

High-Income Tax Returns for 2007

by Justin Bryan

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.^{1,2} This article presents detailed data for the more than 4.5 million high-income returns for 2007, as well as summary data for the period 1977 to 2006. Detailed data for the years 1974 through 2006 have been published previously (see Reference section for more details).

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.² 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.^{3,4,5} Note that, although expanded income is a more comprehensive measure of income than AGI, for some taxpayers, the subtractions from AGI to arrive at expanded income exceed the additions, with the result that expanded income is less than AGI.

Number of High-Income Returns

Figure A and Table 1 show that, for 2007, there were 4,535,623 individual income tax returns reporting AGI of \$200,000 or more, and 4,576,315 returns with expanded income of \$200,000 or more. These

returns represented 3.172 percent and 3.201 percent, respectively, of all returns for 2007.

From 1977 to 2000, the numbers of returns reporting incomes of \$200,000 or more increased each year, and each year, those high-income returns were a larger share of all tax returns. However, for 2001 and 2002, both the number of high income returns and their percentage of all returns decreased. For 2003, both the numbers of high-income returns and their share of all returns increased, but by all measures were still lower than in 2001. With a slightly larger increase than 2003, the number of returns and their percentage of all returns for 2004 rose above the previous high set in 2000. This trend continued in 2005 and 2006 by having large increases in both number of returns and percentage of all returns. With an increase slightly under that of the previous year, 2007 again saw a large increase in both number of returns and percentage of all returns. For 2007, both the numbers of high-income returns and the percentages of all returns are at record levels.

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 AGI and expanded income concepts 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 has fallen 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

Justin Bryan is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.

¹ The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

² The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (98 Stat. at 815) eliminated the requirement to use the last two income concepts.

³ The definition of adjustments to AGI to obtain the expanded income given in the text is for the current year. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.

⁴ See Notes to Appendix A, Note A4.

⁵ 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.

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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 1977–2007

| 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 | 0.062 | 0.078 |
| 1978 | 89,771,551 | 68,506 | 85,137 | 0.076 | 0.095 |
| 1979 | 92,694,302 | 93,731 | 122,231 | 0.101 | 0.132 |
| 1980 | 93,902,459 | 117,250 | 149,826 | 0.125 | 0.160 |
| 1981 | 95,396,123 | 138,136 | 175,092 | 0.145 | 0.184 |
| 1982 | 95,337,432 | 169,367 | 207,291 | 0.178 | 0.217 |
| 1983 | 96,321,310 | 198,608 | 249,319 | 0.206 | 0.259 |
| 1984 | 99,438,708 | 243,760 | 310,042 | 0.245 | 0.312 |
| 1985 | 101,660,287 | 296,507 | 370,340 | 0.292 | 0.364 |
| 1986 | 103,045,170 | 374,363 | 529,460 | 0.363 | 0.514 |
| 1987 | 106,996,270 | 539,967 | 557,848 | 0.505 | 0.521 |
| 1988 | 109,708,280 | 725,345 | 737,659 | 0.661 | 0.672 |
| 1989 | 112,135,673 | 786,063 | 814,152 | 0.701 | 0.726 |
| 1990 | 113,717,138 | 834,957 | 860,940 | 0.734 | 0.757 |
| 1991 | 114,730,123 | 846,707 | 892,178 | 0.738 | 0.778 |
| 1992 | 113,604,503 | 954,747 | 989,522 | 0.840 | 0.871 |
| 1993 | 114,601,819 | 993,326 | 1,043,213 | 0.867 | 0.910 |
| 1994 | 115,943,131 | 1,109,498 | 1,153,829 | 0.957 | 0.995 |
| 1995 | 118,218,327 | 1,272,508 | 1,319,382 | 1.076 | 1.116 |
| 1996 | 120,351,208 | 1,523,407 | 1,572,114 | 1.266 | 1.306 |
| 1997 | 122,421,991 | 1,807,900 | 1,854,031 | 1.477 | 1.514 |
| 1998 | 124,770,662 | 2,085,211 | 2,132,301 | 1.671 | 1.709 |
| 1999 | 127,075,145 | 2,429,942 | 2,479,556 | 1.912 | 1.951 |
| 2000 | 129,373,500 | 2,771,577 | 2,807,804 | 2.142 | 2.170 |
| 2001 | 130,255,237 | 2,567,220 | 2,605,021 | 1.971 | 2.000 |
| 2002 | 130,076,443 | 2,414,128 | 2,464,515 | 1.856 | 1.895 |
| 2003 | 130,423,626 | 2,536,439 | 2,573,133 | 1.945 | 1.973 |
| 2004 | 132,226,042 | 3,021,435 | 3,067,602 | 2.285 | 2.320 |
| 2005 | 134,372,678 | 3,566,125 | 3,584,012 | 2.654 | 2.667 |
| 2006 | 138,394,754 | 4,064,883 | 4,094,953 | 2.937 | 2.959 |
| 2007 | 142,978,806 | 4,535,623 | 4,576,315 | 3.172 | 3.201 |

Footnotes at end of figure.

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 2007 was only 10.5 times the number for 1977, whereas the number of high-income returns for 2007 measured in current-year dollars was 67.7 times as large as for 1977. For 2007, the share of high-expanded income returns in

constant dollars reached a new high of 0.432 percent, an increase from the previous high of 0.420 percent set in 2006. Figure B shows the difference between the constant and current dollar shares of high-expanded income returns.

Based on AGI, the number of high-income returns for 2007 measured in current-year dollars was 84.9 times as large as for 1977, whereas, measured in 1976 constant dollars, the number of returns for

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 approximates buying patterns of typical urban consumers. The annual index is the average of the monthly indices.

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Figure A—Continued

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 1977–2007

| 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 |
| 2000 | 605,272 | 482,396 | 492,589 | 0.373 | 0.381 |
| 2001 | 622,495 | 391,901 | 400,906 | 0.301 | 0.308 |
| 2002 | 632,337 | 345,892 | 356,402 | 0.266 | 0.274 |
| 2003 | 646,749 | 356,727 | 367,012 | 0.274 | 0.281 |
| 2004 | 663,972 | 436,583 | 445,934 | 0.330 | 0.337 |
| 2005 | 686,467 | 519,216 | 527,126 | 0.386 | 0.392 |
| 2006 | 708,612 | 569,893 | 581,199 | 0.412 | 0.420 |
| 2007 | 728,794 | 606,026 | 618,154 | 0.424 | 0.432 |

[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.

2007 was only 13.2 times the number for 1977. For Tax Year 2007, the share of high AGI income returns in constant dollars increased to 0.424 percent from 0.412 percent in 2006.

Nontaxable High-Income Returns

Two tax concepts are used in this article to classify tax returns as taxable or nontaxable. The first concept, "U.S. income tax," is total Federal income tax

liability (including the "alternative minimum tax" (AMT)), less all credits against income tax. Since the U.S. income tax applies to worldwide income and since a credit (subject to certain limits) is allowed against U.S. income tax for income taxes paid to foreign governments, a return could be classified as nontaxable under this first concept even though income taxes had been paid to a foreign government. The second tax concept, "worldwide income tax," addresses this circumstance by adding to U.S.

