

High-Income Tax Returns for 1999

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 2.4 million high-income returns for 1999, as well as summary data for the period 1977 to 1999. Detailed data for the years 1974 through 1998 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 their expanded income is less than their AGI.

Number of High-Income Returns

Table 1 shows that, for 1999, there were 2,429,942 individual income tax returns reporting AGI of \$200,000 or more, and 2,479,556 with expanded income of \$200,000 or more. These returns represented, respectively, 1.912 percent and 1.951 percent of all returns for 1999.

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 1998 and 1999, while the total number of tax returns increased 1.8 percent, the number of high AGI returns increased 16.5 percent, and the number of high expanded-income returns rose 16.3 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 1999 was only 7.6 times the number for 1977. However, the number of high-income returns for 1999 measured in current-year dollars was 36.7 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 1998 to 1999, as it has for 5 of the most recent 10 years. For 1999, the share of high expanded-

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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 1977-1999

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.....	93,902,469	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

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 ¹			
		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

¹ 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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income returns reached 0.351 percent, surpassing its previous high of 0.318 percent that it reached in 1998. 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 1999 measured in current-year dollars was 45.5 times as large as for 1977. Measured in 1976 constant dollars, the number of returns for 1999 was only 9.5 times the number for 1977. Between 1988 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 1999 to reach

0.343 percent for 1999. As for high expanded-income returns, the 1999 share was a new high, surpassing the previous high of 0.309 percent reached in 1998.

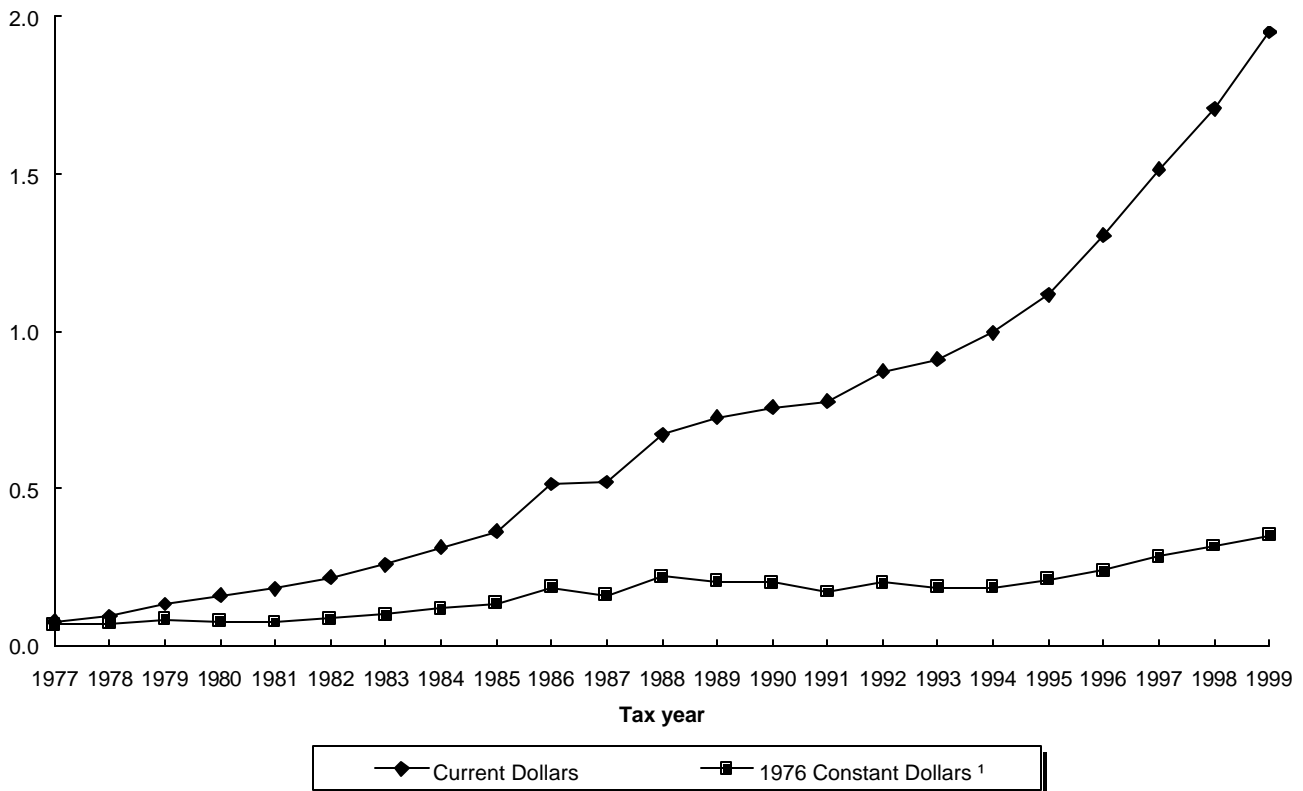
Nontaxable High-Income Returns

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

Figure B

Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977-1999

Percentage of returns



¹ 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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For 1999, of the 2,429,942 income tax returns with AGI of \$200,000 or more, 1,605 (0.066 percent) showed no U.S. income tax liability; and 1,398 (0.056 percent) showed no worldwide income tax liability.

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 govern-

ment. 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 1999, of the 2,429,942 income tax returns with AGI of \$200,000 or more, 1,605 (0.066 percent) showed no U.S. income tax liability; and 1,398 (0.056 percent) showed no worldwide income tax liability (the top panel of Figure C). For 1998, there were 1,467 returns (0.070 percent) with AGI of \$200,000 or more with no U.S. income tax liability; and 1,283 returns (0.062 percent) with no worldwide income tax liability.

Of the 2,479,556 tax returns with expanded income of \$200,000 or more, 2,525 (0.102 percent) had no U.S. income tax liability; and 2,174 (0.088 percent) had no worldwide income tax liability [9]. Of the 2,132,301 returns with expanded income of \$200,000 or more for 1998, there were 2,224 (0.104 percent) with no U.S. income tax liability; and 1,914 (0.090 percent) with no worldwide income tax liability.

Thus, the proportion of nontaxable returns both in terms of expanded income or AGI and whether measured by absence of U.S. income tax or absence of worldwide income tax decreased slightly between 1998 and 1999.

Although the number of nontaxable, high expanded-income returns, as measured by absence of U.S. income tax, increased in all but 8 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 1999 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, 0.067 percent reported no U.S. income tax for 1999; and 0.058 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.082; the percentage without worldwide income tax liability was 0.069 (see the lower panel of Figure C).

Of returns with expanded income of \$200,000 or more in current dollars, 0.102 percent reported no U.S. income tax; and 0.088 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 0.077; the percentage without worldwide income tax liability was 0.066.

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 1999. 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 generally narrowed after 1993, despite a small increase for 1998 and 1999.

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

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Figure C

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concepts, Tax Years 1977-1999

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 without U.S. income tax, by income concept		Returns without worldwide income tax, by income concept		Returns without U.S. income tax, by income concept		Returns without 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

Tax year	\$200,000 income threshold measured in 1976 constant dollars ¹							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns without U.S. income tax, by income concept		Returns without worldwide income tax, by income concept		Returns without U.S. income tax, by income concept		Returns without 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

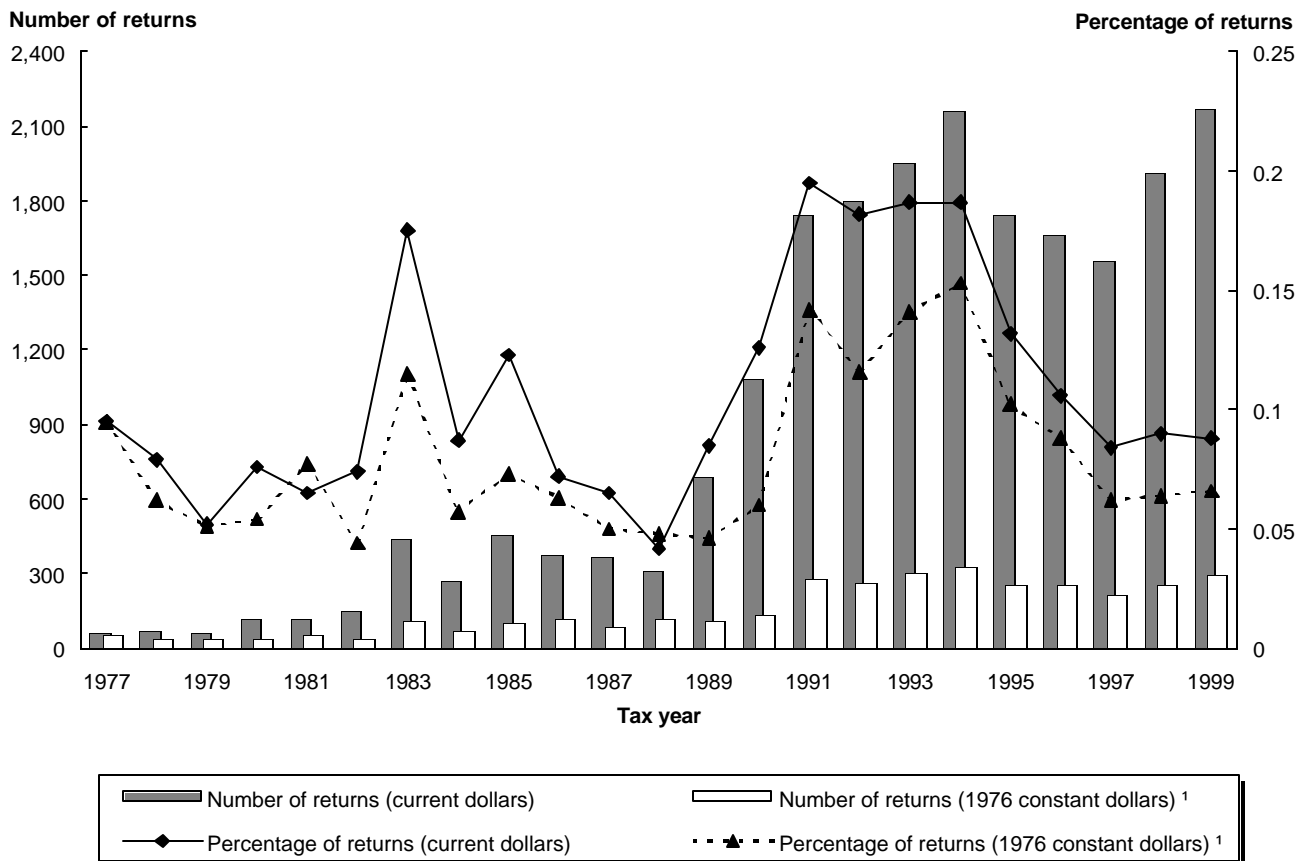
¹ 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics consumer price index for urban consumers. See footnote 6 of this article for further details.

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

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Figure D

Number and Percentage of Returns With Expanded Income of \$200,000 or More and Without Worldwide Income Tax, Tax Years 1977-1999



¹ 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.

to 1991 are not entirely comparable with data for more recent years.

Detailed Data for 1999

Tables 1 through 12 present data based on income tax returns for 1999, 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 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

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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 1,605 returns with no U.S. income tax had an AGI of \$200,000 or more; and 2,525 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 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, is 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 (0.087 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.” (About 0.6 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. (61.1 percent had taxable income equal to 80 percent or more of expanded income; and 96.5 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 1.6 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, 44.8 percent had effective tax rates of 25 percent or more. In addition, 78.7 percent of high-income taxpayers had average tax rates ranging from 20 percent to 35 percent, while 37.2 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

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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 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 58.2 percent of the time, and the charitable contributions deduction was the second most important item 27.1 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 53.5 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 29.6 percent of the time, and the deduction for taxes paid was the second most important reason 26.3 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 (461 returns or 33.6 percent of the 1,372 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); total miscellaneous deductions (340 returns or 24.8 percent); partnership and S corporation net losses (127 returns or 9.3 percent); and medical and dental expense deductions (117 returns or 8.5 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 (1,102 returns or 53.5 percent of the 2,058 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); medical and dental expense deductions (276 returns or 13.4 percent); partnerships and S corporation net losses (173 returns or 8.4 percent); and taxes paid deduction (110 returns or 5.3 percent). These effects are also shown graphically in Figure F.

