--
Total miscellaneous deductions.....	2,888	3.2	--	--	--	--
General business credit.....	645	0.7	--	--	--	--
All other tax credits.....	1,970	2.2	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	16,469	18.2	--	--	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>86,114</b>	<b>3.2</b>	<b>43,389</b>	<b>1.6</b>	<b>281,190</b>	<b>10.5</b>
Interest paid deduction.....	19,650	22.8	11,120	25.6	17,869	6.4
Tax-exempt interest <sup>3</sup> .....	9,427	10.9	5,698	13.1	--	--
Taxes paid deduction.....	34,856	40.5	6,928	16.0	136,796	48.6
Charitable contributions deduction.....	6,948	8.1	1,763	4.1	32,211	11.5
Medical and dental expense deduction.....	86	0.1	151	0.3	2,772	1.0
Net casualty or theft loss deduction.....	3	(?)	--	--	--	--
Total miscellaneous deductions.....	1,003	1.2	369	0.9	12,087	4.3
General business credit.....	677	0.8	10	(?)	1,909	0.7
All other tax credits.....	2,163	2.5	2,409	5.6	4,099	1.5
Partnership and S corporation net losses.....	--	--	1,304	3.0	11,738	4.2
Foreign-earned income exclusion <sup>3</sup> .....	262	0.3	--	--	205	0.1
No second largest item.....	11,038	12.8	13,636	31.4	61,504	21.9

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect			
			Interest paid deduction		Investment interest expense deduction <sup>1</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Returns without worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>1,993</b>	<b>100.0</b>	<b>80</b>	<b>4.0</b>	<b>681</b>	<b>34.2</b>
Interest paid deduction.....	363	18.2	--	--	171	25.1
Investment interest expense deduction <sup>1</sup> .....	235	11.8	16	20.0	--	--
Taxes paid deduction.....	431	21.6	21	26.3	153	22.5
Charitable contributions deduction.....	270	13.5	7	8.8	168	24.7
Medical and dental expense deduction.....	44	2.2	4	5.0	**	**
Net casualty or theft loss deduction.....	127	6.4	**	**	--	--
Total miscellaneous deductions.....	111	5.6	**	**	36	5.3
All other tax credits <sup>4</sup> .....	21	1.1	**	**	**	**
Partnership and S corporation net losses.....	297	14.9	28	35.0	138	20.3
No second largest item.....	94	4.7	--	--	**	**
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>2,320</b>	<b>100.0</b>	<b>40</b>	<b>1.7</b>	<b>--</b>	<b>--</b>
Interest paid deduction.....	254	10.9	--	--	--	--
Tax-exempt interest <sup>3</sup> .....	191	8.2	19	47.5	--	--
Taxes paid deduction.....	458	19.7	13	32.5	--	--
Charitable contributions deduction.....	189	8.1	4	10.0	--	--
Medical and dental expense deduction.....	397	17.1	--	--	--	--
Net casualty or theft loss deduction.....	253	10.9	--	--	--	--
Total miscellaneous deductions.....	167	7.2	--	--	--	--
All other tax credits <sup>4</sup> .....	67	2.9	**	**	--	--
Partnership and S corporation net losses.....	188	8.1	**	**	--	--
Foreign-earned income exclusion <sup>3</sup> .....	86	3.7	--	--	--	--
No second largest item.....	70	3.0	--	--	--	--