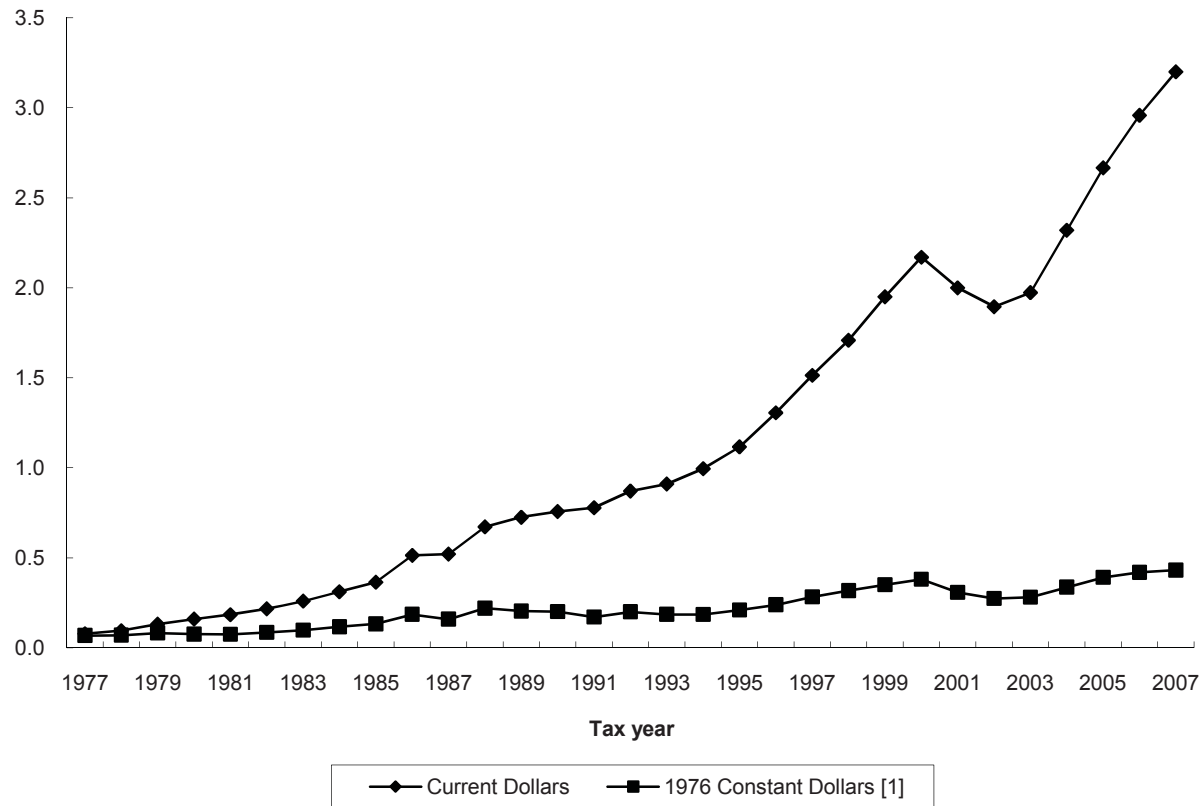
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Figure B

Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977–2007

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.

income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign-earned income.^{7,8}

For 2007, of the 4,535,623 income tax returns with AGI of \$200,000 or more, 10,465 (0.231 percent) showed no U.S. income tax liability; and 4,841 (0.107 percent) showed no worldwide income tax liability (the top panel of Figure C). For 2006, of the 4,064,883 returns with AGI of \$200,000 and over, 8,252 returns (0.203 percent)

had no U.S. income tax liability; and 4,123 returns (0.101 percent) had no worldwide income tax liability.

For 2007, of the 4,576,315 tax returns with expanded income of \$200,000 or more, 13,142 (0.287 percent) had no U.S. income tax liability; and 4,354 (0.095 percent) had no worldwide income tax liability. For 2006, of the 4,094,953 returns with expanded income of \$200,000 or more, there were 11,014 (0.269 percent)

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 Reference Section), 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.

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with no U.S. income tax liability and 4,322 (0.106 percent) with no worldwide income tax liability.

The proportion of nontaxable, high-income returns increased by three of the four measures cited above between 2006 and 2007; however, the proportion of returns with expanded income of \$200,000 or more that had no worldwide income tax liability decreased for 2007. 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 2007 nontaxable, high-income returns in 1976

constant dollars were much lower than the numbers in current dollars. The percentages of nontaxable returns, however, are not substantially different whether measured in constant or current dollars. Of returns with AGI of \$200,000 or more in current dollars, 0.231 percent reported no U.S. income tax for 2007; and 0.107 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.251; the percentage without worldwide income tax liability was 0.093 (see the lower panel of Figure C).

Figure C

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concept, Tax Years 1977–2007