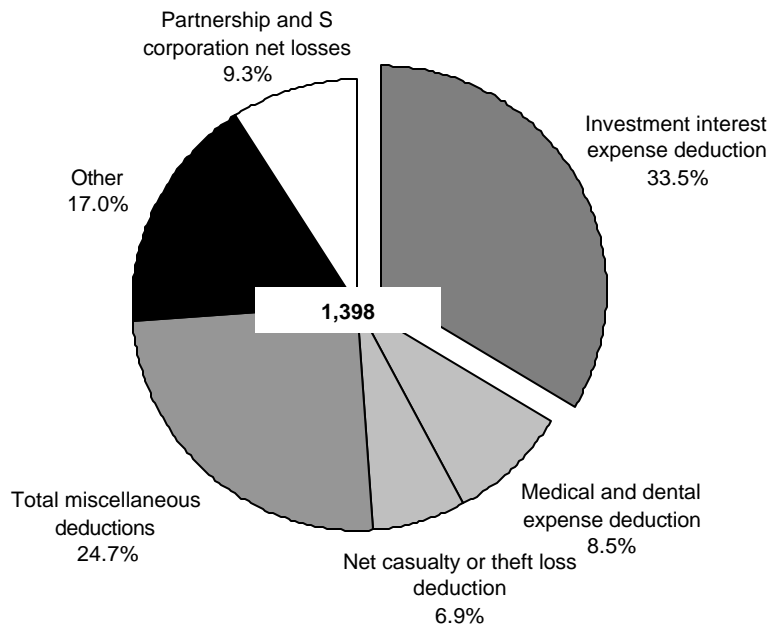
Table 8 also shows the two items that most frequently had the second largest effect in reducing regular tax liability for high expanded-income returns with no worldwide tax. These were the deduction for taxes paid (433 returns or 21.0 percent) and the deduction for medical and dental expenses (381 returns or 18.5 percent).

Tables 9 and 10 present another way of illustrating the importance of various tax provisions in reduc-

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Figure E

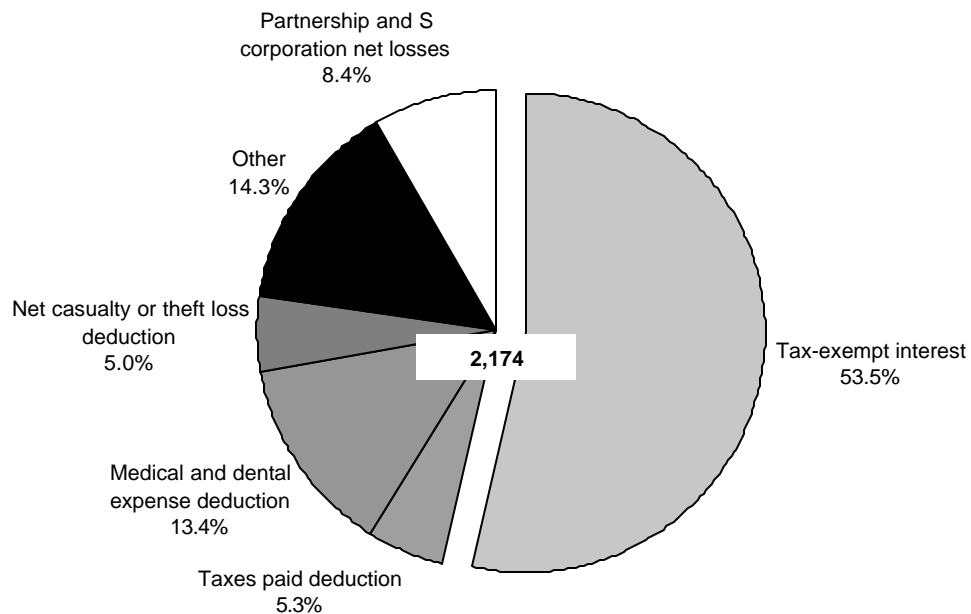
Returns Without Worldwide Income Tax and With Adjusted Gross Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 1999



NOTE: Detail may not add to 100 percent because of rounding.

Figure F

Returns Without Worldwide Income Tax and With Expanded Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 1999



NOTE: Detail may not add to 100 percent because of rounding.

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ing 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 72 of the 2,174 returns, but there was no casualty or theft loss deduction on 2,066 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.

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.)

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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;

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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.

- [3] The 1976 Act specifies 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

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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 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

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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).

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 contributions to self-employed retirement (Keogh) plans and some contributions to Individual Retirement Arrangements (IRA's), which are not expenses related to earning income.

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

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some job-related moving expenses have been deducted in calculating AGI, the deductions for some related expenses, such as expenses for temporary quarters and expenses for selling a former residence, are not allowed.

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

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

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

Expanded Income

Expanded income is meant to be a measure of income that is conceptually closer to H-S income than AGI, but which is derived entirely from items already reported on income tax returns. Figure G shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI has been changed by legislation several times since 1977, and certain reporting requirements have also been 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

Figure G

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977-1999

Adjusted gross income (AGI)

- PLUS:
- o Excluded capital gains (tax years prior to 1987)
 - o Tax-exempt interest (1987 and later tax years)
 - o Nontaxable Social Security benefits (1987 and later tax years)
 - o Tax preferences for alternative minimum tax purposes [A5]
 - o Foreign-earned income exclusion (1990 and later tax years)
- MINUS:
- o Unreimbursed employee business expenses [A6]
 - o Nondeductible rental losses (Tax Year 1987)
 - o Moving expense deduction (Tax Years 1987 through 1993) [A7]
 - o Investment interest expense deduction to the extent it does not exceed investment income
 - o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)

EQUALS: o Expanded income

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

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

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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 investment 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. (ed.), *The Federal Income Tax*, Columbia University Press, 1921, and

Simons, Henry C., *Personal Income Taxation*, University of Chicago Press, 1938.

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

[A3] See 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.

From this time forward, 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.

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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.

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 substan-

tial 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. 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

Figure H

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 1999

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

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

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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.

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 2002, Publication 1136 (Revised 6-02).

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

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 ¹	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total.....	127,075,145	92,973,306	24,567,186	7,104,712	2,429,942
Under \$50,000 ¹	92,437,264	91,926,874	507,095	2,411	883
\$50,000 under \$100,000.....	25,075,138	1,017,257	23,839,968	217,715	199
\$100,000 under \$200,000.....	7,083,187	27,560	214,368	6,806,510	34,748
\$200,000 or more.....	2,479,556	1,614	5,755	78,076	2,394,111
Returns with U.S. income tax					
Total.....	97,786,391	63,780,304	24,479,684	7,098,067	2,428,337
Under \$50,000 ¹	63,304,696	62,809,735	493,311	1,070	580
\$50,000 under \$100,000.....	24,937,978	951,880	23,769,004	217,004	*91
\$100,000 under \$200,000.....	7,066,686	17,718	211,973	6,802,404	34,589
\$200,000 or more.....	2,477,031	970	5,396	77,589	2,393,076
Returns without U.S. income tax					
Total.....	29,288,754	29,193,002	87,502	6,645	1,605
Under \$50,000 ¹	29,132,568	29,117,139	13,784	1,341	303
\$50,000 under \$100,000.....	137,160	65,377	70,964	711	108
\$100,000 under \$200,000.....	16,501	9,842	2,395	4,106	159
\$200,000 or more.....	2,525	644	359	487	1,035

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

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

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

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

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 ¹	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total.....	127,075,145	92,973,306	24,567,186	7,104,712	2,429,942
Under \$50,000 ¹	92,437,264	91,926,874	507,095	2,411	883
\$50,000 under \$100,000.....	25,075,138	1,017,257	23,839,968	217,715	199
\$100,000 under \$200,000.....	7,083,187	27,560	214,368	6,806,510	34,748
\$200,000 or more.....	2,479,556	1,614	5,755	78,076	2,394,111
Returns with worldwide income tax					
Total.....	97,821,393	63,812,166	24,482,089	7,098,594	2,428,544
Under \$50,000 ¹	63,330,895	62,835,927	493,311	1,070	587
\$50,000 under \$100,000.....	24,941,040	953,210	23,770,338	217,395	*98
\$100,000 under \$200,000.....	7,072,075	22,051	213,010	6,802,416	34,598
\$200,000 or more.....	2,477,382	978	5,430	77,714	2,393,260
Returns without worldwide income tax					
Total.....	29,253,752	29,161,140	85,097	6,118	1,398
Under \$50,000 ¹	29,106,369	29,090,947	13,784	1,341	296
\$50,000 under \$100,000.....	134,098	64,047	69,630	320	101
\$100,000 under \$200,000.....	11,111	5,509	1,358	4,094	150
\$200,000 or more.....	2,174	636	325	362	851

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

¹ 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 1999

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

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	2,429,942	100.0	--	2,479,556	100.0	--
Returns without U.S. income tax	1,605	0.1	--	2,525	0.1	--
Returns with U.S. income tax:						
Total	2,428,337	99.9	100.0	2,477,031	99.9	100.0
Ratio of adjusted taxable income to income per concept:						
Under 5 percent.....	1,011	(¹)	(¹)	1,783	0.1	0.1
5 under 10 percent.....	1,317	0.1	0.1	6,664	0.3	0.3
10 under 15 percent.....	3,714	0.2	0.2	7,397	0.3	0.6
15 under 20 percent.....	3,851	0.2	0.4	5,588	0.2	0.9
20 under 25 percent.....	3,008	0.1	0.5	7,005	0.3	1.1
25 under 30 percent.....	5,228	0.2	0.7	5,987	0.2	1.4
30 under 35 percent.....	6,832	0.3	1.0	14,227	0.6	2.0
35 under 40 percent.....	8,130	0.3	1.4	14,422	0.6	2.5
40 under 45 percent.....	14,145	0.6	1.9	18,931	0.8	3.3
45 under 50 percent.....	21,236	0.9	2.8	26,373	1.1	4.4
50 under 60 percent.....	90,379	3.7	6.5	115,038	4.6	9.0
60 under 70 percent.....	203,811	8.4	14.9	237,138	9.6	18.6
70 under 80 percent.....	569,550	23.5	38.4	532,674	21.5	40.1
80 percent or more.....	1,496,123	61.6	100.0	1,483,803	59.9	100.0

¹ Less than 0.05 percent.

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

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

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	2,429,942	100.0	--	2,479,556	100.0	--
Returns without worldwide income tax	1,398	0.1	--	2,174	0.1	--
Returns with worldwide income tax:						
Total	2,428,544	99.9	100.0	2,477,382	99.9	100.0
Ratio of adjusted taxable income to income per concept:						
Under 5 percent.....	1,038	(¹)	(¹)	1,470	0.1	0.1
5 under 10 percent.....	946	(¹)	0.1	2,282	0.1	0.2
10 under 15 percent.....	1,370	0.1	0.1	2,163	0.1	0.2
15 under 20 percent.....	993	(¹)	0.2	3,253	0.1	0.4
20 under 25 percent.....	1,163	(¹)	0.2	4,965	0.2	0.6
25 under 30 percent.....	3,615	0.1	0.4	4,580	0.2	0.8
30 under 35 percent.....	5,139	0.2	0.6	12,375	0.5	1.3
35 under 40 percent.....	7,567	0.3	0.9	12,718	0.5	1.8
40 under 45 percent.....	12,227	0.5	1.4	16,548	0.7	2.4
45 under 50 percent.....	18,934	0.8	2.2	24,773	1.0	3.4
50 under 60 percent.....	86,718	3.6	5.8	112,945	4.6	8.0
60 under 70 percent.....	198,639	8.2	13.9	233,428	9.4	17.4
70 under 80 percent.....	562,313	23.2	37.1	531,342	21.4	38.9
80 percent or more.....	1,527,866	62.9	100.0	1,514,522	61.1	100.0

¹ Less than 0.05 percent.