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Taxes paid deduction		Charitable contributions deduction		Medical and dental expense deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Returns without worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>72</b>	<b>3.6</b>	<b>68</b>	<b>3.4</b>	<b>176</b>	<b>8.8</b>
Interest paid deduction.....	12	16.7	12	17.6	3	1.7
Investment interest expense deduction <sup>1</sup> .....	28	38.9	**	**	**	**
Taxes paid deduction.....	--	--	5	7.4	9	5.1
Charitable contributions deduction.....	17	23.6	--	--	22	12.5
Medical and dental expense deduction.....	**	**	26	38.2	--	--
Net casualty or theft loss deduction.....	--	--	--	--	**	**
Total miscellaneous deductions.....	**	**	6	8.8	12	6.8
All other tax credits <sup>4</sup> .....	**	**	**	**	--	--
Partnership and S corporation net losses.....	**	**	**	**	**	**
No second largest item.....	--	--	--	--	**	**
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>70</b>	<b>3.0</b>	<b>94</b>	<b>4.1</b>	<b>357</b>	<b>15.4</b>
Interest paid deduction.....	4	5.7	16	17.0	3	0.8
Tax-exempt interest <sup>3</sup> .....	37	52.9	5	5.3	67	18.8
Taxes paid deduction.....	--	--	10	10.6	8	2.2
Charitable contributions deduction.....	13	18.6	--	--	16	4.5
Medical and dental expense deduction.....	**	**	**	**	--	--
Net casualty or theft loss deduction.....	--	--	--	--	248	69.5
Total miscellaneous deductions.....	6	8.6	9	9.6	10	2.8
All other tax credits <sup>4</sup> .....	**	**	**	**	--	--
Partnership and S corporation net losses.....	5	7.1	5	5.3	**	**
Foreign-earned income exclusion <sup>3</sup> .....	--	--	--	--	**	**
No second largest item.....	--	--	--	--	**	**

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Net casualty or theft loss deduction		Total miscellaneous deductions		All other tax credits <sup>4</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Returns without worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>89</b>	<b>4.5</b>	<b>421</b>	<b>21.1</b>	<b>215</b>	<b>10.8</b>
Interest paid deduction.....	21	23.6	79	18.8	52	24.3
Investment interest expense deduction <sup>1</sup> .....	4	4.5	12	2.9	32	15.0
Taxes paid deduction.....	18	20.2	117	27.8	84	39.3
Charitable contributions deduction.....	8	9.0	21	5.0	16	7.5
Medical and dental expense deduction.....	**	**	5	1.2	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	33	37.1	--	--	**	**
All other tax credits <sup>4</sup> .....	--	--	4	1.0	**	**
Partnership and S corporation net losses.....	3	3.4	109	25.9	12	5.6
No second largest item.....	**	**	74	17.6	13	6.1
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>99</b>	<b>4.3</b>	<b>27</b>	<b>1.2</b>	<b>214</b>	<b>9.2</b>
Interest paid deduction.....	21	21.2	**	**	68	31.8
Tax-exempt interest <sup>3</sup> .....	7	7.1	6	22.2	**	**
Taxes paid deduction.....	14	14.1	5	18.5	92	43.0
Charitable contributions deduction.....	7	7.1	6	22.2	17	7.9
Medical and dental expense deduction.....	**	**	**	**	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	**	**	--	--	--	--
All other tax credits <sup>4</sup> .....	--	--	--	--	**	**
Partnership and S corporation net losses.....	**	**	5	18.5	**	**
Foreign-earned income exclusion <sup>3</sup> .....	--	--	--	--	--	--
No second largest item.....	**	**	--	--	**	**

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 8.--Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect--continued					
	Partnership and S corporation net losses		Foreign-earned income exclusion <sup>3</sup>		Tax-exempt interest <sup>3</sup>	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Returns without worldwide income tax</b>						
<b>Returns with adjusted gross income of \$200,000 or more</b>						
<b>Total.....</b>	<b>191</b>	<b>9.6</b>	--	--	--	--
Interest paid deduction.....	13	6.8	--	--	--	--
Investment interest expense deduction <sup>1</sup> .....	126	66.0	--	--	--	--
Taxes paid deduction.....	24	12.6	--	--	--	--
Charitable contributions deduction.....	11	5.8	--	--	--	--
Medical and dental expense deduction.....	--	--	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	10	5.2	--	--	--	--
All other tax credits <sup>4</sup> .....	**	**	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	--	--	--	--	--	--
<b>Returns with expanded income of \$200,000 or more</b>						
<b>Total.....</b>	<b>190</b>	<b>8.2</b>	<b>10</b>	<b>0.4</b>	<b>1,219</b>	<b>52.5</b>
Interest paid deduction.....	5	2.6	**	**	130	10.7
Tax-exempt interest <sup>3</sup> .....	38	20.0	**	**	--	--
Taxes paid deduction.....	**	**	**	**	305	25.0
Charitable contributions deduction.....	9	4.7	--	--	117	9.6
Medical and dental expense deduction.....	--	--	--	--	346	28.4
Net casualty or theft loss deduction.....	--	--	--	--	5	0.4
Total miscellaneous deductions.....	**	**	--	--	94	7.7
All other tax credits <sup>4</sup> .....	46	24.3	--	--	**	**
Partnership and S corporation net losses.....	--	--	**	**	157	12.9
Foreign-earned income exclusion <sup>3</sup> .....	**	**	--	--	**	**
No second largest item.....	--	--	--	--	53	4.4