| Tax year | \$200,000 income threshold measured in current dollars | | | | | | | |
|----------|---|-----------------|---|-----------------|--|-----------------|---|-----------------|
| | Number of nontaxable returns with income of \$200,000 or more | | | | Percentage of all returns with income of \$200,000 or more | | | |
| | Returns with no U.S. income tax, by income concept | | Returns with no worldwide income tax, by income concept | | Returns with no U.S. income tax, by income concept | | Returns with no worldwide income tax, by income concept | |
| | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | |
| 1977 | 60 | 85 | 37 | 64 | 0.112 | 0.126 | 0.069 | 0.095 |
| 1978 | 98 | 105 | 60 | 67 | 0.143 | 0.123 | 0.088 | 0.079 |
| 1979 | 70 | 114 | 28 | 64 | 0.075 | 0.093 | 0.030 | 0.052 |
| 1980 | 143 | 198 | 56 | 114 | 0.122 | 0.132 | 0.048 | 0.076 |
| 1981 | 226 | 304 | 79 | 114 | 0.164 | 0.174 | 0.057 | 0.065 |
| 1982 | 262 | 299 | 109 | 153 | 0.155 | 0.144 | 0.064 | 0.074 |
| 1983 | 447 | 579 | 321 | 437 | 0.225 | 0.232 | 0.162 | 0.175 |
| 1984 | 532 | 325 | 471 | 271 | 0.218 | 0.105 | 0.193 | 0.087 |
| 1985 | 612 | 613 | 442 | 454 | 0.206 | 0.166 | 0.149 | 0.123 |
| 1986 | 659 | 595 | 437 | 379 | 0.176 | 0.112 | 0.117 | 0.072 |
| 1987 | 857 | 472 | 740 | 364 | 0.159 | 0.085 | 0.137 | 0.065 |
| 1988 | 822 | 397 | 731 | 309 | 0.113 | 0.054 | 0.101 | 0.042 |
| 1989 | 1,081 | 779 | 987 | 691 | 0.138 | 0.096 | 0.126 | 0.085 |
| 1990 | 1,219 | 1,183 | 1,114 | 1,087 | 0.146 | 0.137 | 0.133 | 0.126 |
| 1991 | 1,253 | 1,933 | 1,131 | 1,740 | 0.148 | 0.217 | 0.134 | 0.195 |
| 1992 | 909 | 1,896 | 823 | 1,799 | 0.095 | 0.192 | 0.086 | 0.182 |
| 1993 | 1,022 | 2,392 | 932 | 1,950 | 0.103 | 0.229 | 0.094 | 0.187 |
| 1994 | 1,137 | 2,574 | 1,061 | 2,161 | 0.102 | 0.223 | 0.096 | 0.187 |
| 1995 | 998 | 2,676 | 896 | 1,746 | 0.078 | 0.203 | 0.070 | 0.132 |
| 1996 | 1,044 | 1,820 | 950 | 1,660 | 0.069 | 0.116 | 0.062 | 0.106 |
| 1997 | 1,189 | 1,814 | 1,048 | 1,562 | 0.066 | 0.098 | 0.058 | 0.084 |
| 1998 | 1,467 | 2,224 | 1,283 | 1,914 | 0.070 | 0.104 | 0.062 | 0.090 |
| 1999 | 1,605 | 2,525 | 1,398 | 2,174 | 0.066 | 0.102 | 0.058 | 0.088 |
| 2000 | 2,328 | 2,766 | 2,022 | 2,320 | 0.084 | 0.099 | 0.073 | 0.083 |
| 2001 | 3,385 | 4,910 | 2,875 | 4,119 | 0.132 | 0.188 | 0.112 | 0.158 |
| 2002 | 2,959 | 5,650 | 2,551 | 4,922 | 0.123 | 0.229 | 0.106 | 0.200 |
| 2003 | 2,824 | 5,839 | 2,416 | 4,934 | 0.111 | 0.227 | 0.095 | 0.192 |
| 2004 | 2,833 | 5,028 | 2,420 | 4,101 | 0.094 | 0.164 | 0.080 | 0.134 |
| 2005 | 7,389 | 10,680 | 4,224 | 5,420 | 0.207 | 0.298 | 0.118 | 0.151 |
| 2006 | 8,252 | 11,014 | 4,123 | 4,322 | 0.203 | 0.269 | 0.101 | 0.106 |
| 2007 | 10,465 | 13,142 | 4,841 | 4,354 | 0.231 | 0.287 | 0.107 | 0.095 |

Footnotes at end of figure.

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Of returns with expanded income of \$200,000 or more in current dollars, 0.287 percent reported no U.S. income tax for 2007, and 0.095 percent had no worldwide income tax. When looking at these returns using 1976 constant dollars, the percentage without U.S. income tax liability was 0.220; the percentage without worldwide income tax liability was 0.049.

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-expanded income returns for 1977 through 2007. 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 1970s, showed an increase for the early 1980s, and then

Figure C—Continued

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concept, Tax Years 1977–2007

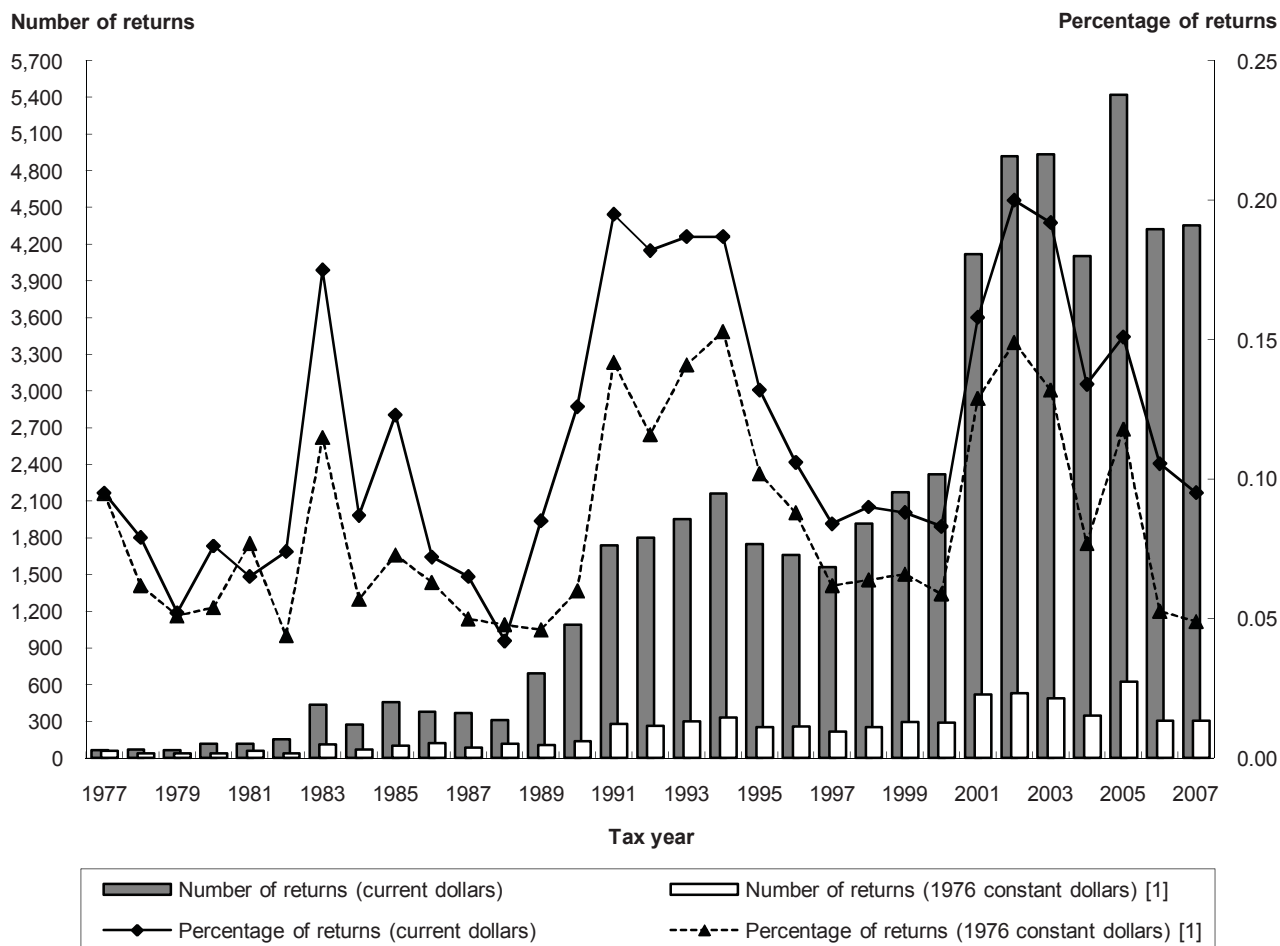
| Tax year | \$200,000 income threshold measured in 1976 constant dollars [1] | | | | | | | |
|----------|--|-----------------|---|-----------------|--|-----------------|---|-----------------|
| | Number of nontaxable returns with income of \$200,000 or more | | | | Percentage of all returns with income of \$200,000 or more | | | |
| | Returns with no U.S. income tax, by income concept | | Returns with no worldwide income tax, by income concept | | Returns with no U.S. income tax, by income concept | | Returns with no worldwide income tax, by income concept | |
| | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income | Adjusted gross income | Expanded income |
| (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | |
| 1977 | 54 | 75 | 32 | 56 | 0.118 | 0.127 | 0.070 | 0.095 |
| 1978 | 62 | 70 | 31 | 39 | 0.126 | 0.112 | 0.063 | 0.062 |
| 1979 | 38 | 71 | 15 | 39 | 0.068 | 0.093 | 0.027 | 0.051 |
| 1980 | 56 | 71 | 22 | 39 | 0.107 | 0.099 | 0.042 | 0.054 |
| 1981 | 53 | 87 | 21 | 55 | 0.104 | 0.122 | 0.041 | 0.077 |
| 1982 | 58 | 68 | 27 | 36 | 0.098 | 0.084 | 0.045 | 0.044 |
| 1983 | 138 | 135 | 113 | 108 | 0.205 | 0.144 | 0.168 | 0.115 |
| 1984 | 170 | 78 | 160 | 66 | 0.210 | 0.067 | 0.198 | 0.057 |
| 1985 | 190 | 155 | 137 | 99 | 0.198 | 0.115 | 0.143 | 0.073 |
| 1986 | 201 | 189 | 138 | 120 | 0.168 | 0.099 | 0.115 | 0.063 |
| 1987 | 312 | 126 | 271 | 85 | 0.193 | 0.074 | 0.168 | 0.050 |
| 1988 | 277 | 141 | 251 | 116 | 0.118 | 0.058 | 0.107 | 0.048 |
| 1989 | 293 | 128 | 269 | 106 | 0.135 | 0.056 | 0.124 | 0.046 |
| 1990 | 339 | 169 | 307 | 137 | 0.156 | 0.074 | 0.142 | 0.060 |
| 1991 | 301 | 305 | 273 | 277 | 0.164 | 0.156 | 0.149 | 0.142 |
| 1992 | 171 | 288 | 148 | 264 | 0.080 | 0.127 | 0.069 | 0.116 |
| 1993 | 180 | 323 | 160 | 300 | 0.089 | 0.152 | 0.080 | 0.141 |
| 1994 | 227 | 345 | 209 | 329 | 0.111 | 0.161 | 0.102 | 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 | 0.080 | 0.077 | 0.068 | 0.066 |
| 2000 | 464 | 365 | 390 | 290 | 0.096 | 0.074 | 0.081 | 0.059 |
| 2001 | 694 | 648 | 567 | 519 | 0.177 | 0.162 | 0.145 | 0.129 |
| 2002 | 520 | 616 | 437 | 530 | 0.150 | 0.173 | 0.126 | 0.149 |
| 2003 | 407 | 567 | 339 | 485 | 0.114 | 0.154 | 0.095 | 0.132 |
| 2004 | 350 | 396 | 301 | 344 | 0.080 | 0.089 | 0.069 | 0.077 |
| 2005 | 1,166 | 1,236 | 625 | 624 | 0.225 | 0.234 | 0.120 | 0.118 |
| 2006 | 1,257 | 1,111 | 512 | 306 | 0.221 | 0.191 | 0.090 | 0.053 |
| 2007 | 1,524 | 1,359 | 565 | 303 | 0.251 | 0.220 | 0.093 | 0.049 |