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

High-Income Tax Returns for 1999

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

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept						
Salaries and wages.....	2,062,754	630,906,603	2,061,927	630,744,915	827	161,687
Business or profession:						
Net income.....	482,096	54,025,288	481,836	53,995,742	260	29,546
Net loss.....	148,229	2,985,612	148,039	2,951,691	190	33,920
Farm:						
Net income.....	17,690	873,356	17,678	872,985	12	371
Net loss.....	49,364	2,041,919	49,308	2,017,267	56	24,652
Partnership and S corporation net income after Section 179 property deduction: ¹						
Net income.....	850,271	202,511,890	849,961	202,469,756	310	42,134
Net loss.....	275,217	23,475,779	274,650	23,098,443	567	377,336
Sales of capital assets:						
Net gain.....	1,563,328	396,350,748	1,562,449	395,665,270	879	685,478
Net loss.....	367,849	856,668	367,454	855,557	395	1,111
Sales of property other than capital assets:						
Net gain.....	109,997	2,046,894	109,887	2,040,899	110	5,994
Net loss.....	168,731	2,765,616	168,523	2,754,516	207	11,100
Taxable interest received.....	2,349,656	53,473,901	2,348,222	53,094,985	1,434	378,916
Tax-exempt interest.....	838,080	27,246,909	837,532	27,196,026	548	50,883
Dividends.....	2,110,900	54,633,430	2,109,652	54,433,730	1,248	199,700
Pensions and annuities in adjusted gross income.....	501,757	18,821,144	501,461	18,804,580	296	16,563
Rent:						
Net income.....	385,448	15,807,651	385,190	15,792,694	258	14,956
Net loss, total (deductible and nondeductible).....	299,157	3,311,842	298,913	3,301,306	244	10,536
Nondeductible rental loss.....	184,272	1,693,482	184,138	1,690,289	134	3,193
Royalty:						
Net income.....	121,618	3,239,463	121,487	3,234,429	131	5,035
Net loss.....	5,226	39,657	5,215	39,601	11	56
Estate or trust:						
Net income.....	81,936	7,284,933	81,857	7,279,222	79	5,711
Net loss.....	7,422	708,228	7,398	695,333	24	12,895
State income tax refunds.....	1,144,419	5,381,201	1,143,902	5,370,515	517	10,685
Alimony received.....	4,289	406,828	4,285	406,737	4	91
Social Security benefits in adjusted gross income.....	373,255	5,675,557	372,828	5,669,725	427	5,832
Social Security benefits (nontaxable).....	373,255	1,001,657	372,828	1,000,627	427	1,029
Unemployment compensation.....	31,486	130,891	31,472	130,824	14	67
Other income.....	346,967	11,323,346	346,687	11,308,517	280	14,829
Other loss.....	30,910	1,398,895	30,879	1,397,920	31	975
Foreign-earned income exclusion.....	25,108	1,662,889	25,016	1,656,001	92	6,889
Total income.....	2,429,942	1,443,547,716	2,428,337	1,442,323,102	1,605	1,224,614
Statutory adjustments, total.....	1,009,698	12,214,724	1,009,174	12,210,067	524	4,657
Payments to Individual Retirement Arrangements.....	126,906	419,547	126,852	419,377	54	170
Payments to self-employed retirement (Keogh) plans.....	278,917	5,194,247	278,877	5,193,684	40	563
Moving expenses adjustment.....	29,489	142,630	29,483	142,597	6	33
Adjusted gross income.....	2,429,942	1,431,332,992	2,428,337	1,430,113,034	1,605	1,219,958
Investment interest expense deduction.....	592,288	13,916,176	591,359	13,226,915	929	689,261
Total tax preferences excluded from adjusted gross income ²	845,781	27,491,229	845,221	27,437,660	560	53,569
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	18,776	252,838	18,748	250,128	28	2,710
Passive activity loss (alternative minimum tax adjustment).....	323,303	1,301,467	323,035	1,301,974	268	-508
Expanded income.....	2,429,939	1,443,842,239	2,428,337	1,443,251,510	1,602	590,729

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept--Continued						
Exemption amount.....	1,210,053	5,461,597	1,209,363	5,458,985	690	2,611
Itemized deductions:						
Total per adjusted gross income concept.....	2,253,086	161,746,417	2,251,561	160,378,376	1,525	1,368,042
Charitable contributions deduction.....	2,165,137	47,778,967	2,163,888	47,621,191	1,249	157,776
Interest paid deduction:						
Total per adjusted gross income concept.....	1,884,183	46,706,295	1,882,964	45,976,848	1,219	729,447
Total home mortgage interest.....	1,750,397	32,571,269	1,749,446	32,531,909	951	39,360
Medical and dental expense deduction.....	28,213	897,618	28,032	861,574	181	36,044
Net casualty or theft loss deduction.....	2,049	186,007	1,943	104,096	106	81,911
Taxes paid deduction.....	2,245,301	85,281,629	2,243,909	85,203,510	1,392	78,119
Net limited miscellaneous deductions per						
adjusted gross income concept.....	358,409	6,625,381	357,903	6,588,167	506	37,214
Non-limited miscellaneous deductions.....	68,576	3,558,203	68,195	3,284,767	381	273,436
Excess of exemptions and deductions						
over adjusted gross income.....	2,709	817,882	1,540	506,550	1,169	311,332
Taxable income.....	2,427,176	1,263,711,349	2,426,794	1,263,551,175	382	160,174
Tax at regular rates.....	2,427,243	380,111,019	2,426,859	380,065,779	384	45,240
Income tax before credits.....	2,427,244	380,373,089	2,426,860	380,327,752	384	45,337
Tax credits:						
Total.....	872,830	5,594,396	872,446	5,549,060	384	45,337
Child care credit.....	130,569	62,672	130,560	62,668	9	5
Minimum tax credit.....	76,122	882,017	75,921	861,366	201	20,651
Foreign tax credit.....	675,842	4,091,205	675,635	4,067,011	207	24,195
General business credit.....	75,960	443,415	75,924	443,045	36	370
Alternative minimum tax (Form 6251).....	404,675	4,748,338	404,675	4,748,338	--	--
U.S. total income tax.....	2,428,337	379,531,398	2,428,337	379,531,398	--	--
Taxable income which would yield:						
Income tax before credits.....	2,427,244	1,109,051,457	2,426,860	1,108,918,593	384	132,864
Income tax after credits.....	2,425,995	1,094,353,269	2,425,995	1,094,353,269	--	--
U.S. total income tax.....	2,428,337	1,106,974,233	2,428,337	1,106,974,233	--	--
Reconciliation of adjusted gross income						
and expanded income:						
Adjusted gross income.....	2,429,942	1,431,332,992	2,428,337	1,430,113,034	1,605	1,219,958
plus: Total tax preferences excluded from						
adjusted gross income ²	845,781	27,491,229	845,221	27,437,660	560	53,569
Social Security benefits (nontaxable).....	373,255	1,001,657	372,828	1,000,627	427	1,029
Foreign-earned income exclusion.....	25,108	1,662,889	25,016	1,656,001	92	6,889
minus: Investment interest expense deduction.....	592,288	13,916,176	591,359	13,226,915	929	689,261
Non-limited miscellaneous deductions.....	68,576	3,558,203	68,195	3,284,767	381	273,436
Unreimbursed employee business expenses.....	414,983	3,730,352	414,869	3,728,898	114	1,454
Equals: Expanded income.....	2,429,939	1,443,842,239	2,428,337	1,443,251,510	1,602	590,729

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept						
Salaries and wages.....	2,069,594	630,169,364	2,068,684	629,997,566	910	171,798
Business or profession:						
Net income.....	484,612	54,048,297	484,343	54,020,325	269	27,972
Net loss.....	148,016	2,973,104	147,789	2,943,459	227	29,645
Farm:						
Net income.....	18,541	873,750	18,533	873,557	8	192
Net loss.....	50,698	2,072,067	50,618	2,041,296	80	30,771
Partnership and S corporation net income after Section 179 property deduction: ¹						
Net income.....	860,072	202,548,438	859,699	202,511,143	373	37,294
Net loss.....	282,292	23,323,637	281,611	23,034,007	681	289,629
Sales of capital assets:						
Net gain.....	1,606,482	397,923,210	1,605,270	397,365,459	1,212	557,751
Net loss.....	377,649	876,420	376,798	874,048	851	2,372
Sales of property other than capital assets:						
Net gain.....	114,460	2,066,349	114,328	2,061,923	132	4,427
Net loss.....	171,989	2,814,384	171,763	2,796,286	226	18,098
Taxable interest received.....	2,399,036	54,184,343	2,396,723	53,945,891	2,313	238,452
Tax-exempt interest.....	908,687	32,626,329	906,994	32,139,666	1,693	486,662
Dividends.....	2,164,794	56,613,008	2,162,734	56,472,014	2,060	140,994
Pensions and annuities in adjusted gross income.....	529,584	20,022,938	529,038	20,004,371	546	18,566
Rent:						
Net income.....	395,702	16,096,897	395,388	16,084,987	314	11,910
Net loss, total (deductible and nondeductible).....	303,244	3,312,910	302,953	3,303,583	291	9,326
Nondeductible rental loss.....	186,848	1,698,670	186,720	1,695,507	128	3,163
Royalty:						
Net income.....	128,597	3,316,448	128,350	3,312,275	247	4,173
Net loss.....	5,131	29,799	5,122	29,790	9	9
Estate or trust:						
Net income.....	88,648	7,427,345	88,479	7,423,100	169	4,245
Net loss.....	7,839	711,208	7,808	698,496	31	12,711
State income tax refunds.....	1,156,166	5,413,347	1,155,425	5,401,521	741	11,826
Alimony received.....	4,287	406,892	**	**	**	**
Social Security benefits in adjusted gross income.....	418,997	6,393,133	417,890	6,377,234	1,107	15,899
Social Security benefits (nontaxable).....	419,001	1,128,380	417,890	1,125,494	1,111	2,886
Unemployment compensation.....	31,798	133,258	31,785	133,188	13	70
Other income.....	356,631	11,326,339	356,323	11,319,513	308	6,826
Other loss.....	37,205	1,592,495	37,136	1,588,633	69	3,862
Foreign-earned income exclusion.....	35,850	2,546,783	35,614	2,525,642	236	21,141
Total income.....	2,479,556	1,449,679,138	2,477,031	1,448,691,462	2,525	987,676
Statutory adjustments, total.....	1,015,629	12,226,334	1,015,122	12,222,219	507	4,114
Payments to Individual Retirement Arrangements.....	129,772	428,844	129,712	428,671	60	173
Payments to self-employed retirement (Keogh) plans.....	279,693	5,205,117	279,656	5,204,601	37	517
Moving expenses adjustment.....	29,331	142,806	29,322	142,737	9	69
Adjusted gross income.....	2,479,556	1,437,452,804	2,477,031	1,436,469,243	2,525	983,561
Investment interest expense deduction.....	585,530	12,757,584	584,881	12,409,667	649	347,917
Total tax preferences excluded from adjusted gross income ²	916,055	32,890,531	914,350	32,398,141	1,705	492,390
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	18,883	273,037	18,843	267,116	40	5,921
Passive activity loss (alternative minimum tax adjustment).....	333,033	1,308,676	332,700	1,314,715	333	-6,039
Expanded income.....	2,479,556	1,457,866,447	2,477,031	1,456,715,827	2,525	1,150,620

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept--Continued						
Exemption amount.....	1,260,930	5,730,954	1,259,026	5,721,522	1,904	9,432
Itemized deductions:						
Total per adjusted gross income concept.....	2,287,721	161,451,686	2,285,547	160,382,376	2,174	1,069,310
Total per expanded income concept.....	2,287,062	172,298,617	2,284,956	171,824,303	2,106	474,313
Charitable contributions deduction.....	2,198,750	48,271,754	2,196,992	48,125,685	1,758	146,070
Interest paid deduction:						
Total per adjusted gross income concept.....	1,883,665	45,377,135	1,882,464	44,996,849	1,201	380,286
Total per expanded income concept.....	1,749,088	32,619,551	1,748,141	32,587,182	947	32,368
Total home mortgage interest.....	1,745,751	32,404,141	1,744,805	32,371,850	946	32,291
Medical and dental expense deduction.....	38,659	1,103,297	37,686	1,010,482	973	92,814
Net casualty or theft loss deduction.....	2,052	185,536	1,943	104,096	109	81,440
Taxes paid deduction.....	2,279,376	85,764,108	2,277,363	85,681,115	2,013	82,994
Net limited miscellaneous deductions per adjusted gross income concept.....	355,825	6,481,183	354,718	6,441,989	1,107	39,195
Non-limited miscellaneous deductions.....	68,571	3,553,759	68,186	3,287,685	385	266,074
Excess of exemptions and deductions over adjusted gross income.....	4,081	786,947	2,145	513,634	1,936	273,314
Taxable income.....	2,475,431	1,269,710,504	2,474,883	1,269,534,654	548	175,851
Tax at regular rates.....	2,475,503	381,416,037	2,474,948	381,366,998	555	49,038
Income tax before credits.....	2,475,504	381,713,600	2,474,949	381,664,465	555	49,135
Tax credits:						
Total.....	906,204	5,762,547	905,649	5,713,413	555	49,135
Child care credit.....	127,611	60,573	127,584	60,557	27	16
Minimum tax credit.....	78,186	887,469	77,974	866,846	212	20,624
Foreign tax credit.....	711,351	4,250,479	711,000	4,222,496	351	27,983
General business credit.....	77,570	448,831	77,529	448,459	41	373
Alternative minimum tax (Form 6251).....	411,432	4,777,805	411,432	4,777,805	--	--
U.S. total income tax.....	2,477,031	380,733,225	2,477,031	380,733,225	--	--
Taxable income which would yield:						
Income tax before credits.....	2,475,504	1,114,499,143	2,474,949	1,114,350,862	555	148,281
Income tax after credits.....	2,472,854	1,099,158,855	2,472,854	1,099,158,855	--	--
U.S. total income tax.....	2,477,031	1,111,914,826	2,477,031	1,111,914,826	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,479,556	1,437,452,804	2,477,031	1,436,469,243	2,525	983,561
plus: Total tax preferences excluded from adjusted gross income ²	916,055	32,890,531	914,350	32,398,141	1,705	492,390
Social Security benefits (nontaxable).....	419,001	1,128,380	417,890	1,125,494	1,111	2,886
Foreign-earned income exclusion.....	35,850	2,546,783	35,614	2,525,642	236	21,141
minus: Investment interest expense deduction.....	585,530	12,757,584	584,881	12,409,667	649	347,917
Non-limited miscellaneous deductions.....	68,571	3,553,759	68,186	3,287,685	385	266,074
Unreimbursed employee business expenses....	399,465	3,392,445	399,333	3,391,647	132	798
Equals: Expanded income.....	2,479,556	1,457,866,447	2,477,031	1,456,715,827	2,525	1,150,620