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

<sup>1</sup> Investment interest expense deduction only has an effect when using the adjusted gross income concept.

<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Tax-exempt interest and foreign-earned income exclusion only have an effect when using the expanded income concept.

<sup>4</sup> General business credit has been combined with all other tax credits.

NOTES: Detail may not add to totals because of rounding. Total columns do not include returns with no tax effect.

# High-Income Tax Returns for 2000

**Table 9.--Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2000**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions.....	2,328	126	133	98	48	25
Interest paid deduction:						
Total.....	2,328	504	533	123	71	54
Investment interest per income concept.....	2,328	894	349	60	47	65
Taxes paid deduction.....	2,328	279	1,382	356	114	58
Charitable contributions deduction.....	2,328	515	1,186	167	89	128
Medical and dental expense deduction.....	2,328	2,042	45	14	6	4
Net casualty or theft loss deduction.....	2,328	2,226	**	**	--	**
Net limited miscellaneous deduction per income concept.....	2,328	1,536	478	156	53	37
Non-limited miscellaneous deduction.....	2,328	1,824	46	7	11	6
Deduction equivalent of:						
Total credits.....	2,328	1,726	103	28	14	14
Foreign tax credit.....	2,328	2,023	139	**	3	**
General business credit.....	2,328	2,278	33	8	4	**
Tax preferences excluded from adjusted gross income.....	2,328	1,485	549	87	47	32
<b>Expanded income concept</b>						
Total itemized deductions.....	2,766	445	348	413	241	140
Interest paid deduction:						
Total.....	2,766	1,655	635	234	123	62
Investment interest per income concept.....	2,766	1,906	549	79	49	29
Taxes paid deduction.....	2,766	542	1,561	404	94	43
Charitable contributions deduction.....	2,766	760	1,448	201	115	68
Medical and dental expense deduction.....	2,766	1,642	406	99	99	80
Net casualty or theft loss deduction.....	2,766	2,654	3	3	**	**
Net limited miscellaneous deduction per income concept.....	2,766	1,449	926	219	75	35
Non-limited miscellaneous deduction.....	2,766	2,697	49	8	4	**
Deduction equivalent of:						
Total credits.....	2,766	1,957	146	33	69	28
Foreign tax credit.....	2,766	2,321	146	12	13	17
General business credit.....	2,766	2,711	37	8	5	**
Tax preferences excluded from adjusted gross income.....	2,766	724	272	81	77	87

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 9.--Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income--continued				
	40 percent under	50 percent under	60 percent under	70 percent under	100 percent or more
	50 percent	60 percent	70 percent	100 percent	more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions.....	13	10	12	206	1,657
Interest paid deduction:					
Total.....	57	78	88	422	398
Investment interest per income concept.....	67	75	96	391	284
Taxes paid deduction.....	33	17	13	33	43
Charitable contributions deduction.....	86	157	--	--	--
Medical and dental expense deduction.....	16	15	26	70	90
Net casualty or theft loss deduction.....	--	**	--	26	71
Net limited miscellaneous deduction per income concept.....	19	9	9	16	15
Non-limited miscellaneous deduction.....	4	6	6	166	252
Deduction equivalent of:					
Total credits.....	25	67	95	256	--
Foreign tax credit.....	**	5	14	138	--
General business credit.....	**	--	--	--	--
Tax preferences excluded from adjusted gross income.....	16	15	15	27	55
<b>Expanded income concept</b>					
Total itemized deductions.....	147	122	133	282	495
Interest paid deduction:					
Total.....	15	9	6	20	7
Investment interest per income concept.....	21	18	14	26	75
Taxes paid deduction.....	21	11	7	32	51
Charitable contributions deduction.....	55	38	18	36	27
Medical and dental expense deduction.....	83	69	76	126	86
Net casualty or theft loss deduction.....	**	**	**	21	78
Net limited miscellaneous deduction per income concept.....	18	12	5	14	13
Non-limited miscellaneous deduction.....	**	--	--	--	4
Deduction equivalent of:					
Total credits.....	51	104	146	232	--
Foreign tax credit.....	29	48	67	113	--
General business credit.....	**	--	--	--	--
Tax preferences excluded from adjusted gross income.....	109	194	140	848	234