[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.

Figure D

Number and Percentage of Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, Tax Years 1977–2007



[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.

narrowed before widening again after 1988. The spread generally narrowed after 1993 but has increased or stayed fairly consistent since 2002.

Note that, because the number of nontaxable returns with expanded income of \$200,000 or more is based on samples, year-to-year differences in the numbers and percentages of nontaxable returns with expanded income of \$200,000 or more may represent

sampling variability, in addition to actual changes in the numbers of such returns. Beginning with Tax Year 1991, nontaxable returns with expanded income of \$200,000 or more were sampled at higher rates for Statistics of Income, which reduced the sampling variability of these returns and therefore provided improved estimates. Thus, the data for returns prior to 1991 are not entirely comparable with data for more recent years.

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Detailed Data for 2007

Tables 1 through 12 present data based on income tax returns for 2007, 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 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 generally greater in each income class over \$50,000 when income is measured by economic income rather than by AGI. Table 1 shows that 10,465 returns with no U.S. income tax had an AGI of \$200,000 or more; 13,142 returns with no U.S. income tax had an expanded income of \$200,000 or more; and 7,286 returns with no U.S. income tax had both AGI and expanded income of \$200,000 or more. Table 2 shows that 4,841 returns with no worldwide income tax had an AGI of \$200,000 or more; 4,354 returns with no worldwide income tax had expanded income of \$200,000 or more; and 1,839 returns with no worldwide income tax had both AGI and 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.⁹ 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 for worldwide tax.)

- ❑ As already described, only a small portion of high-income taxpayers were able to escape all income taxes (0.1 percent).
- ❑ Another group of high-income taxpayers—small, but larger than the nontaxable group—was able to offset a very substantial fraction of its income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income. Such taxpayers may be called “nearly nontaxables.” Around 0.7 percent of high-expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce their taxable incomes to less than 25 percent of their expanded incomes.

⁹ See Appendix B for a description of how the deduction equivalent of credits was computed.

- Overall, most high-income taxpayers were subject to tax on a large share of their incomes and, consequently, reported very substantial amounts of tax. (57.3 percent of high-expanded income taxpayers had taxable income equal to 80 percent or more of expanded-income; and 94.6 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 2.8 percent of returns with adjusted gross income of \$200,000 or more had either no worldwide income tax or worldwide income tax of less than 10 percent of adjusted gross income, 20.1 percent had effective tax rates of 25 percent or more. In addition, 31.5 percent had effective tax rates between 20 percent and 25 percent. In contrast, only 3.3 percent of taxpayers with AGI between \$100,000 and \$200,000 had effective tax rates of 20 percent or more, including 0.1 percent with effective tax rates of 25 percent or more.

Characteristics of Tax Returns

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

Reasons for Nontaxability

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

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

Due to the AMT exemption of \$66,250 on joint returns (\$44,350 on single and head-of-household returns and \$33,125 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.¹⁰ 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, 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.¹¹

¹⁰ 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.