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

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

² Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

High-Income Tax Returns for 1999

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

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept						
Salaries and wages.....	2,062,754	630,906,603	2,062,087	630,804,143	667	102,460
Business or profession:						
Net income.....	482,096	54,025,288	481,869	54,008,820	227	16,468
Net loss.....	148,229	2,985,612	148,049	2,951,866	180	33,746
Farm:						
Net income.....	17,690	873,356	17,679	872,985	11	370
Net loss.....	49,364	2,041,919	49,310	2,017,382	54	24,536
Partnership and S corporation net income after section 179 property deduction: ¹						
Net income.....	850,271	202,511,890	849,991	202,476,986	280	34,904
Net loss.....	275,217	23,475,779	274,687	23,125,212	530	350,568
Sales of capital assets:						
Net gain.....	1,563,328	396,350,748	1,562,548	395,751,826	780	598,921
Net loss.....	367,849	856,668	367,497	855,672	352	995
Sales of property other than capital assets:						
Net gain.....	109,997	2,046,894	109,891	2,040,990	106	5,904
Net loss.....	168,731	2,765,616	168,542	2,757,341	188	8,275
Taxable interest received.....	2,349,656	53,473,901	2,348,404	53,117,031	1,252	356,870
Tax-exempt interest.....	838,080	27,246,909	837,579	27,199,335	501	47,574
Dividends.....	2,110,900	54,633,430	2,109,805	54,452,632	1,095	180,798
Pensions and annuities in adjusted gross income.....	501,757	18,821,144	501,484	18,805,242	273	15,902
Rent:						
Net income.....	385,448	15,807,651	385,214	15,793,698	234	13,952
Net loss, total (deductible and nondeductible).....	299,157	3,311,842	298,936	3,301,681	221	10,161
Nondeductible rental loss.....	184,272	1,693,482	184,152	1,690,435	120	3,047
Royalty:						
Net income.....	121,618	3,239,463	121,493	3,234,450	125	5,013
Net loss.....	5,226	39,657	5,215	39,601	11	56
Estate or trust:						
Net income.....	81,936	7,284,933	81,864	7,280,161	72	4,772
Net loss.....	7,422	708,228	7,400	704,675	22	3,553
State income tax refunds.....	1,144,419	5,381,201	1,143,946	5,371,759	473	9,442
Alimony received.....	4,289	406,828	4,285	406,737	4	91
Social Security benefits in adjusted gross income.....	373,255	5,675,557	372,853	5,670,010	402	5,547
Social Security benefits (nontaxable).....	373,255	1,001,657	372,853	1,000,678	402	979
Unemployment compensation.....	31,486	130,891	31,472	130,824	14	67
Other income.....	346,967	11,323,346	346,706	11,310,044	261	13,302
Other loss.....	30,910	1,398,895	30,894	1,398,382	16	512
Foreign-earned income exclusion.....	25,108	1,662,889	25,105	1,662,599	3	290
Total income.....	2,429,942	1,443,547,716	2,428,544	1,442,480,510	1,398	1,067,206
Statutory adjustments, total.....	1,009,698	12,214,724	1,009,228	12,210,621	470	4,103
Payments to Individual Retirement Arrangements.....	126,906	419,547	126,860	419,405	46	142
Payments to self-employed retirement (Keogh) plans.....	278,917	5,194,247	278,885	5,193,831	32	416
Moving expenses adjustment.....	29,489	142,630	29,486	142,620	3	9
Adjusted gross income.....	2,429,942	1,431,332,992	2,428,544	1,430,269,889	1,398	1,063,103
Investment interest expense deduction.....	592,288	13,916,176	591,440	13,253,982	848	662,193
Total tax preferences excluded from adjusted gross income ²	845,781	27,491,229	845,268	27,441,121	513	50,108
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	18,776	252,838	18,750	250,280	26	2,558
Passive activity loss (alternative minimum tax adjustment).....	323,303	1,301,467	323,056	1,301,707	247	-241
Expanded income.....	2,429,939	1,443,842,239	2,428,544	1,443,391,197	1,395	451,042

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept--Continued						
Exemption amount.....	1,210,053	5,461,597	1,209,452	5,459,351	601	2,246
Itemized deductions:						
Total per adjusted gross income concept.....	2,253,086	161,746,417	2,251,693	160,433,695	1,393	1,312,722
Charitable contributions deduction.....	2,165,137	47,778,967	2,164,000	47,638,602	1,137	140,365
Interest paid deduction:						
Total per adjusted gross income concept.....	1,884,183	46,706,295	1,883,084	46,007,204	1,099	699,092
Total home mortgage interest.....	1,750,397	32,571,269	1,749,539	32,535,195	858	36,074
Medical and dental expense deduction.....	28,213	897,618	28,036	862,040	177	35,578
Net casualty or theft loss deduction.....	2,049	186,007	1,943	104,096	106	81,911
Taxes paid deduction.....	2,245,301	85,281,629	2,244,025	85,207,658	1,276	73,970
Net limited miscellaneous deductions per adjusted gross income concept.....	358,409	6,625,381	357,943	6,589,643	466	35,738
Non-limited miscellaneous deductions.....	68,576	3,558,203	68,201	3,288,933	375	269,270
Excess of exemptions and deductions over adjusted gross income.....	2,709	817,882	1,540	506,550	1,169	311,332
Taxable income.....	2,427,176	1,263,711,349	2,427,001	1,263,651,917	175	59,432
Tax at regular rates.....	2,427,243	380,111,019	2,427,066	380,096,093	177	14,926
Income tax before credits.....	2,427,244	380,373,089	2,427,067	380,358,067	177	15,022
Tax credits:						
Total.....	286,504	1,503,191	286,327	1,488,169	177	15,022
Child care credit.....	130,569	62,672	130,565	62,670	4	2
Minimum tax credit.....	76,122	882,017	75,967	867,347	155	14,671
Foreign tax credit.....	--	--	--	--	--	--
General business credit.....	75,960	443,415	75,936	443,182	24	234
Alternative minimum tax (Form 6251).....	404,675	4,748,338	404,675	4,748,338	--	--
Worldwide total income tax.....	2,428,544	384,172,502	2,428,544	384,172,502	--	--
Foreign taxes paid.....	675,842	4,641,104	675,842	4,641,104	--	--
Foreign taxes paid on excluded foreign-earned income (Form 1116).....	17,827	549,899	17,827	549,899	--	--
Taxable income which would yield:						
Income tax before credits.....	2,427,244	1,109,051,457	2,427,067	1,109,005,118	177	46,340
Income tax after credits.....	2,427,063	1,106,570,019	2,427,063	1,106,570,019	--	--
Worldwide total income tax.....	2,428,544	1,119,122,883	2,428,544	1,119,122,883	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,429,942	1,431,332,992	2,428,544	1,430,269,889	1,398	1,063,103
plus: Total tax preferences excluded from adjusted gross income ²	845,781	27,491,229	845,268	27,441,121	513	50,108
Social Security benefits (nontaxable).....	373,255	1,001,657	372,853	1,000,678	402	979
Foreign-earned income exclusion.....	25,108	1,662,889	25,105	1,662,599	3	290
minus: Investment interest expense deduction.....	592,288	13,916,176	591,440	13,253,982	848	662,193
Non-limited miscellaneous deductions.....	68,576	3,558,203	68,201	3,288,933	375	269,270
Unreimbursed employee business expenses.....	414,983	3,730,352	414,886	3,729,107	97	1,245
Equals: Expanded income.....	2,429,939	1,443,842,239	2,428,544	1,443,391,197	1,395	451,042

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept						
Salaries and wages.....	2,069,594	630,169,364	2,068,975	630,084,195	619	85,169
Business or profession:						
Net income.....	484,612	54,048,297	484,395	54,036,017	217	12,280
Net loss.....	148,016	2,973,104	147,805	2,944,237	211	28,867
Farm:						
Net income.....	18,541	873,750	18,534	873,558	7	192
Net loss.....	50,698	2,072,067	50,624	2,041,581	74	30,486
Partnership and S corporation net income after section 179 property deduction: ¹						
Net income.....	860,072	202,548,438	859,725	202,518,460	347	29,978
Net loss.....	282,292	23,323,637	281,659	23,063,519	633	260,117
Sales of capital assets:						
Net gain.....	1,606,482	397,923,210	1,605,421	397,452,372	1,061	470,839
Net loss.....	377,649	876,420	376,859	874,210	790	2,210
Sales of property other than capital assets:						
Net gain.....	114,460	2,066,349	114,337	2,061,982	123	4,367
Net loss.....	171,989	2,814,384	171,782	2,798,963	207	15,421
Taxable interest received.....	2,399,036	54,184,343	2,397,018	53,966,982	2,018	217,360
Tax-exempt interest.....	908,687	32,626,329	907,068	32,148,420	1,619	477,909
Dividends.....	2,164,794	56,613,008	2,162,976	56,490,398	1,818	122,611
Pensions and annuities in adjusted gross income.....	529,584	20,022,938	529,068	20,005,392	516	17,546
Rent:						
Net income.....	395,702	16,096,897	395,422	16,086,256	280	10,641
Net loss, total (deductible and nondeductible).....	303,244	3,312,910	303,002	3,304,112	242	8,798
Nondeductible rental loss.....	186,848	1,698,670	186,740	1,695,719	108	2,951
Royalty:						
Net income.....	128,597	3,316,448	128,364	3,312,347	233	4,102
Net loss.....	5,131	29,799	5,122	29,790	9	9
Estate or trust:						
Net income.....	88,648	7,427,345	88,491	7,424,068	157	3,277
Net loss.....	7,839	711,208	7,811	707,849	28	3,359
State income tax refunds.....	1,156,166	5,413,347	1,155,479	5,402,888	687	10,459
Alimony received.....	4,287	406,892	**	**	**	**
Social Security benefits in adjusted gross income.....	418,997	6,393,133	417,923	6,377,681	1,074	15,451
Social Security benefits (nontaxable).....	419,001	1,128,380	417,923	1,125,573	1,078	2,807
Unemployment compensation.....	31,798	133,258	31,787	133,194	11	63
Other income.....	356,631	11,326,339	356,355	11,321,220	276	5,119
Other loss.....	37,205	1,592,495	37,187	1,589,887	18	2,608
Foreign-earned income exclusion.....	35,850	2,546,783	35,841	2,545,841	9	942
Total income.....	2,479,556	1,449,679,138	2,477,382	1,448,861,624	2,174	817,514
Statutory adjustments, total.....	1,015,629	12,226,334	1,015,188	12,223,164	441	3,170
Payments to Individual Retirement Arrangements.....	129,772	428,844	129,726	428,715	46	129
Payments to self-employed retirement (Keogh) plans.....	279,693	5,205,117	279,666	5,204,821	27	297
Moving expenses adjustment.....	29,331	142,806	29,328	142,801	3	5
Adjusted gross income.....	2,479,556	1,437,452,804	2,477,382	1,436,638,460	2,174	814,344
Investment interest expense deduction.....	585,530	12,757,584	584,967	12,429,378	563	328,206
Total tax preferences excluded from adjusted gross income ²	916,055	32,890,531	914,424	32,407,077	1,631	483,453
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds).....	18,883	273,037	18,846	267,299	37	5,738
Passive activity loss (alternative minimum tax adjustment).....	333,033	1,308,676	332,731	1,314,404	302	-5,729
Expanded income.....	2,479,556	1,457,866,447	2,477,382	1,456,894,334	2,174	972,113