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

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

# High-Income Tax Returns for 2000

**Table 10.--Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2000**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income concept</b>						
Total itemized deductions.....	2,022	15	76	77	34	11
Interest paid deduction:						
Total.....	2,022	373	450	106	61	43
Investment interest per income concept.....	2,022	718	285	50	39	58
Taxes paid deduction.....	2,022	149	1,246	333	105	52
Charitable contributions deduction.....	2,022	374	1,065	155	80	119
Medical and dental expense deduction.....	2,022	1,747	42	13	5	4
Net casualty or theft loss deduction.....	2,022	1,921	**	**	--	**
Net limited miscellaneous deduction per income concept.....	2,022	1,277	443	147	52	36
Non-limited miscellaneous deduction.....	2,022	1,525	42	7	10	5
Deduction equivalent of:						
Total credits.....	2,022	1,726	45	18	7	7
Foreign tax credit.....	2,022	2,022	--	--	--	--
General business credit.....	2,022	1,992	19	5	3	**
Tax preferences excluded from adjusted gross income.....	2,022	1,263	485	80	43	30
<b>Expanded income concept</b>						
Total itemized deductions.....	2,320	231	259	365	212	128
Interest paid deduction:						
Total.....	2,320	1,369	531	199	113	54
Investment interest per income concept.....	2,320	1,560	477	74	40	27
Taxes paid deduction.....	2,320	299	1,403	377	87	37
Charitable contributions deduction.....	2,320	498	1,312	182	107	63
Medical and dental expense deduction.....	2,320	1,226	389	96	95	79
Net casualty or theft loss deduction.....	2,320	2,210	3	3	**	**
Net limited miscellaneous deduction per income concept.....	2,320	1,066	873	213	72	35
Non-limited miscellaneous deduction.....	2,320	2,256	45	7	4	**
Deduction equivalent of:						
Total credits.....	2,320	1,956	81	8	52	8
Foreign tax credit.....	2,320	2,320	--	--	--	--
General business credit.....	2,320	2,286	25	**	3	3
Tax preferences excluded from adjusted gross income.....	2,320	396	215	71	74	86

Footnotes at end of table.



# High-Income Tax Returns for 2000

**Table 10.--Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income--continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
<b>Adjusted gross income concept</b>					
Total itemized deductions.....	5	5	7	136	1,656
Interest paid deduction:					
Total.....	47	72	84	388	398
Investment interest per income concept.....	62	72	91	363	284
Taxes paid deduction.....	33	17	12	32	43
Charitable contributions deduction.....	80	149	--	--	--
Medical and dental expense deduction.....	15	15	25	66	90
Net casualty or theft loss deduction.....	--	**	--	25	71
Net limited miscellaneous deduction per income concept.....	18	9	9	16	15
Non-limited miscellaneous deduction.....	4	6	6	165	252
Deduction equivalent of:					
Total credits.....	11	42	68	98	--
Foreign tax credit.....	--	--	--	--	--
General business credit.....	**	--	--	--	--
Tax preferences excluded from adjusted gross income.....	16	14	15	26	50
<b>Expanded income concept</b>					
Total itemized deductions.....	134	113	130	259	489
Interest paid deduction:					
Total.....	14	8	6	19	7
Investment interest per income concept.....	21	15	12	24	70
Taxes paid deduction.....	20	10	6	30	51
Charitable contributions deduction.....	47	37	15	32	27
Medical and dental expense deduction.....	83	67	74	125	86
Net casualty or theft loss deduction.....	**	--	**	20	78
Net limited miscellaneous deduction per income concept.....	18	12	5	13	13
Non-limited miscellaneous deduction.....	**	--	--	--	4
Deduction equivalent of:					
Total credits.....	9	38	65	103	--
Foreign tax credit.....	--	--	--	--	--
General business credit.....	**	--	--	--	--
Tax preferences excluded from adjusted gross income.....	103	186	137	819	233