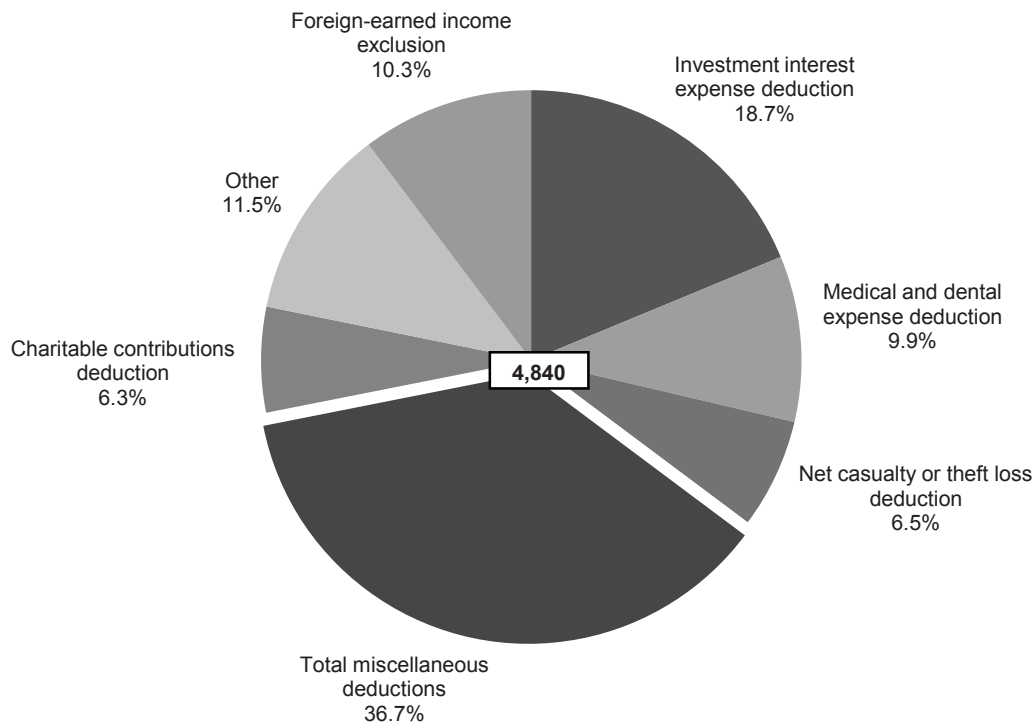
¹¹ Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

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Figure E

Returns with No Worldwide Income Tax and with Adjusted Gross Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2007



NOTE: Detail may not add to 100 percent due to rounding.

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 48.0 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 58.0 percent of the time, and the charitable contributions deduction was the second most important item 24.5 percent of the time.

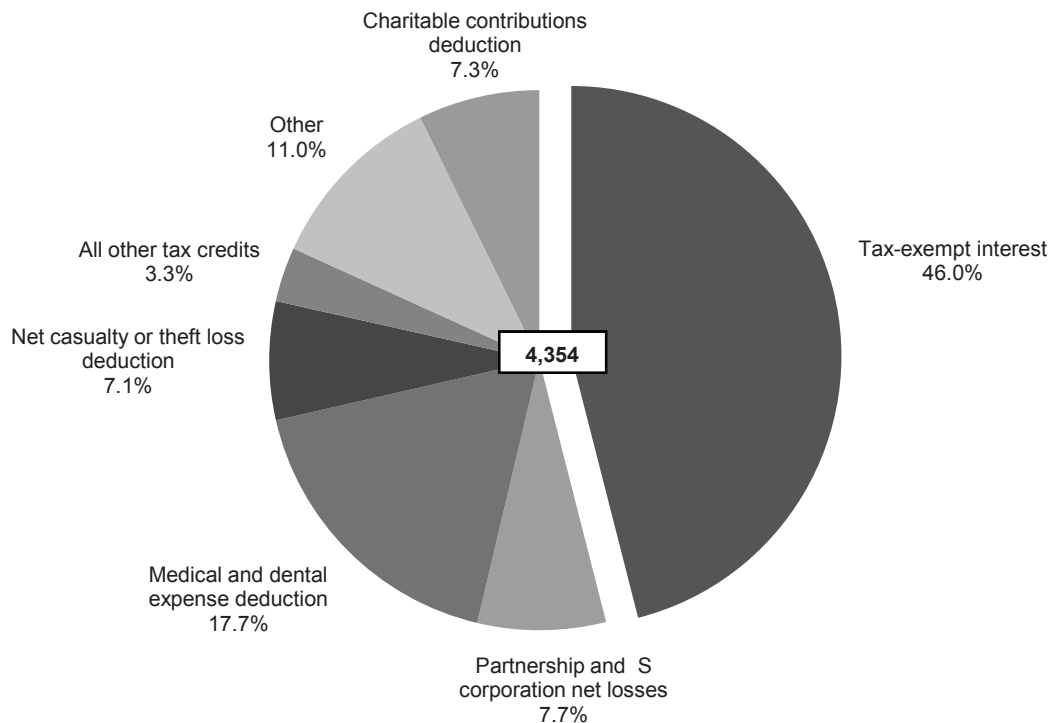
Table 8 shows that on returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in eliminating tax, on 46.0 percent of returns, was the exclusion for State and local government interest (“tax-exempt interest”). For these returns, the itemized deduction for taxes paid was the second most important item 27.7 percent of the time, and the deduction for medical and dental expenses was the second most important item 24.9 percent of the time.

Table 8 also shows that, the four categories with the largest effect in reducing taxes on high-adjusted-gross-income returns with no worldwide income tax were the total miscellaneous deductions (1,776 returns, or 36.7 percent of the 4,840 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); investment interest expense deduction (907 returns, or 18.7 percent); foreign-earned income exclusion (498 returns, or 10.3 percent); and medical and dental expense deduction (480 returns, or 9.9 percent). These effects are also shown graphically in Figure E.

For high-expanded-income returns with no worldwide income tax, the four categories that most frequently had the largest effect in reducing taxes were tax-exempt interest (2,004 returns, or 46.0 percent of the 4,354 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); medical and dental expense deductions

Figure F

Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2007



NOTE: Detail may not add to 100 percent due to rounding.

(772 returns, or 17.7 percent); partnership and S corporation net losses (334 returns, or 7.7 percent); and charitable contributions deduction (316 returns, or 7.3 percent). These effects are also shown graphically in Figure F.

Table 8 also shows that the items that most frequently had the second largest effect in reducing regular tax liability for high-expanded-income returns with no worldwide tax were the deduction for taxes paid (1,104 returns, or 25.4 percent) and tax-exempt interest (647 returns, or 14.9 percent).

Tables 9 and 10 present another way of illustrating the importance of various tax provisions in reducing or eliminating income tax. Unlike Tables 7 and 8, these tables cover only nontaxable returns, i.e., returns showing no income tax liability. Tables 9 and 10 show the number of times that various items reduced income by different percentages of income. The items shown include 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 203 of the 4,354 returns, but there was no casualty or theft loss deduction on 4,019 returns.

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Appendix A: Income Concepts

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

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

Haig-Simons Income

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

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

Labor income—This includes all forms of employee compensation (including wages and salaries), employee fringe benefits (such as employer-provided health insurance and accrued pension benefits or contributions), and the employer share of payroll taxes (such as Social Security taxes). Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income (such as pension benefits) would be counted in the year it was earned, rather than in the year it was received.

Capital income—This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether or not realized), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms and is net of real, economic depreciation and all other expenses (which could exceed capital income).

Transfer payments—These include payments in cash (such as Social Security benefits, workers' compensation, unemployment benefits, Aid to Families with Dependent Children (AFDC), and noncash benefits (such as Medicare, Medicaid, and food stamps).