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept--Continued						
Exemption amount.....	1,260,930	5,730,954	1,259,260	5,723,068	1,670	7,886
Itemized deductions:						
Total per adjusted gross income concept.....	2,287,721	161,451,686	2,285,737	160,432,495	1,984	1,019,191
Total per expanded income concept.....	2,287,062	172,298,617	2,285,143	171,853,000	1,919	445,617
Charitable contributions deduction.....	2,198,750	48,271,754	2,197,135	48,143,565	1,615	128,189
Interest paid deduction:						
Total per adjusted gross income concept.....	1,883,665	45,377,135	1,882,629	45,020,350	1,036	356,785
Total per expanded income concept.....	1,749,088	32,619,551	1,748,271	32,590,972	817	28,579
Total home mortgage interest.....	1,745,751	32,404,141	1,744,935	32,375,635	816	28,507
Medical and dental expense deduction.....	38,659	1,103,297	37,708	1,011,613	951	91,683
Net casualty or theft loss deduction.....	2,052	185,536	1,943	104,096	109	81,440
Taxes paid deduction.....	2,279,376	85,764,108	2,277,524	85,685,590	1,852	78,518
Net limited miscellaneous deductions per adjusted gross income concept.....	355,825	6,481,183	354,778	6,443,569	1,047	37,615
Non-limited miscellaneous deductions.....	68,571	3,553,759	68,192	3,291,818	379	261,941
Excess of exemptions and deductions over adjusted gross income.....	4,081	786,947	2,146	513,677	1,935	273,270
Taxable income.....	2,475,431	1,269,710,504	2,475,233	1,269,651,249	198	59,255
Tax at regular rates.....	2,475,503	381,416,037	2,475,299	381,401,150	204	14,886
Income tax before credits.....	2,475,504	381,713,600	2,475,300	381,698,617	204	14,983
Tax credits:						
Total.....	287,133	1,512,068	286,929	1,497,085	204	14,983
Child care credit.....	127,611	60,573	127,607	60,571	4	2
Minimum tax credit.....	78,186	887,469	78,029	872,846	157	14,623
Foreign tax credit.....	--	--	--	--	--	--
General business credit.....	77,570	448,831	77,544	448,605	26	226
Alternative minimum tax (Form 6251).....	411,432	4,777,805	411,432	4,777,805	--	--
Worldwide total income tax.....	2,477,382	385,684,192	2,477,382	385,684,192	--	--
Foreign taxes paid.....	711,351	4,950,968	711,351	4,950,968	--	--
Foreign taxes paid on excluded foreign-earned income (Form 1116).....	23,118	700,488	23,118	700,488	--	--
Taxable income which would yield:						
Income tax before credits.....	2,475,504	1,114,499,143	2,475,300	1,114,452,930	204	46,212
Income tax after credits.....	2,475,296	1,112,428,537	2,475,296	1,112,428,537	--	--
Worldwide total income tax.....	2,477,382	1,125,100,597	2,477,382	1,125,100,597	--	--
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income.....	2,479,556	1,437,452,804	2,477,382	1,436,638,460	2,174	814,344
plus: Total tax preferences excluded from adjusted gross income ²	916,055	32,890,531	914,424	32,407,077	1,631	483,453
Social Security benefits (nontaxable).....	419,001	1,128,380	417,923	1,125,573	1,078	2,807
Foreign-earned income exclusion.....	35,850	2,546,783	35,841	2,545,841	9	942
minus: Investment interest expense deduction.....	585,530	12,757,584	584,967	12,429,378	563	328,206
Non-limited miscellaneous deductions.....	68,571	3,553,759	68,192	3,291,818	379	261,941
Unreimbursed employee business expenses.....	399,465	3,392,445	399,357	3,391,859	108	586
Equals: Expanded income.....	2,479,556	1,457,866,447	2,477,382	1,456,894,334	2,174	972,113

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

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

² Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

High-Income Tax Returns for 1999

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

[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 ¹		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total.....	2,317,389	100.0	507,626	21.9	60,033	2.6	1,275,712	55.0
Interest paid deduction.....	808,114	34.9	--	--	13,108	21.8	702,629	55.1
Investment interest expense deduction ¹	65,305	2.8	8,671	1.7	--	--	40,420	3.2
Taxes paid deduction.....	701,932	30.3	426,104	83.9	31,606	52.6	--	--
Charitable contributions deduction.....	474,265	20.5	48,584	9.6	6,965	11.6	398,875	31.3
Medical and dental expense deduction.....	7,806	0.3	1,192	0.2	11	(²)	2,689	0.2
Net casualty or theft loss deduction.....	57	(²)	--	--	--	--	42	(²)
Total miscellaneous deductions.....	89,174	3.8	12,895	2.5	2,504	4.2	58,790	4.6
Foreign tax credit.....	28,609	1.2	1,288	0.3	1,234	2.1	17,802	1.4
General business credit.....	14,499	0.6	2,011	0.4	418	0.7	8,082	0.6
All other tax credits.....	16,478	0.7	1,576	0.3	645	1.1	9,119	0.7
Partnership and S corporation net losses.....	39,369	1.7	5,296	1.0	3,437	5.7	21,584	1.7
No second largest item.....	71,783	3.1	9	(²)	104	0.2	15,680	1.2
Returns with expanded income of \$200,000 or more								
Total.....	2,383,541	100.0	509,892	21.4	--	--	1,209,837	50.8
Interest paid deduction.....	798,535	33.5	--	--	--	--	704,660	58.2
Tax-exempt interest ³	151,499	6.4	4,653	0.9	--	--	100,768	8.3
Taxes paid deduction.....	748,073	31.4	436,054	85.5	--	--	--	--
Charitable contributions deduction.....	427,938	18.0	54,926	10.8	--	--	327,921	27.1
Medical and dental expense deduction.....	8,498	0.4	1,544	0.3	--	--	1,273	0.1
Net casualty or theft loss deduction.....	54	(²)	--	--	--	--	42	(²)
Total miscellaneous deductions.....	35,060	1.5	2,508	0.5	--	--	16,722	1.4
Foreign tax credit.....	47,040	2.0	1,283	0.3	--	--	11,238	0.9
General business credit.....	14,812	0.6	2,003	0.4	--	--	6,876	0.6
All other tax credits.....	16,209	0.7	1,721	0.3	--	--	7,990	0.7
Partnership and S corporation net losses.....	38,653	1.6	5,139	1.0	--	--	17,877	1.5
Foreign-earned income exclusion ³	18,243	0.8	--	--	--	--	286	(²)
No second largest item.....	78,925	3.3	60	(²)	--	--	14,185	1.2

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns with U.S. income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	208,226	9.0	8,924	0.4	746	(²)
Interest paid deduction.....	44,824	21.5	740	8.3	155	20.8
Investment interest expense deduction ¹	6,447	3.1	44	0.5	86	11.6
Taxes paid deduction.....	133,142	63.9	6,141	68.8	346	46.5
Charitable contributions deduction.....	--	--	543	6.1	3	0.4
Medical and dental expense deduction.....	2,365	1.1	--	--	--	--
Net casualty or theft loss deduction.....	8	(²)	3	(²)	--	--
Total miscellaneous deductions.....	10,997	5.3	1,108	12.4	--	--
Foreign tax credit.....	1,184	0.6	150	1.7	--	--
General business credit.....	2,171	1.0	41	0.5	--	--
All other tax credits.....	1,002	0.5	--	--	--	--
Partnership and S corporation net losses.....	5,297	2.5	--	--	155	20.8
No second largest item.....	789	0.4	152	1.7	--	--
Returns with expanded income of \$200,000 or more						
Total.....	195,484	8.2	8,705	0.4	746	(²)
Interest paid deduction.....	45,393	23.2	699	8.0	155	20.8
Tax-exempt interest ³	22,618	11.6	3,020	34.7	41	5.6
Taxes paid deduction.....	111,848	57.2	3,772	43.3	388	52.1
Charitable contributions deduction.....	--	--	560	6.4	3	0.4
Medical and dental expense deduction.....	1,867	1.0	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	4,765	2.4	493	5.7	3	0.4
Foreign tax credit.....	948	0.5	--	--	--	--
General business credit.....	1,533	0.8	--	--	--	--
All other tax credits.....	743	0.4	--	--	--	--
Partnership and S corporation net losses.....	4,777	2.4	--	--	155	20.8
Foreign-earned income exclusion ³	**	**	**	**	--	--
No second largest item.....	958	0.5	**	**	--	--

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total.....	62,355	2.7	71,263	3.1	13,238	0.6	23,496	1.0
Interest paid deduction.....	14,325	23.0	7,928	11.1	2,822	21.3	5,459	23.2
Investment interest expense deduction ¹	1,951	3.1	949	1.3	541	4.1	573	2.4
Taxes paid deduction.....	35,521	57.0	16,824	23.6	6,162	46.5	8,513	36.2
Charitable contributions deduction.....	6,847	11.0	1,562	2.2	392	3.0	1,533	6.5
Medical and dental expense deduction.....	1,339	2.1	8	(²)	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	1,359	1.9	8	0.1	107	0.5
Foreign tax credit.....	370	0.6	--	--	637	4.8	1,762	7.5
General business credit.....	208	0.3	84	0.1	--	--	590	2.5
All other tax credits.....	**	**	2,224	3.1	520	3.9	--	--
Partnership and S corporation net losses.....	1,292	2.1	1,825	2.6	235	1.8	247	1.1
No second largest item.....	431	0.7	38,498	54.0	1,921	14.5	4,711	20.1
Returns with expanded income of \$200,000 or more								
Total.....	14,043	0.6	54,057	2.3	12,384	0.5	22,538	0.9
Interest paid deduction.....	1,754	12.5	1,841	3.4	2,552	20.6	4,793	21.3
Tax-exempt interest ³	2,047	14.6	1,943	3.6	1,731	14.0	2,684	11.9
Taxes paid deduction.....	5,761	41.0	13,110	24.3	4,904	39.6	7,696	34.1
Charitable contributions deduction.....	3,448	24.6	414	0.8	549	4.4	1,124	5.0
Medical and dental expense deduction.....	194	1.4	--	--	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	701	1.3	12	0.1	3	(²)
Foreign tax credit.....	56	0.4	--	--	252	2.0	1,476	6.5
General business credit.....	193	1.4	51	0.1	--	--	594	2.6
All other tax credits.....	**	**	1,033	1.9	474	3.8	--	--
Partnership and S corporation net losses.....	387	2.8	747	1.4	150	1.2	245	1.1
Foreign-earned income exclusion ³	--	--	17,569	32.5	--	--	50	0.2
No second largest item.....	198	1.4	16,649	30.8	1,759	14.2	3,874	17.2

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ³		Tax-exempt interest ³	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(23)	(24)	(25)	(26)	(27)	(28)
Returns with U.S. income tax						
Returns with adjusted gross income of \$200,000 or more						
Total	85,772	3.7	--	--	--	--
Interest paid deduction.....	16,124	18.8	--	--	--	--
Investment interest expense deduction ¹	5,622	6.6	--	--	--	--
Taxes paid deduction.....	37,571	43.8	--	--	--	--
Charitable contributions deduction.....	8,960	10.4	--	--	--	--
Medical and dental expense deduction.....	202	0.2	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	1,406	1.6	--	--	--	--
Foreign tax credit.....	4,180	4.9	--	--	--	--
General business credit.....	893	1.0	--	--	--	--
All other tax credits.....	**	**	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	9,488	11.1	--	--	--	--
Returns with expanded income of \$200,000 or more						
Total	82,870	3.5	15,000	0.6	257,986	10.8
Interest paid deduction.....	16,357	19.7	2,221	14.8	18,111	7.0
Tax-exempt interest ³	10,510	12.7	1,483	9.9	--	--
Taxes paid deduction.....	35,498	42.8	1,079	7.2	127,962	49.6
Charitable contributions deduction.....	9,034	10.9	352	2.3	29,607	11.5
Medical and dental expense deduction.....	**	**	**	**	3,418	1.3
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	597	0.7	42	0.3	9,212	3.6
Foreign tax credit.....	1,751	2.1	7,832	52.2	22,203	8.6
General business credit.....	652	0.8	3	(²)	2,906	1.1
All other tax credits.....	973	1.2	**	**	3,270	1.3
Partnership and S corporation net losses.....	--	--	175	1.2	9,002	3.5
Foreign-earned income exclusion ³	**	**	--	--	13	(²)
No second largest item.....	7,007	8.5	1,801	12.0	32,281	12.5

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ¹		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	1,579	100.0	46	2.9	487	30.8	23	1.5
Interest paid deduction.....	275	17.4	--	--	101	20.7	**	**
Investment interest expense deduction ¹	**	**	7	15.2	--	--	6	26.1
Taxes paid deduction.....	322	20.4	5	10.9	115	23.6	--	--
Charitable contributions deduction.....	209	13.2	4	8.7	126	25.9	10	43.5
Medical and dental expense deduction.....	37	2.3	3	6.5	**	**	--	--
Net casualty or theft loss deduction.....	88	5.6	**	**	--	--	--	--
Total miscellaneous deductions.....	86	5.4	--	--	30	6.2	--	--
Foreign tax credit.....	13	0.8	**	**	6	1.2	--	--
General business credit.....	**	**	--	--	--	--	**	**
All other tax credits.....	22	1.4	**	**	**	**	**	**
Partnership and S corporation net losses.....	228	14.4	23	50.0	107	22.0	3	13.0
No second largest item.....	135	8.5	--	--	--	--	--	--
Returns with expanded income of \$200,000 or more								
Total	2,409	100.0	68	2.8	--	--	111	4.6
Interest paid deduction.....	224	9.3	--	--	--	--	29	26.1
Tax-exempt interest ³	122	5.1	13	19.1	--	--	14	12.6
Taxes paid deduction.....	456	18.9	35	51.5	--	--	--	--
Charitable contributions deduction.....	209	8.7	10	14.7	--	--	29	26.1
Medical and dental expense deduction.....	387	16.1	**	**	--	--	--	--
Net casualty or theft loss deduction.....	207	8.6	--	--	--	--	--	--
Total miscellaneous deductions.....	131	5.4	--	--	--	--	**	**
Foreign tax credit.....	66	2.7	--	--	--	--	--	--
General business credit.....	10	0.4	--	--	--	--	**	**
All other tax credits.....	25	1.0	**	**	--	--	**	**
Partnership and S corporation net losses.....	202	8.4	4	5.9	--	--	10	9.0
Foreign-earned income exclusion ³	253	10.5	**	**	--	--	**	**
No second largest item.....	117	4.9	**	**	--	--	23	20.7