\*\* Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

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

# High-Income Tax Returns for 2000

**Table 11.--Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2000**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income		
	Number or returns	Percentage of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(1)	(2)	(3)	(4)	(5)
<b>All returns.....</b>	<b>129,373,500</b>	<b>100.0</b>	<b>92,844,989</b>	<b>100.0</b>	<b>25,673,487</b>
<b>Returns without U.S. income tax.....</b>	<b>29,208,066</b>	<b>22.6</b>	<b>29,068,195</b>	<b>31.3</b>	<b>131,965</b>
<b>Returns with U.S. income tax.....</b>	<b>100,165,434</b>	<b>77.4</b>	<b>63,776,794</b>	<b>68.7</b>	<b>25,541,521</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	19,215,207	14.9	18,147,487	19.5	999,617
5 under 10 percent.....	36,386,666	28.1	28,536,812	30.7	7,608,533
10 under 15 percent.....	27,976,551	21.6	15,191,383	16.4	10,834,200
15 under 20 percent.....	12,060,252	9.3	1,741,269	1.9	5,458,244
20 under 25 percent.....	3,183,818	2.5	113,357	0.1	637,003
25 under 30 percent.....	881,189	0.7	20,599	(?)	1,366
30 under 35 percent.....	352,989	0.3	13,583	(?)	1,011
35 under 40 percent.....	85,022	0.1	2,929	(?)	48
40 under 45 percent.....	3,371	(?)	8	(?)	152
45 under 50 percent.....	2,786	(?)	7	(?)	1,042.0
50 under 60 percent.....	5,137	(?)	2,036	(?)	277
60 under 70 percent.....	1,051	(?)	356	(?)	3
70 under 80 percent.....	802	(?)	51	(?)	11
80 percent or more.....	10,592	(?)	6,918	(?)	15
			Size of adjusted gross income--continued		
			\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(6)	(7)	(8)	(9)	(10)
<b>All returns.....</b>	<b>100.0</b>	<b>8,083,447</b>	<b>100.0</b>	<b>2,771,577</b>	<b>100.0</b>
<b>Returns without U.S. income tax.....</b>	<b>0.5</b>	<b>5,578</b>	<b>0.1</b>	<b>2,328</b>	<b>0.1</b>
<b>Returns with U.S. income tax.....</b>	<b>99.5</b>	<b>8,077,869</b>	<b>99.9</b>	<b>2,769,249</b>	<b>99.9</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	3.9	52,140	0.6	15,962	0.6
5 under 10 percent.....	29.6	224,313	2.8	17,007	0.6
10 under 15 percent.....	42.2	1,885,379	23.3	65,589	2.4
15 under 20 percent.....	21.3	4,471,438	55.3	389,302	14.0
20 under 25 percent.....	2.5	1,340,566	16.6	1,092,892	39.4
25 under 30 percent.....	(?)	93,045	1.2	766,179	27.6
30 under 35 percent.....	(?)	3,355	(?)	335,040	12.1
35 under 40 percent.....	(?)	2,742	(?)	79,303	2.9
40 under 45 percent.....	(?)	704	(?)	2,507	0.1
45 under 50 percent.....	(?)	403	(?)	1,335	(?)
50 under 60 percent.....	(?)	1,197	(?)	1,627	0.1
60 under 70 percent.....	(?)	42	(?)	650	(?)
70 under 80 percent.....	(?)	353	(?)	387	(?)
80 percent or more.....	(?)	2,191	(?)	1,469	0.1