For purposes of tax analysis, H-S income should be measured on a pretax 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 pretax 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 aftertax, rather than a pretax, basis. Income from all tax-preferred sources should be

"grossed up" by implicit taxes to properly measure H-S income.

Adjusted Gross Income

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

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

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRAs), the portion of Social Security contributions for self-employed workers that is analogous to the employer share of such contributions for employees, and contributions to medical savings accounts.

AGI generally *exceeds* H-S income to the extent that expenses of earning income and losses are limited or disallowed. Most of the expenses of earning income are deductible *from* AGI in calculating taxable income, but only if the taxpayer "itemizes" deductions and then, in some cases, only to the extent that the sum of all such items exceeds 2 percent of AGI. Expenses incurred in the production of income that are itemized deductions include certain expenses of employees (such as union dues; expenditures for items used on the job but not reimbursed by the employer; and the employees' travel, meal, and entertainment expenses); and expenses attributable to a taxpayer's (passive) investments (as opposed to active participation in a trade or business, for example), including, but not limited to, interest expense

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Figure G

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977–2007

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 [A4]
 - o Nondeductible rental losses (Tax Year 1987)
 - o Moving expense deduction (Tax Years 1987 through 1993) [A4]
 - 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 this figure are included with the footnotes to Appendix A.

incurred in connection with investments in securities [A3]. Note that there are limits on certain types of deductible expenses. In particular, deductible meal and entertainment expenses are limited to 50 percent of total meal and entertainment expenses.

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

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

only accruals, AGI in this circumstance would exceed H-S income.

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

Expanded Income

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

Investment Interest

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

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

Additional problems are created when a person with a loan has both income-producing assets, such

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

Investment expenses that have not been deducted in determining AGI generally can 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 [A5]. 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.) (1921), *The Federal Income Tax*, Columbia University Press, and Simons, Henry C. (1938), *Personal Income Taxation*, University of Chicago Press.

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

[A3] See references and footnote A4.

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

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

Taxpayers are also required to report Social Security benefits. Since 1988, nontaxable Social Security benefits have been included in expanded income. However, if none of a particular taxpayer's Social Security benefits are taxable, then gross Social Security benefits are not required to be shown on the income tax return. In such instances, which generally only affect lower- and middle-income taxpayers, Social Security benefits are not included in expanded income.

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

Due to subtracting nonlimited 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

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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 found in the Reference Section.

[A5] 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 (precredit) U.S. tax liability attributable to foreign-source income. This limit prevents the foreign tax credit from offsetting the U.S. tax on U.S.-source income.

As a result of taxing citizens and residents on a worldwide basis but allowing a foreign tax credit, some Federal income tax returns may report substantial income but little or no U.S. tax liability after

credits. This may occur, for example, if a taxpayer has income only from foreign sources (the taxpayer may live abroad the entire year and have no income-producing assets in the United States), or if a taxpayer has foreign-source income that exceeds a net loss from U.S. sources and pays income taxes to a foreign government that are comparable to the U.S. tax [B2].

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

Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., returns showing an income tax liability) or nontaxable (i.e., returns showing no income tax liability) and to measure the tax burdens on taxable returns: U.S. income tax and worldwide income tax. Worldwide income tax is defined for purposes of this article as U.S. income tax plus the foreign tax credits reported on the U.S. income tax return and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, *Foreign Tax Credit*). The amount of the foreign tax credits and foreign taxes paid on excluded foreign-earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax, is shown in Figure H.

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

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

Figure H

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2007

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

amount as a tax credit or special computation. This amount is called the "deduction equivalent" of the tax credit or special computation.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the "deduction equivalent of all tax credits" is equal to the difference between "taxable income that would yield income tax before credits" and "taxable income that would yield income tax after credits."

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

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

Unaudited Data

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

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

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 precredit 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.

High-Income Tax Returns for 2007

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Table 1. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2007

[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 | 142,978,806 | 93,790,430 | 31,194,877 | 13,457,876 | 4,535,623 |
| Under \$50,000 [1] | 92,598,221 | 91,692,542 | 893,646 | 8,351 | 3,682 |
| \$50,000 under \$100,000 | 32,439,655 | 2,060,614 | 29,936,540 | 435,155 | 7,347 |
| \$100,000 under \$200,000 | 13,364,614 | 34,880 | 359,449 | 12,890,395 | 79,890 |
| \$200,000 or more | 4,576,315 | 2,393 | 5,241 | 123,976 | 4,444,705 |
| Returns with U.S. income tax | | | | | |
| Total | 98,369,139 | 50,576,067 | 29,878,195 | 13,389,718 | 4,525,158 |
| Under \$50,000 [1] | 49,514,835 | 48,753,306 | 754,418 | 5,524 | 1,587 |
| \$50,000 under \$100,000 | 31,005,629 | 1,804,383 | 28,768,911 | 425,443 | 6,893 |
| \$100,000 under \$200,000 | 13,285,501 | 17,183 | 350,634 | 12,838,425 | 79,260 |
| \$200,000 or more | 4,563,174 | 1,195 | 4,232 | 120,327 | 4,437,419 |
| Returns without U.S. income tax | | | | | |
| Total | 44,609,667 | 43,214,363 | 1,316,681 | 68,158 | 10,465 |
| Under \$50,000 [1] | 43,083,386 | 42,939,236 | 139,228 | 2,827 | 2,095 |
| \$50,000 under \$100,000 | 1,434,026 | 256,231 | 1,167,629 | 9,712 | 454 |
| \$100,000 under \$200,000 | 79,113 | 17,697 | 8,816 | 51,970 | 630 |
| \$200,000 or more | 13,142 | 1,198 | 1,009 | 3,649 | 7,286 |

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

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

Table 2. Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2007

[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 | 142,978,806 | 93,790,430 | 31,194,877 | 13,457,876 | 4,535,623 |
| Under \$50,000 [1] | 92,598,221 | 91,692,542 | 893,646 | 8,351 | 3,682 |
| \$50,000 under \$100,000 | 32,439,655 | 2,060,614 | 29,936,540 | 435,155 | 7,347 |
| \$100,000 under \$200,000 | 13,364,614 | 34,880 | 359,449 | 12,890,395 | 79,890 |
| \$200,000 or more | 4,576,315 | 2,393 | 5,241 | 123,976 | 4,444,705 |
| Returns with worldwide income tax | | | | | |
| Total | 98,619,934 | 50,752,812 | 29,936,158 | 13,400,182 | 4,530,782 |
| Under \$50,000 [1] | 49,680,294 | 48,918,076 | 755,090 | 5,527 | 1,601 |
| \$50,000 under \$100,000 | 31,067,981 | 1,813,038 | 28,822,545 | 425,468 | 6,931 |
| \$100,000 under \$200,000 | 13,299,697 | 20,408 | 353,931 | 12,845,974 | 79,385 |
| \$200,000 or more | 4,571,961 | 1,290 | 4,592 | 123,213 | 4,442,866 |
| Returns without worldwide income tax | | | | | |
| Total | 44,358,872 | 43,037,618 | 1,258,719 | 57,695 | 4,841 |
| Under \$50,000 [1] | 42,917,927 | 42,774,466 | 138,556 | 2,824 | 2,081 |
| \$50,000 under \$100,000 | 1,371,674 | 247,576 | 1,113,995 | 9,687 | 416 |
| \$100,000 under \$200,000 | 64,917 | 14,472 | 5,519 | 44,421 | 505 |
| \$200,000 or more | 4,354 | 1,103 | 649 | 763 | 1,839 |