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns without U.S. income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	60	3.8	118	7.5	94	6.0
Interest paid deduction.....	7	11.7	**	**	28	29.8
Investment interest expense deduction ¹	14	23.3	**	**	--	--
Taxes paid deduction.....	4	6.7	6	5.1	18	19.1
Charitable contributions deduction.....	--	--	12	10.2	7	7.4
Medical and dental expense deduction.....	30	50.0	--	--	**	**
Net casualty or theft loss deduction.....	--	--	**	**	--	--
Total miscellaneous deductions.....	**	**	**	**	35	37.2
Foreign tax credit.....	**	**	**	**	--	--
General business credit.....	--	--	--	--	--	--
All other tax credits.....	--	--	**	**	--	--
Partnership and S corporation net losses.....	--	--	--	--	4	4.3
No second largest item.....	--	--	--	--	**	**
Returns with expanded income of \$200,000 or more						
Total.....	99	4.1	279	11.6	102	4.2
Interest paid deduction.....	12	12.1	5	1.8	19	18.6
Tax-exempt interest ³	8	8.1	44	15.8	8	7.8
Taxes paid deduction.....	8	8.1	5	1.8	18	17.6
Charitable contributions deduction.....	--	--	11	3.9	6	5.9
Medical and dental expense deduction.....	54	54.5	--	--	**	**
Net casualty or theft loss deduction.....	--	--	**	**	--	--
Total miscellaneous deductions.....	**	**	7	2.5	47	46.1
Foreign tax credit.....	**	**	--	--	--	--
General business credit.....	--	--	--	--	--	--
All other tax credits.....	**	**	**	**	--	--
Partnership and S corporation net losses.....	4	4.0	**	**	**	**
Foreign-earned income exclusion ³	**	**	--	--	**	**
No second largest item.....	--	--	--	--	**	**

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total.....	342	21.7	123	7.8	**	**	**	**
Interest paid deduction.....	63	18.4	24	19.5	**	**	39	26.9
Investment interest expense deduction ¹	15	4.4	11	8.9	--	--	19	13.1
Taxes paid deduction.....	98	28.7	3	2.4	--	--	60	41.4
Charitable contributions deduction.....	19	5.6	5	4.1	--	--	15	10.3
Medical and dental expense deduction.....	**	**	--	--	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	4	3.3	--	--	**	**
Foreign tax credit.....	--	--	--	--	--	--	--	--
General business credit.....	**	**	--	--	--	--	--	--
All other tax credits.....	3	0.9	3	2.4	**	**	--	--
Partnership and S corporation net losses.....	81	23.7	3	2.4	--	--	7	4.8
No second largest item.....	60	17.5	70	56.9	--	--	**	**
Returns with expanded income of \$200,000 or more								
Total.....	19	0.8	197	8.2	4	0.2	146	6.1
Interest paid deduction.....	**	**	7	3.6	**	**	44	30.1
Tax-exempt interest ³	**	**	--	--	--	--	**	**
Taxes paid deduction.....	3	15.8	3	1.5	**	**	64	43.8
Charitable contributions deduction.....	5	26.3	**	**	--	--	14	9.6
Medical and dental expense deduction.....	--	--	--	--	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--	--	--
Total miscellaneous deductions.....	--	--	--	--	--	--	--	--
Foreign tax credit.....	--	--	--	--	--	--	--	--
General business credit.....	--	--	--	--	--	--	**	**
All other tax credits.....	--	--	**	**	**	**	--	--
Partnership and S corporation net losses.....	7	36.8	--	--	--	--	8	5.5
Foreign-earned income exclusion ³	--	--	159	80.7	--	--	--	--
No second largest item.....	--	--	25	12.7	--	--	9	6.2

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ³		Tax-exempt interest ³	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(23)	(24)	(25)	(26)	(27)	(28)
Returns without U.S. income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	138	8.7	--	--	--	--
Interest paid deduction.....	6	4.3	--	--	--	--
Investment interest expense deduction ¹	87	63.0	--	--	--	--
Taxes paid deduction.....	13	9.4	--	--	--	--
Charitable contributions deduction.....	11	8.0	--	--	--	--
Medical and dental expense deduction.....	**	**	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	6	4.3	--	--	--	--
Foreign tax credit.....	**	**	--	--	--	--
General business credit.....	**	**	--	--	--	--
All other tax credits.....	10	7.2	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	--	--	--	--	--	--
Returns with expanded income of \$200,000 or more						
Total.....	190	7.9	67	2.8	1,127	46.8
Interest paid deduction.....	11	5.8	7	10.4	86	7.6
Tax-exempt interest ³	26	13.7	**	**	--	--
Taxes paid deduction.....	22	11.6	**	**	296	26.3
Charitable contributions deduction.....	13	6.8	**	**	119	10.6
Medical and dental expense deduction.....	**	**	--	--	330	29.3
Net casualty or theft loss deduction.....	--	--	--	--	**	**
Total miscellaneous deductions.....	**	**	--	--	68	6.0
Foreign tax credit.....	3	1.6	57	85.1	**	**
General business credit.....	3	1.6	--	--	4	0.4
All other tax credits.....	10	5.3	--	--	7	0.6
Partnership and S corporation net losses.....	--	--	--	--	167	14.8
Foreign-earned income exclusion ³	88	46.3	--	--	**	**
No second largest item.....	11	5.8	--	--	45	4.0

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

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

² Less than 0.05 percent.

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

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 1999

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

[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 ¹	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	2,276,547	100.0	513,099	22.5	61,019	2.7
Interest paid deduction.....	813,675	35.7	--	--	13,895	22.8
Investment interest expense deduction ¹	65,942	2.9	9,268	1.8	--	--
Taxes paid deduction.....	694,057	30.5	430,633	83.9	32,183	52.7
Charitable contributions deduction.....	489,301	21.5	49,346	9.6	7,404	12.1
Medical and dental expense deduction.....	7,799	0.3	1,192	0.2	11	(²)
Net casualty or theft loss deduction.....	57	(²)	--	--	--	--
Total miscellaneous deductions.....	90,182	4.0	13,514	2.6	2,627	4.3
General business credit.....	14,788	0.6	2,011	0.4	424	0.7
All other tax credits.....	14,790	0.6	1,577	0.3	676	1.1
Partnership and S corporation net losses.....	38,547	1.7	5,307	1.0	3,638	6.0
No second largest item.....	47,408	2.1	251	0.1	161	0.3
Returns with expanded income of \$200,000 or more						
Total.....	2,367,177	100.0	511,701	21.6	--	--
Interest paid deduction.....	815,212	34.4	--	--	--	--
Tax-exempt interest ³	155,383	6.6	4,702	0.9	--	--
Taxes paid deduction.....	743,514	31.4	438,583	85.7	--	--
Charitable contributions deduction.....	436,775	18.5	55,400	10.8	--	--
Medical and dental expense deduction.....	8,515	0.4	1,544	0.3	--	--
Net casualty or theft loss deduction.....	54	(²)	--	--	--	--
Total miscellaneous deductions.....	34,976	1.5	2,525	0.5	--	--
General business credit.....	15,058	0.6	2,003	0.4	--	--
All other tax credits.....	17,530	0.7	1,722	0.3	--	--
Partnership and S corporation net losses.....	39,705	1.7	5,139	1.0	--	--
Foreign-earned income exclusion ³	1,306	0.1	24	(²)	--	--
No second largest item.....	99,148	4.2	61	(²)	--	--

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns with worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	1,292,541	56.8	209,803	9.2	8,933	0.4
Interest paid deduction.....	713,944	55.2	45,398	21.6	740	8.3
Investment interest expense deduction ¹	41,141	3.2	6,495	3.1	44	0.5
Taxes paid deduction.....	--	--	135,073	64.4	6,291	70.4
Charitable contributions deduction.....	413,426	32.0	--	--	551	6.2
Medical and dental expense deduction.....	2,689	0.2	2,367	1.1	--	--
Net casualty or theft loss deduction.....	42	(²)	8	(²)	3	(²)
Total miscellaneous deductions.....	60,341	4.7	11,051	5.3	1,109	12.4
General business credit.....	8,328	0.6	2,178	1.0	41	0.5
All other tax credits.....	9,560	0.7	1,017	0.5	--	--
Partnership and S corporation net losses.....	21,938	1.7	5,336	2.5	--	--
No second largest item.....	21,132	1.6	880	0.4	152	1.7
Returns with expanded income of \$200,000 or more						
Total.....	1,222,951	51.7	195,911	8.3	8,708	0.4
Interest paid deduction.....	714,243	58.4	45,431	23.2	699	8.0
Tax-exempt interest ³	102,478	8.4	22,680	11.6	3,023	34.7
Taxes paid deduction.....	--	--	112,967	57.7	3,772	43.3
Charitable contributions deduction.....	334,805	27.4	--	--	560	6.4
Medical and dental expense deduction.....	1,273	0.1	1,869	1.0	--	--
Net casualty or theft loss deduction.....	42	(²)	9	(²)	--	--
Total miscellaneous deductions.....	16,826	1.4	4,796	2.4	493	5.7
General business credit.....	7,060	0.6	1,535	0.8	--	--
All other tax credits.....	8,261	0.7	748	0.4	--	--
Partnership and S corporation net losses.....	18,099	1.5	4,814	2.5	--	--
Foreign-earned income exclusion ³	596	(²)	41	(²)	8	0.1
No second largest item.....	19,267	1.6	1,020	0.5	152	1.8

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total.....	746	(²)	63,720	2.8	13,323	0.6	25,752	1.1
Interest paid deduction.....	155	20.8	14,354	22.5	2,830	21.2	5,702	22.1
Investment interest expense deduction ¹	86	11.6	1,988	3.1	569	4.3	616	2.4
Taxes paid deduction.....	346	46.5	36,054	56.6	6,200	46.5	8,711	33.8
Charitable contributions deduction.....	3	0.4	7,587	11.9	409	3.1	1,571	6.1
Medical and dental expense deduction.....	--	--	**	**	--	--	--	--
Net casualty or theft loss deduction.....	--	--	**	**	--	--	--	--
Total miscellaneous deductions.....	--	--	--	--	8	0.1	107	0.4
General business credit.....	--	--	211	0.3	--	--	591	2.3
All other tax credits.....	--	--	**	**	524	3.9	--	--
Partnership and S corporation net losses.....	155	20.8	1,489	2.3	279	2.1	404	1.6
No second largest item.....	--	--	625	1.0	2,505	18.8	8,052	31.3
Returns with expanded income of \$200,000 or more								
Total.....	746	(²)	14,744	0.6	12,436	0.5	23,602	1.0
Interest paid deduction.....	155	20.8	1,797	12.2	2,559	20.6	4,812	20.4
Tax-exempt interest ³	41	5.6	2,402	16.3	1,782	14.3	2,879	12.2
Taxes paid deduction.....	388	52.1	6,055	41.1	4,928	39.6	7,773	32.9
Charitable contributions deduction.....	3	0.4	3,507	23.8	555	4.5	1,148	4.9
Medical and dental expense deduction.....	--	--	194	1.3	--	--	--	--
Net casualty or theft loss deduction.....	--	--	3	(²)	--	--	--	--
Total miscellaneous deductions.....	3	0.4	--	--	**	**	**	**
General business credit.....	--	--	196	1.3	--	--	**	**
All other tax credits.....	--	--	4	(²)	527	4.2	--	--
Partnership and S corporation net losses.....	155	20.8	388	2.6	194	1.6	253	1.1
Foreign-earned income exclusion ³	--	--	--	--	**	**	116	0.5
No second largest item.....	--	--	198	1.3	1,878	15.1	6,023	25.5

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ³		Tax-exempt interest ³	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(21)	(22)	(23)	(24)	(25)	(26)
Returns with worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	87,611	3.8	--	--	--	--
Interest paid deduction.....	16,657	19.0	--	--	--	--
Investment interest expense deduction ¹	5,735	6.5	--	--	--	--
Taxes paid deduction.....	38,567	44.0	--	--	--	--
Charitable contributions deduction.....	9,005	10.3	--	--	--	--
Medical and dental expense deduction.....	**	**	--	--	--	--
Net casualty or theft loss deduction.....	**	**	--	--	--	--
Total miscellaneous deductions.....	1,425	10.5	--	--	--	--
General business credit.....	1,004	1.1	--	--	--	--
All other tax credits.....	**	**	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	13,650	15.6	--	--	--	--
Returns with expanded income of \$200,000 or more						
Total.....	83,633	3.5	32,791	1.4	259,954	11.0
Interest paid deduction.....	16,634	19.5	9,922	30.3	18,962	7.0
Tax-exempt interest ³	10,849	13.0	4,546	13.9	--	--
Taxes paid deduction.....	35,716	42.7	3,982	12.1	129,348	49.0
Charitable contributions deduction.....	9,061	10.8	2,017	6.2	29,719	11.0
Medical and dental expense deduction.....	195	0.2	19	0.1	3,422	1.0
Net casualty or theft loss deduction.....	--	--	--	--	--	--
Total miscellaneous deductions.....	641	0.8	52	0.2	9,625	3.0
General business credit.....	696	0.8	11	(²)	**	**
All other tax credits.....	1,007	1.2	1,715	5.2	3,547	1.0
Partnership and S corporation net losses.....	--	--	356	1.1	10,306	4.0
Foreign-earned income exclusion ³	410	0.5	--	--	**	**
No second largest item.....	8,425	10.1	10,172	31.0	51,952	20.0