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 11.--Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of expanded income		
	Number or returns	Percentage of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
<b>All returns.....</b>	<b>129,373,500</b>	<b>100.0</b>	<b>92,241,597</b>	<b>100.0</b>	<b>26,290,390</b>
<b>Returns without U.S. income tax.....</b>	<b>29,208,066</b>	<b>22.6</b>	<b>29,003,531</b>	<b>31.4</b>	<b>180,616</b>
<b>Returns with U.S. income tax.....</b>	<b>100,165,434</b>	<b>77.4</b>	<b>63,238,066</b>	<b>68.6</b>	<b>26,109,775</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	20,296,533	15.7	19,169,480	20.8	1,022,275
5 under 10 percent.....	35,665,423	27.6	27,296,399	29.6	8,116,193
10 under 15 percent.....	27,593,098	21.3	14,863,699	16.1	10,874,496
15 under 20 percent.....	12,089,817	9.3	1,746,414	1.9	5,429,916
20 under 25 percent.....	3,167,816	2.4	116,180	0.1	657,352
25 under 30 percent.....	895,038	0.7	21,596	( <sup>2</sup> )	3,362
30 under 35 percent.....	348,477	0.3	11,594	( <sup>2</sup> )	1,988
35 under 40 percent.....	84,372	0.1	2,892	( <sup>2</sup> )	2,033
40 under 45 percent.....	3,762	( <sup>2</sup> )	20	( <sup>2</sup> )	152
45 under 50 percent.....	3,577	( <sup>2</sup> )	1,011	( <sup>2</sup> )	1,148.0
50 under 60 percent.....	3,493	( <sup>2</sup> )	10	( <sup>2</sup> )	829
60 under 70 percent.....	1,242	( <sup>2</sup> )	358	( <sup>2</sup> )	3
70 under 80 percent.....	394	( <sup>2</sup> )	51	( <sup>2</sup> )	8
80 percent or more.....	12,392	( <sup>2</sup> )	8,362	( <sup>2</sup> )	20

Tax status, effective tax rate	Size of expanded income--continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more		
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(16)	(17)	(18)	(19)	(20)
<b>All returns.....</b>	<b>100.0</b>	<b>8,033,709</b>	<b>100.0</b>	<b>2,807,804</b>	<b>100.0</b>
<b>Returns without U.S. income tax.....</b>	<b>0.7</b>	<b>21,153</b>	<b>0.3</b>	<b>2,766</b>	<b>0.1</b>
<b>Returns with U.S. income tax.....</b>	<b>99.3</b>	<b>8,012,556</b>	<b>99.7</b>	<b>2,805,037</b>	<b>99.9</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	3.9	75,116	0.9	29,661	1.1
5 under 10 percent.....	30.9	219,911	2.7	32,921	1.2
10 under 15 percent.....	41.4	1,775,418	22.1	79,486	2.8
15 under 20 percent.....	20.7	4,503,416	56.1	410,072	14.6
20 under 25 percent.....	2.5	1,320,751	16.4	1,073,533	38.2
25 under 30 percent.....	( <sup>2</sup> )	107,250	1.3	762,829	27.2
30 under 35 percent.....	( <sup>2</sup> )	3,397	( <sup>2</sup> )	331,498	11.8
35 under 40 percent.....	( <sup>2</sup> )	2,402	( <sup>2</sup> )	77,046	2.7
40 under 45 percent.....	( <sup>2</sup> )	1,041	( <sup>2</sup> )	2,549	0.1
45 under 50 percent.....	( <sup>2</sup> )	562	( <sup>2</sup> )	855	( <sup>2</sup> )
50 under 60 percent.....	( <sup>2</sup> )	709	( <sup>2</sup> )	1,945	0.1
60 under 70 percent.....	( <sup>2</sup> )	42	( <sup>2</sup> )	839	( <sup>2</sup> )
70 under 80 percent.....	( <sup>2</sup> )	11	( <sup>2</sup> )	324	( <sup>2</sup> )
80 percent or more.....	( <sup>2</sup> )	2,530	( <sup>2</sup> )	1,479	0.1

<sup>1</sup> Includes returns with adjusted gross deficit or with negative expanded income.