[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 3. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2007

[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 | 4,535,623 | 100.0 | 100.0 | 4,576,315 | 100.0 | 100.0 |
| Returns without U.S. income tax | 10,465 | 0.2 | 0.2 | 13,142 | 0.3 | 0.3 |
| Returns with U.S. income tax: Total | 4,525,158 | 99.8 | N/A | 4,563,174 | 99.7 | N/A |
| Ratio of adjusted taxable income to income per concept: | | | | | | |
| Over 0 under 5 percent | 8,425 | 0.2 | 0.2 | 10,854 | 0.2 | 0.2 |
| 5 under 10 percent | 10,620 | 0.2 | 0.4 | 9,644 | 0.2 | 0.4 |
| 10 under 15 percent | 7,496 | 0.2 | 0.6 | 10,569 | 0.2 | 0.7 |
| 15 under 20 percent | 7,642 | 0.2 | 0.8 | 10,310 | 0.2 | 0.9 |
| 20 under 25 percent | 11,077 | 0.2 | 1.0 | 17,088 | 0.4 | 1.3 |
| 25 under 30 percent | 16,697 | 0.4 | 1.4 | 18,533 | 0.4 | 1.7 |
| 30 under 35 percent | 20,575 | 0.5 | 1.8 | 26,407 | 0.6 | 2.3 |
| 35 under 40 percent | 26,468 | 0.6 | 2.4 | 32,305 | 0.7 | 3.0 |
| 40 under 45 percent | 46,563 | 1.0 | 3.4 | 57,586 | 1.3 | 4.2 |
| 45 under 50 percent | 82,755 | 1.8 | 5.3 | 100,023 | 2.2 | 6.4 |
| 50 under 60 percent | 254,417 | 5.6 | 10.9 | 282,543 | 6.2 | 12.6 |
| 60 under 70 percent | 460,061 | 10.1 | 21.0 | 474,244 | 10.4 | 22.9 |
| 70 under 80 percent | 978,062 | 21.6 | 42.6 | 969,753 | 21.2 | 44.1 |
| 80 percent or more | 2,594,301 | 57.2 | 99.8 | 2,543,315 | 55.6 | 99.7 |

N/A—Not applicable.

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, Tax Year 2007

[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 | 4,535,623 | 100.0 | 100.0 | 4,576,315 | 100.0 | 100.0 |
| Returns without worldwide income tax | 4,841 | 0.1 | 0.1 | 4,354 | 0.1 | 0.1 |
| Returns with worldwide income tax: Total | 4,530,782 | 99.9 | N/A | 4,571,961 | 99.9 | N/A |
| Ratio of adjusted taxable income to income per concept: | | | | | | |
| Over 0 under 5 percent | 3,154 | 0.1 | 0.1 | 3,320 | 0.1 | 0.1 |
| 5 under 10 percent | 5,645 | 0.1 | 0.2 | 4,078 | 0.1 | 0.2 |
| 10 under 15 percent | 4,465 | 0.1 | 0.3 | 3,360 | 0.1 | 0.2 |
| 15 under 20 percent | 3,869 | 0.1 | 0.4 | 7,320 | 0.2 | 0.4 |
| 20 under 25 percent | 7,999 | 0.2 | 0.6 | 11,874 | 0.3 | 0.7 |
| 25 under 30 percent | 12,208 | 0.3 | 0.8 | 13,838 | 0.3 | 1.0 |
| 30 under 35 percent | 16,587 | 0.4 | 1.2 | 20,869 | 0.5 | 1.4 |
| 35 under 40 percent | 22,378 | 0.5 | 1.7 | 25,515 | 0.6 | 2.0 |
| 40 under 45 percent | 42,639 | 0.9 | 2.6 | 53,621 | 1.2 | 3.1 |
| 45 under 50 percent | 78,349 | 1.7 | 4.3 | 96,952 | 2.1 | 5.3 |
| 50 under 60 percent | 240,966 | 5.3 | 9.7 | 270,126 | 5.9 | 11.2 |
| 60 under 70 percent | 455,347 | 10.0 | 19.7 | 469,691 | 10.3 | 21.4 |
| 70 under 80 percent | 971,140 | 21.4 | 41.1 | 967,852 | 21.1 | 42.6 |
| 80 percent or more | 2,666,037 | 58.8 | 99.9 | 2,623,546 | 57.3 | 99.9 |

N/A—Not applicable.

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

High-Income Tax Returns for 2007

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Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007