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ¹	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Returns without worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	1,372	100.0	44	3.2	461	33.6
Interest paid deduction.....	237	17.3	--	--	97	21.1
Investment interest expense deduction ¹	141	10.3	6	13.6	--	--
Taxes paid deduction.....	298	21.7	5	11.4	111	24.1
Charitable contributions deduction.....	194	14.1	4	9.1	122	26.5
Medical and dental expense deduction.....	**	**	**	**	**	**
Net casualty or theft loss deduction.....	88	6.4	**	**	--	--
Total miscellaneous deductions.....	79	5.8	--	--	28	6.1
General business credit.....	**	**	--	--	--	--
All other tax credits.....	17	1.2	**	**	**	**
Partnership and S corporation net losses.....	216	15.7	23	52.3	101	21.9
No second largest item.....	65	4.7	--	--	--	--
Returns with expanded income of \$200,000 or more						
Total.....	2,058	100.0	67	3.3	--	--
Interest paid deduction.....	201	9.8	--	--	--	--
Tax-exempt interest ³	110	5.3	13	19.4	--	--
Taxes paid deduction.....	433	21.0	35	52.2	--	--
Charitable contributions deduction.....	195	9.5	10	14.9	--	--
Medical and dental expense deduction.....	381	18.5	**	**	--	--
Net casualty or theft loss deduction.....	207	10.1	--	--	--	--
Total miscellaneous deductions.....	127	6.2	--	--	--	--
General business credit.....	**	**	--	--	--	--
All other tax credits.....	20	1.0	**	**	--	--
Partnership and S corporation net losses.....	193	9.4	4	6.0	--	--
Foreign-earned income exclusion ³	**	**	--	--	--	--
No second largest item.....	92	4.5	3	4.5	--	--

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns without worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	22	1.6	51	3.7	117	8.5
Interest paid deduction.....	**	**	6	11.8	**	**
Investment interest expense deduction ¹	**	**	12	23.5	**	**
Taxes paid deduction.....	-	-	**	**	**	**
Charitable contributions deduction.....	9	40.9	--	--	12	10.3
Medical and dental expense deduction.....	-	--	28	54.9	-	--
Net casualty or theft loss deduction.....	-	--	--	--	**	**
Total miscellaneous deductions.....	-	--	**	**	**	**
General business credit.....	**	**	--	--	-	--
All other tax credits.....	**	**	--	--	**	**
Partnership and S corporation net losses.....	3	13.6	--	--	-	--
No second largest item.....	-	--	--	--	-	--
Returns with expanded income of \$200,000 or more						
Total.....	110	5.3	87	4.2	276	13.4
Interest paid deduction.....	29	26.4	12	13.8	5	1.8
Tax-exempt interest ³	14	12.7	5	5.7	41	14.9
Taxes paid deduction.....	-	-	8	9.2	5	1.8
Charitable contributions deduction.....	29	26.4	--	--	11	4.0
Medical and dental expense deduction.....	-	--	**	**	-	--
Net casualty or theft loss deduction.....	-	--	--	--	**	**
Total miscellaneous deductions.....	**	**	**	**	7	2.5
General business credit.....	**	**	--	--	-	--
All other tax credits.....	**	**	**	**	**	**
Partnership and S corporation net losses.....	10	9.1	**	**	**	**
Foreign-earned income exclusion ³	-	--	**	**	-	--
No second largest item.....	23	20.9	--	--	-	--

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total.....	94	6.9	340	24.8	**	**	115	8.4
Interest paid deduction.....	28	29.8	63	18.5	**	**	**	**
Investment interest expense deduction ¹	--	--	14	4.1	--	--	17	14.8
Taxes paid deduction.....	18	19.1	98	28.8	--	--	43	37.4
Charitable contributions deduction.....	7	7.4	19	5.6	--	--	12	10.4
Medical and dental expense deduction.....	**	**	**	**	--	--	--	--
Net casualty or theft loss deduction.....	--	--	**	**	--	--	--	--
Total miscellaneous deductions.....	35	37.2	--	--	--	--	**	**
General business credit.....	--	--	**	**	--	--	--	--
All other tax credits.....	--	--	3	0.9	--	--	--	--
Partnership and S corporation net losses.....	4	4.3	80	23.5	--	--	5	4.3
No second largest item.....	**	**	60	17.6	--	--	**	**
Returns with expanded income of \$200,000 or more								
Total.....	102	5.0	18	0.9	**	**	117	5.7
Interest paid deduction.....	19	18.6	**	**	**	**	38	32.5
Tax-exempt interest ³	8	7.8	**	**	--	--	**	**
Taxes paid deduction.....	18	17.6	**	**	**	**	47	40.2
Charitable contributions deduction.....	6	5.9	5	27.8	--	--	11	9.4
Medical and dental expense deduction.....	**	**	--	--	--	--	--	--
Net casualty or theft loss deduction.....	--	--	--	--	--	--	--	--
Total miscellaneous deductions.....	47	46.1	--	--	--	--	--	--
General business credit.....	--	--	--	--	--	--	**	**
All other tax credits.....	--	--	--	--	--	--	--	--
Partnership and S corporation net losses.....	**	**	7	38.9	--	--	**	**
Foreign-earned income exclusion ³	**	**	--	--	--	--	--	--
No second largest item.....	**	**	--	--	--	--	**	**

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ³		Tax-exempt interest ³	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(21)	(22)	(23)	(24)	(25)	(26)
Returns without worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total.....	127	9.3	**	**	--	--
Interest paid deduction.....	4	3.1	**	**	--	--
Investment interest expense deduction ¹	84	66.1	--	--	--	--
Taxes paid deduction.....	13	10.2	--	--	--	--
Charitable contributions deduction.....	9	7.1	--	--	--	--
Medical and dental expense deduction.....	**	**	--	--	--	--
Net casualty or theft loss deduction.....	**	**	**	**	--	--
Total miscellaneous deductions.....	**	**	--	--	--	--
General business credit.....	**	**	--	--	--	--
All other tax credits.....	9	7.1	--	--	--	--
Partnership and S corporation net losses.....	--	--	--	--	--	--
No second largest item.....	--	--	--	--	--	--
Returns with expanded income of \$200,000 or more						
Total.....	173	8.4	**	**	1,102	53.5
Interest paid deduction.....	9	5.2	**	**	83	7.5
Tax-exempt interest ³	23	13.3	--	--	--	--
Taxes paid deduction.....	21	12.1	**	**	294	26.3
Charitable contributions deduction.....	9	5.2	--	--	114	10.3
Medical and dental expense deduction.....	**	**	--	--	326	29.6
Net casualty or theft loss deduction.....	--	--	--	--	**	**
Total miscellaneous deductions.....	**	**	--	--	**	**
General business credit.....	**	**	--	--	3	1.3
All other tax credits.....	9	5.2	--	--	6	0.5
Partnership and S corporation net losses.....	--	--	--	--	161	14.6
Foreign-earned income exclusion ³	--	--	--	--	**	**
No second largest item.....	11	6.3	--	--	45	4.1

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

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

² Less than 0.05 percent.

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

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 1999

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

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Total itemized deductions.....	1,605	80	92	65	27	9
Interest paid deduction:						
Total.....	1,605	396	365	94	36	35
Investment interest per income concept.....	1,605	703	193	27	37	26
Taxes paid deduction.....	1,605	225	991	229	68	32
Charitable contributions deduction.....	1,605	406	749	96	76	95
Medical and dental expense deduction.....	1,605	1,425	23	8	**	**
Net casualty or theft loss deduction.....	1,605	1,499	--	--	--	**
Net limited miscellaneous deduction per income concept.....	1,605	1,101	299	116	46	10
Non-limited miscellaneous deduction.....	1,605	1,227	29	9	--	5
Deduction equivalent of:						
Total credits.....	1,605	1,223	66	14	11	**
Foreign tax credit.....	1,605	1,419	53	**	**	**
General business credit.....	1,605	1,572	20	4	**	--
Tax preferences excluded from adjusted gross income.....	1,605	1,116	284	62	36	22
Expanded income concept						
Total itemized deductions.....	2,525	465	456	353	209	130
Interest paid deduction:						
Total.....	2,525	1,593	606	178	78	38
Investment interest per income concept.....	2,525	1,968	365	37	27	16
Taxes paid deduction.....	2,525	562	1,518	271	66	27
Charitable contributions deduction.....	2,525	850	1,209	176	92	52
Medical and dental expense deduction.....	2,525	1,555	355	95	98	72
Net casualty or theft loss deduction.....	2,525	2,417	3	--	**	**
Net limited miscellaneous deduction per income concept.....	2,525	1,482	782	156	54	10
Non-limited miscellaneous deduction.....	2,525	2,250	38	6	6	**
Deduction equivalent of:						
Total credits.....	2,525	1,973	99	31	26	**
Foreign tax credit.....	2,525	2,198	62	**	18	12
General business credit.....	2,525	2,486	28	4	**	--
Tax preferences excluded from adjusted gross income.....	2,525	851	167	92	73	74

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept					
Total itemized deductions.....	9	9	5	147	1,162
Interest paid deduction:					
Total.....	35	42	61	276	265
Investment interest per income concept.....	46	49	63	268	193
Taxes paid deduction.....	17	13	5	12	13
Charitable contributions deduction.....	59	124	--	--	--
Medical and dental expense deduction.....	8	13	20	49	54
Net casualty or theft loss deduction.....	--	**	**	**	76
Net limited miscellaneous deduction per income concept.....	12	5	3	8	5
Non-limited miscellaneous deduction.....	5	**	**	133	192
Deduction equivalent of:					
Total credits.....	16	46	53	170	**
Foreign tax credit.....	**	**	**	117	**
General business credit.....	4	**	--	--	--
Tax preferences excluded from adjusted gross income.....	13	15	6	22	29
Expanded income concept					
Total itemized deductions.....	110	109	92	257	344
Interest paid deduction:					
Total.....	16	4	4	3	5
Investment interest per income concept.....	9	10	6	20	67
Taxes paid deduction.....	21	13	8	14	25
Charitable contributions deduction.....	52	23	11	36	24
Medical and dental expense deduction.....	76	70	46	110	48
Net casualty or theft loss deduction.....	--	**	**	26	72
Net limited miscellaneous deduction per income concept.....	11	10	3	6	11
Non-limited miscellaneous deduction.....	3	**	3	118	96
Deduction equivalent of:					
Total credits.....	38	67	116	155	**
Foreign tax credit.....	25	30	67	99	**
General business credit.....	**	**	--	--	--
Tax preferences excluded from adjusted gross income.....	74	108	125	781	180

** 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 1999

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

[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)
Adjusted gross income concept						
Total itemized deductions.....	1,398	5	45	40	21	7
Interest paid deduction:						
Total.....	1,398	308	298	83	30	31
Investment interest per income concept.....	1,398	571	154	26	31	25
Taxes paid deduction.....	1,398	134	896	213	66	30
Charitable contributions deduction.....	1,398	308	666	87	75	91
Medical and dental expense deduction.....	1,398	1,222	23	7	**	**
Net casualty or theft loss deduction.....	1,398	1,292	--	--	--	**
Net limited miscellaneous deduction per income concept.....	1,398	933	265	113	45	10
Non-limited miscellaneous deduction.....	1,398	1,026	26	8	--	5
Deduction equivalent of:						
Total credits.....	1,398	1,222	32	**	7	**
Foreign tax credit.....	1,398	1,398	--	--	--	--
General business credit.....	1,398	1,375	15	**	**	--
Tax preferences excluded from adjusted gross income.....	1,398	945	261	57	35	21
Expanded income concept						
Total itemized deductions.....	2,174	296	375	307	196	120
Interest paid deduction:						
Total.....	2,174	1,372	505	159	71	37
Investment interest per income concept.....	2,174	1,690	307	36	24	14
Taxes paid deduction.....	2,174	369	1,387	251	63	25
Charitable contributions deduction.....	2,174	635	1,106	164	89	47
Medical and dental expense deduction.....	2,174	1,226	344	93	95	70
Net casualty or theft loss deduction.....	2,174	2,066	3	--	**	**
Net limited miscellaneous deduction per income concept.....	2,174	1,180	739	153	52	10
Non-limited miscellaneous deduction.....	2,174	1,905	34	6	6	3
Deduction equivalent of:						
Total credits.....	2,174	1,972	61	8	5	4
Foreign tax credit.....	2,174	2,174	--	--	--	--
General business credit.....	2,174	2,149	19	**	**	--
Tax preferences excluded from adjusted gross income.....	2,174	567	142	84	71	69

Footnotes at end of table.