<sup>2</sup> Less than 0.05 percent.

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

# High-Income Tax Returns for 2000

**Table 12.--Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2000**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income		
	Number or returns	Percentage of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000
			Number of returns	Percentage of total	
	(1)	(2)	(3)	(4)	(5)
<b>All returns.....</b>	<b>129,373,500</b>	<b>100.0</b>	<b>92,844,989</b>	<b>100.0</b>	<b>25,673,487</b>
<b>Returns without worldwide income tax.....</b>	<b>29,149,907</b>	<b>22.5</b>	<b>29,019,095</b>	<b>31.3</b>	<b>123,833</b>
<b>Returns with worldwide income tax.....</b>	<b>100,223,593</b>	<b>77.5</b>	<b>63,825,894</b>	<b>68.7</b>	<b>25,549,654</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	19,179,585	14.8	18,144,433	19.5	991,238
5 under 10 percent.....	36,384,355	28.1	28,552,757	30.8	7,604,090
10 under 15 percent.....	27,972,673	21.6	15,210,026	16.4	10,828,024
15 under 20 percent.....	12,079,324	9.3	1,748,881	1.9	5,474,049
20 under 25 percent.....	3,190,897	2.5	113,357	0.1	638,659
25 under 30 percent.....	901,423	0.7	20,599	(?)	4,826
30 under 35 percent.....	367,035	0.3	13,583	(?)	2,511
35 under 40 percent.....	99,988	0.1	3,911	(?)	1,706
40 under 45 percent.....	11,121	(?)	1,328	(?)	490
45 under 50 percent.....	8,253	(?)	344	(?)	2,059
50 under 60 percent.....	9,152	(?)	2,710	(?)	1,291
60 under 70 percent.....	4,046	(?)	2,657	(?)	681
70 under 80 percent.....	1,142	(?)	388	(?)	12
80 percent or more.....	14,599	(?)	10,919	(?)	19

Tax status, effective tax rate	Size of adjusted gross income--continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more		
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(6)	(7)	(8)	(9)	(10)
<b>All returns.....</b>	<b>100.0</b>	<b>8,083,447</b>	<b>100.0</b>	<b>2,771,577</b>	<b>100.0</b>
<b>Returns without worldwide income tax.....</b>	<b>0.5</b>	<b>4,957</b>	<b>0.1</b>	<b>2,022</b>	<b>0.1</b>
<b>Returns with worldwide income tax.....</b>	<b>99.5</b>	<b>8,078,490</b>	<b>99.9</b>	<b>2,769,555</b>	<b>99.9</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	3.9	36,196	0.4	7,717	0.3
5 under 10 percent.....	29.6	215,587	2.7	11,922	0.4
10 under 15 percent.....	42.2	1,874,748	23.2	59,875	2.2
15 under 20 percent.....	21.3	4,473,270	55.3	383,123	13.8
20 under 25 percent.....	2.5	1,351,896	16.7	1,086,985	39.2
25 under 30 percent.....	(?)	101,492	1.3	774,507	27.9
30 under 35 percent.....	(?)	7,495	0.1	343,447	12.4
35 under 40 percent.....	(?)	6,410	0.1	87,961	3.2
40 under 45 percent.....	(?)	3,622	(?)	5,682	0.2
45 under 50 percent.....	(?)	2,550	(?)	3,301	0.1
50 under 60 percent.....	(?)	2,633	(?)	2,518	0.1
60 under 70 percent.....	(?)	47	(?)	660	(?)
70 under 80 percent.....	(?)	354	(?)	388	(?)
80 percent or more.....	(?)	2,191	(?)	1,470	0.1

Footnotes at end of table.