High-Income Tax Returns for 1999

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--Continued

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income--continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept					
Total itemized deductions.....	7	4	3	104	1,162
Interest paid deduction:					
Total.....	33	41	60	249	265
Investment interest per income concept.....	44	46	57	251	193
Taxes paid deduction.....	17	12	5	12	13
Charitable contributions deduction.....	56	115	--	--	--
Medical and dental expense deduction.....	7	13	20	48	54
Net casualty or theft loss deduction.....	--	**	**	**	76
Net limited miscellaneous deduction per income concept.....	12	5	3	7	5
Non-limited miscellaneous deduction.....	4	**	**	132	192
Deduction equivalent of:					
Total credits.....	11	33	39	45	--
Foreign tax credit.....	--	--	--	--	--
General business credit.....	3	--	--	--	--
Tax preferences excluded from adjusted gross income.....	11	13	6	21	28
Expanded income concept					
Total itemized deductions.....	104	103	86	246	341
Interest paid deduction:					
Total.....	16	3	3	3	5
Investment interest per income concept.....	8	9	6	19	61
Taxes paid deduction.....	21	13	7	13	25
Charitable contributions deduction.....	47	20	9	33	24
Medical and dental expense deduction.....	74	69	46	109	48
Net casualty or theft loss deduction.....	--	**	**	26	72
Net limited miscellaneous deduction per income concept.....	11	10	3	5	11
Non-limited miscellaneous deduction.....	**	**	**	117	96
Deduction equivalent of:					
Total credits.....	11	29	36	48	--
Foreign tax credit.....	--	--	--	--	--
General business credit.....	**	--	--	--	--
Tax preferences excluded from adjusted gross income.....	70	104	120	767	180

** 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 1999

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

[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 ¹		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(1)	(2)	(3)	(4)	(5)
All returns.....	127,075,145	100.0	92,973,306	100.0	24,567,186
Returns without U.S. income tax.....	29,288,754	23.0	29,193,002	31.4	87,502
Returns with U.S. income tax.....	97,786,391	77.0	63,780,304	68.6	24,479,684
Effective tax rate:					
Under 5 percent.....	18,714,107	14.7	17,718,319	19.1	953,990
5 under 10 percent.....	35,876,520	28.2	28,430,333	30.6	7,241,351
10 under 15 percent.....	27,721,304	21.8	15,599,640	16.8	10,499,851
15 under 20 percent.....	11,206,858	8.8	1,779,935	1.9	5,162,189
20 under 25 percent.....	2,894,629	2.3	78,634	0.1	615,834
25 under 30 percent.....	804,963	0.6	26,290	(?)	162
30 under 35 percent.....	336,817	0.3	6,709	(?)	643
35 under 40 percent.....	81,426	0.1	6,473	(?)	929
40 under 45 percent.....	1,701	(?)	40	(?)	45
45 under 50 percent.....	2,277	(?)	--	--	--
50 under 60 percent.....	3,623	(?)	238	(?)	24
60 under 70 percent.....	3,708	(?)	899	(?)	1,949
70 under 80 percent.....	1,113	(?)	44	(?)	8
80 percent or more.....	137,345	0.1	132,751	0.1	2,710

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)
All returns.....	100.0	7,104,712	100.0	2,429,942	100.0
Returns without U.S. income tax.....	0.4	6,645	0.1	1,605	0.1
Returns with U.S. income tax.....	99.6	7,098,067	99.9	2,428,337	99.9
Effective tax rate:					
Under 5 percent.....	3.9	29,154	0.4	12,644	0.5
5 under 10 percent.....	29.5	187,502	2.6	17,334	0.7
10 under 15 percent.....	42.7	1,571,341	22.1	50,472	2.1
15 under 20 percent.....	21.0	3,957,242	55.7	307,492	12.7
20 under 25 percent.....	2.5	1,253,567	17.6	946,594	39.0
25 under 30 percent.....	(?)	90,426	1.3	688,086	28.3
30 under 35 percent.....	(?)	3,750	0.1	325,716	13.4
35 under 40 percent.....	(?)	731	(?)	73,294	3.0
40 under 45 percent.....	(?)	99	(?)	1,518	0.1
45 under 50 percent.....	--	394	(?)	1,883	0.1
50 under 60 percent.....	(?)	2,414	(?)	947	(?)
60 under 70 percent.....	(?)	229	(?)	631	(?)
70 under 80 percent.....	(?)	357	(?)	704	(?)
80 percent or more.....	(?)	863	(?)	1,022	(?)

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ¹		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
All returns.....	127,075,145	100.0	92,437,264	100.0	25,075,138
Returns without U.S. income tax.....	29,288,754	23.0	29,132,568	31.5	137,160
Returns with U.S. income tax.....	97,786,391	77.0	63,304,696	68.5	24,937,978
Effective tax rate:					
Under 5 percent.....	19,767,166	15.6	18,692,840	20.2	984,180
5 under 10 percent.....	35,323,386	27.8	27,372,158	29.6	7,717,341
10 under 15 percent.....	27,212,088	21.4	15,194,816	16.4	10,419,267
15 under 20 percent.....	11,235,152	8.8	1,792,177	1.9	5,182,964
20 under 25 percent.....	2,861,865	2.3	69,565	0.1	625,696
25 under 30 percent.....	813,750	0.6	27,226	(?)	1,314
30 under 35 percent.....	335,707	0.3	7,560	(?)	920
35 under 40 percent.....	78,143	0.1	5,671	(?)	1,059
40 under 45 percent.....	1,829	(?)	38	(?)	45
45 under 50 percent.....	1,703	(?)	--	--	--
50 under 60 percent.....	3,986	(?)	1,134	(?)	23
60 under 70 percent.....	4,990	(?)	1,807	(?)	1,949
70 under 80 percent.....	1,075	(?)	43	(?)	8
80 percent or more.....	145,550	0.1	139,662	0.2	3,211

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)
All returns.....	100.0	7,083,187	100.0	2,479,556	100.0
Returns without U.S. income tax.....	0.5	16,501	0.2	2,525	0.1
Returns with U.S. income tax.....	99.5	7,066,686	99.8	2,477,031	99.9
Effective tax rate:					
Under 5 percent.....	3.9	66,135	0.9	24,011	1.0
5 under 10 percent.....	30.8	201,192	2.8	32,695	1.3
10 under 15 percent.....	41.6	1,519,959	21.5	78,046	3.1
15 under 20 percent.....	20.7	3,921,392	55.4	338,619	13.7
20 under 25 percent.....	2.5	1,250,014	17.6	916,589	37.0
25 under 30 percent.....	(?)	98,972	1.4	686,238	27.7
30 under 35 percent.....	(?)	3,966	0.1	323,261	13.0
35 under 40 percent.....	(?)	1,086	(?)	70,327	2.8
40 under 45 percent.....	(?)	59	(?)	1,688	0.1
45 under 50 percent.....	--	3	(?)	1,700	0.1
50 under 60 percent.....	(?)	1,736	(?)	1,094	(?)
60 under 70 percent.....	(?)	567	(?)	667	(?)
70 under 80 percent.....	(?)	508	(?)	516	(?)
80 percent or more.....	(?)	1,097	(?)	1,580	0.1

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

² Less than 0.05 percent.

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

High-Income Tax Returns for 1999

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

[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 ¹		\$50,000 under \$100,000
			Number of returns	Percentage of total	
	(1)	(2)	(3)	(4)	(5)
All returns.....	127,075,145	100.0	92,973,306	100.0	24,567,186
Returns without worldwide income tax.....	29,253,752	23.0	29,161,140	31.4	85,097
Returns with worldwide income tax.....	97,821,393	77.0	63,812,166	68.6	24,482,089
Effective tax rate:					
Under 5 percent.....	18,664,504	14.7	17,696,172	19.0	942,839
5 under 10 percent.....	35,870,746	28.2	28,443,836	30.6	7,230,042
10 under 15 percent.....	27,741,101	21.8	15,626,815	16.8	10,505,508
15 under 20 percent.....	11,205,738	8.8	1,783,041	1.9	5,167,494
20 under 25 percent.....	2,906,018	2.3	78,634	0.1	620,009
25 under 30 percent.....	821,849	0.6	29,016	(?)	849
30 under 35 percent.....	348,580	0.3	6,709	(?)	2,507
35 under 40 percent.....	90,186	0.1	6,473	(?)	2,303
40 under 45 percent.....	10,187	(?)	1,568	(?)	2,062
45 under 50 percent.....	5,744	(?)	--	--	1,373
50 under 60 percent.....	8,078	(?)	2,212	(?)	1,400
60 under 70 percent.....	4,894	(?)	899	(?)	2,637
70 under 80 percent.....	3,475	(?)	1,374	(?)	694
80 percent or more.....	140,293	0.1	135,417	0.1	2,372

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)
All returns.....	100.0	7,104,712	100.0	2,429,942	100.0
Returns without worldwide income tax.....	0.3	6,118	0.1	1,398	0.1
Returns with worldwide income tax.....	99.7	7,098,594	99.9	2,428,544	99.9
Effective tax rate:					
Under 5 percent.....	3.8	19,941	0.3	5,552	0.2
5 under 10 percent.....	29.4	183,446	2.6	13,422	0.6
10 under 15 percent.....	42.8	1,563,049	22.0	45,729	1.9
15 under 20 percent.....	21.0	3,958,304	55.7	296,899	12.2
20 under 25 percent.....	2.5	1,262,846	17.8	944,528	38.9
25 under 30 percent.....	(?)	95,453	1.3	696,531	28.7
30 under 35 percent.....	(?)	5,558	0.1	333,806	13.7
35 under 40 percent.....	(?)	1,895	(?)	79,516	3.3
40 under 45 percent.....	(?)	1,057	(?)	5,500	0.2
45 under 50 percent.....	(?)	1,434	(?)	2,937	0.1
50 under 60 percent.....	(?)	2,918	(?)	1,548	0.1
60 under 70 percent.....	(?)	727	(?)	632	(?)
70 under 80 percent.....	(?)	703	(?)	704	(?)
80 percent or more.....	(?)	1,264	(?)	1,240	0.1

Footnotes at end of table.

High-Income Tax Returns for 1999

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--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 ¹		\$50,000 under \$100,000
			Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
All returns.....	127,075,145	100.0	92,437,264	100.0	25,075,138
Returns without worldwide income tax.....	29,253,752	23.0	29,106,369	31.5	134,098
Returns with worldwide income tax.....	97,821,393	77.0	63,330,895	68.5	24,941,040
Effective tax rate:					
Under 5 percent.....	19,712,312	15.5	18,676,294	20.2	973,398
5 under 10 percent.....	35,328,969	27.8	27,393,400	29.6	7,708,231
10 under 15 percent.....	27,234,618	21.4	15,214,631	16.5	10,432,176
15 under 20 percent.....	11,238,188	8.8	1,792,966	1.9	5,186,291
20 under 25 percent.....	2,886,277	2.3	69,565	0.1	629,059
25 under 30 percent.....	830,103	0.7	28,121	(²)	4,275
30 under 35 percent.....	347,617	0.3	7,560	(²)	1,907
35 under 40 percent.....	83,947	0.1	5,671	(²)	1,059
40 under 45 percent.....	2,831	(²)	38	(²)	45
45 under 50 percent.....	1,912	(²)	--	--	--
50 under 60 percent.....	4,043	(²)	1,134	(²)	23
60 under 70 percent.....	4,992	(²)	1,807	(²)	1,949
70 under 80 percent.....	1,219	(²)	43	(²)	8
80 percent or more.....	144,363	0.1	139,666	0.2	2,617

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)
All returns.....	100.0	7,083,187	100.0	2,479,556	100.0
Returns without worldwide income tax.....	0.5	11,111	0.2	2,174	0.1
Returns with worldwide income tax.....	99.5	7,072,075	99.8	2,477,382	99.9
Effective tax rate:					
Under 5 percent.....	3.9	51,673	0.7	10,948	0.4
5 under 10 percent.....	30.7	199,503	2.8	27,835	1.1
10 under 15 percent.....	41.6	1,514,605	21.4	73,206	3.0
15 under 20 percent.....	20.7	3,928,727	55.5	330,204	13.3
20 under 25 percent.....	2.5	1,264,459	17.9	923,193	37.2
25 under 30 percent.....	(²)	102,360	1.4	695,347	28.0
30 under 35 percent.....	(²)	4,995	0.1	333,155	13.4
35 under 40 percent.....	(²)	2,116	(²)	75,101	3.0
40 under 45 percent.....	(²)	60	(²)	2,689	0.1
45 under 50 percent.....	--	3	(²)	1,909	0.1
50 under 60 percent.....	(²)	1,736	(²)	1,150	(²)
60 under 70 percent.....	(²)	567	(²)	669	(²)
70 under 80 percent.....	(²)	508	(²)	661	(²)
80 percent or more.....	(²)	764	(²)	1,316	0.1

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

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

² Less than 0.05 percent.

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