# High-Income Tax Returns for 2000

**Table 12.--Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2000--Continued**

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of expanded income		
	Number or returns	Percentage of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
<b>All returns.....</b>	<b>129,373,500</b>	<b>100.0</b>	<b>92,241,597</b>	<b>100.0</b>	<b>26,290,390</b>
<b>Returns without worldwide income tax.....</b>	<b>29,149,907</b>	<b>22.5</b>	<b>28,964,115</b>	<b>31.4</b>	<b>170,298</b>
<b>Returns with worldwide income tax.....</b>	<b>100,223,593</b>	<b>77.5</b>	<b>63,277,483</b>	<b>68.6</b>	<b>26,120,092</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	20,256,734	15.7	19,169,977	20.8	1,018,738
5 under 10 percent.....	35,666,232	27.6	27,316,468	29.6	8,112,518
10 under 15 percent.....	27,597,505	21.3	14,879,470	16.1	10,868,233
15 under 20 percent.....	12,120,891	9.4	1,749,423	1.9	5,450,585
20 under 25 percent.....	3,182,194	2.5	116,179	0.1	657,527
25 under 30 percent.....	920,592	0.7	21,597	( <sup>2</sup> )	5,326
30 under 35 percent.....	361,061	0.3	11,594	( <sup>2</sup> )	2,970
35 under 40 percent.....	92,620	0.1	2,892	( <sup>2</sup> )	2,033
40 under 45 percent.....	4,478	( <sup>2</sup> )	20	( <sup>2</sup> )	152
45 under 50 percent.....	3,639	( <sup>2</sup> )	1,011	( <sup>2</sup> )	1,148
50 under 60 percent.....	3,538	( <sup>2</sup> )	10	( <sup>2</sup> )	829
60 under 70 percent.....	1,251	( <sup>2</sup> )	358	( <sup>2</sup> )	3
70 under 80 percent.....	395	( <sup>2</sup> )	51	( <sup>2</sup> )	8
80 percent or more.....	12,463	( <sup>2</sup> )	8,432	( <sup>2</sup> )	21

Tax status, effective tax rate	Size of expanded income--continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more		
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(16)	(17)	(18)	(19)	(20)
<b>All returns.....</b>	<b>100.0</b>	<b>8,033,709</b>	<b>100.0</b>	<b>2,807,804</b>	<b>100.0</b>
<b>Returns without worldwide income tax.....</b>	<b>0.6</b>	<b>13,173</b>	<b>0.2</b>	<b>2,320</b>	<b>0.1</b>
<b>Returns with worldwide income tax.....</b>	<b>99.4</b>	<b>8,020,536</b>	<b>99.8</b>	<b>2,805,483</b>	<b>99.9</b>
<b>Effective tax rate:</b>					
Under 5 percent.....	3.9	56,010	0.7	12,008	0.4
5 under 10 percent.....	30.9	213,502	2.7	23,744	0.8
10 under 15 percent.....	41.3	1,775,317	22.1	74,485	2.7
15 under 20 percent.....	20.7	4,516,244	56.2	404,638	14.4
20 under 25 percent.....	2.5	1,332,286	16.6	1,076,203	38.3
25 under 30 percent.....	( <sup>2</sup> )	114,796	1.4	778,873	27.7
30 under 35 percent.....	( <sup>2</sup> )	4,745	0.1	341,751	12.2
35 under 40 percent.....	( <sup>2</sup> )	2,739	( <sup>2</sup> )	84,957	3.0
40 under 45 percent.....	( <sup>2</sup> )	1,042	( <sup>2</sup> )	3,265	0.1
45 under 50 percent.....	( <sup>2</sup> )	562	( <sup>2</sup> )	917	( <sup>2</sup> )
50 under 60 percent.....	( <sup>2</sup> )	709	( <sup>2</sup> )	1,990	0.1
60 under 70 percent.....	( <sup>2</sup> )	42	( <sup>2</sup> )	849	( <sup>2</sup> )
70 under 80 percent.....	( <sup>2</sup> )	11	( <sup>2</sup> )	325	( <sup>2</sup> )
80 percent or more.....	( <sup>2</sup> )	2,530	( <sup>2</sup> )	1,479	0.1

<sup>1</sup> Includes returns with adjusted gross deficit or with negative expanded income.

<sup>2</sup> Less than 0.05 percent.

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