[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 | 3,850,831 | 1,191,748,687 | 3,843,966 | 1,189,340,146 | 6,864 | 2,408,541 |
| Business or profession: | | | | | | |
| Net income | 880,147 | 98,165,500 | 878,457 | 97,957,606 | 1,690 | 207,894 |
| Net loss | 282,220 | 7,642,260 | 281,247 | 7,537,354 | 972 | 104,907 |
| Farm: | | | | | | |
| Net income | 31,382 | 2,063,480 | 31,289 | 2,057,402 | 93 | 6,078 |
| Net loss | 89,419 | 4,130,348 | 89,124 | 4,094,281 | 295 | 36,067 |
| Partnership and S Corporation net income after Section 179 property deduction: [1] | | | | | | |
| Net income | 1,423,133 | 452,011,901 | 1,421,376 | 451,628,212 | 1,757 | 383,689 |
| Net loss | 477,215 | 52,322,404 | 474,927 | 50,697,951 | 2,288 | 1,624,453 |
| Sales of capital assets: | | | | | | |
| Net gain | 2,634,820 | 764,262,345 | 2,629,922 | 762,055,451 | 4,898 | 2,206,894 |
| Net loss | 848,572 | 2,072,585 | 846,227 | 2,066,296 | 2,344 | 6,288 |
| Sales of property other than capital assets: | | | | | | |
| Net gain | 205,504 | 8,670,228 | 204,957 | 8,637,001 | 548 | 33,227 |
| Net loss | 237,902 | 3,325,528 | 237,242 | 3,276,206 | 660 | 49,323 |
| Taxable interest received | 4,310,291 | 127,119,452 | 4,301,339 | 124,497,837 | 8,952 | 2,621,615 |
| Tax-exempt interest | 1,596,228 | 52,324,582 | 1,593,883 | 52,141,812 | 2,345 | 182,770 |
| Dividends | 3,538,551 | 143,067,122 | 3,531,672 | 142,320,559 | 6,879 | 746,562 |
| Qualified dividends | 3,286,470 | 101,425,757 | 3,280,600 | 100,926,578 | 5,870 | 499,179 |
| Pensions and annuities in adjusted gross income | 977,750 | 45,110,008 | 976,103 | 45,027,614 | 1,647 | 82,394 |
| Rent: | | | | | | |
| Net income | 530,469 | 24,168,143 | 529,370 | 24,107,926 | 1,099 | 60,216 |
| Net loss, total (deductible and nondeductible) | 557,158 | 12,837,929 | 555,340 | 12,695,552 | 1,818 | 142,377 |
| Nondeductible rental loss | 383,405 | 7,444,121 | 382,209 | 7,386,103 | 1,197 | 58,018 |
| Royalty: | | | | | | |
| Net income | 309,024 | 11,052,613 | 308,277 | 10,763,066 | 748 | 289,547 |
| Net loss | 8,893 | 100,194 | 8,867 | 99,916 | 26 | 278 |
| Estate or trust: | | | | | | |
| Net income | 126,197 | 15,165,440 | 125,938 | 15,142,865 | 260 | 22,575 |
| Net loss | 15,236 | 1,596,152 | 15,153 | 1,506,537 | 83 | 89,615 |
| State income tax refunds | 1,579,576 | 8,624,696 | 1,577,825 | 8,584,866 | 1,751 | 39,830 |
| Alimony received | 10,756 | 1,335,637 | 10,730 | 1,333,148 | 26 | 2,489 |
| Social Security benefits in adjusted gross income | 815,704 | 16,811,433 | 813,940 | 16,779,478 | 1,765 | 31,955 |
| Social Security benefits (nontaxable) | 815,779 | 2,967,612 | 813,984 | 2,961,482 | 1,795 | 6,130 |
| Unemployment compensation | 77,252 | 391,789 | 77,161 | 391,251 | 91 | 539 |
| Other income | 656,702 | 20,220,483 | 654,879 | 20,063,941 | 1,823 | 156,542 |
| Other loss | 44,317 | 1,695,802 | 43,461 | 1,657,699 | 856 | 38,103 |
| Foreign-earned income exclusion | 46,087 | 3,723,915 | 42,938 | 3,429,641 | 3,149 | 294,274 |
| Total income | 4,535,623 | 2,885,497,152 | 4,525,158 | 2,877,633,664 | 10,465 | 7,863,489 |
| Statutory adjustments, total | 1,903,455 | 38,311,865 | 1,900,307 | 38,230,540 | 3,148 | 81,325 |
| Payments to Individual Retirement Arrangements | 144,427 | 1,088,108 | 144,180 | 1,086,566 | 247 | 1,542 |
| Payments to self-employed retirement (Keogh) plans | 443,481 | 13,651,882 | 443,275 | 13,644,571 | 206 | 7,312 |
| Moving expenses adjustment | 51,104 | 307,736 | 51,020 | 307,087 | 84 | 649 |
| Adjusted gross income | 4,535,623 | 2,847,185,288 | 4,525,158 | 2,839,403,124 | 10,465 | 7,782,164 |

Footnotes at end of table.

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Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | | | | | | |
| Investment interest expense deduction | 790,482 | 26,421,571 | 786,999 | 23,728,982 | 3,483 | 2,692,589 |
| Total tax preferences excluded from adjusted gross income | 1,608,456 | 54,719,900 | 1,606,105 | 54,536,593 | 2,351 | 183,307 |
| Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds) | 31,489 | 2,403,123 | 31,433 | 2,402,279 | 56 | 844 |
| Passive activity loss (alternative minimum tax adjustment) | 650,315 | 1,026,030 | 649,231 | 1,026,970 | 1,084 | -939 |
| Expanded income | 4,535,468 | 2,861,766,390 | 4,525,158 | 2,857,414,493 | 10,310 | 4,351,897 |
| Exemption amount | 4,522,524 | 27,952,103 | 4,512,225 | 27,897,248 | 10,299 | 54,854 |
| Itemized deductions: | | | | | | |
| Total per adjusted gross income concept | 4,283,123 | 370,350,590 | 4,274,896 | 364,926,441 | 8,227 | 5,424,149 |
| Charitable contributions deduction | 4,024,402 | 90,220,391 | 4,018,423 | 89,812,234 | 5,980 | 408,157 |
| Interest paid deduction: | | | | | | |
| Total per adjusted gross income concept | 3,559,559 | 103,158,162 | 3,552,694 | 100,180,746 | 6,865 | 2,977,415 |
| Total home mortgage interest | 3,367,734 | 76,504,640 | 3,361,777 | 76,221,019 | 5,957 | 283,621 |
| Medical and dental expense deduction | 106,338 | 3,065,469 | 105,390 | 2,918,278 | 948 | 147,191 |
| Net casualty or theft loss deduction | 3,444 | 436,748 | 3,108 | 227,825 | 336 | 208,923 |
| Taxes paid deduction | 4,277,325 | 182,467,114 | 4,269,864 | 182,071,987 | 7,461 | 395,127 |
| Net limited miscellaneous deductions per adjusted gross income concept | 682,450 | 14,685,658 | 680,371 | 14,545,670 | 2,079 | 139,989 |
| Non-limited miscellaneous deductions | 270,963 | 14,275,607 | 268,477 | 13,061,352 | 2,486 | 1,214,255 |
| Excess of exemptions and deductions over adjusted gross income | 8,268 | 2,400,633 | 3,864 | 1,518,543 | 4,404 | 882,090 |
| Taxable income | 4,527,325 | 2,448,705,909 | 4,521,294 | 2,445,539,939 | 6,031 | 3,165,971 |
| Tax at regular rates | 4,527,350 | 604,044,253 | 4,521,322 | 603,204,764 | 6,028 | 839,488 |
| Alternative minimum tax (Form 6251) | 2,907,594 | 21,758,269 | 2,907,435 | 21,757,189 | 159 | 1,081 |
| Income tax before credits | 4,531,205 | 625,808,371 | 4,525,158 | 624,967,802 | 6,047 | 840,569 |
| Tax credits: | | | | | | |
| Total | 2,286,821 | 16,037,768 | 2,280,774 | 15,197,199 | 6,047 | 840,569 |
| Child care credit | 309,564 | 156,802 | 309,475 | 156,764 | 89 | 38 |
| Minimum tax credit | 130,964 | 767,249 | 130,233 | 747,416 | 731 | 19,833 |
| Foreign tax credit | 1,805,582 | 13,808,755 | 1,799,958 | 12,992,304 | 5,624 | 816,451 |
| General business credit | 70,131 | 628,247 | 69,960 | 627,158 | 171 | 1,089 |
| U.S. total income tax | 4,525,158 | 609,771,172 | 4,525,158 | 609,771,172 | 0 | 0 |
| Taxable income which would yield: | | | | | | |
| Income tax before credits | 4,531,205 | 2,102,592,020 | 4,525,158 | 2,099,823,175 | 6,047 | 2,768,845 |
| Income tax after credits | 4,525,157 | 2,054,882,748 | 4,525,157 | 2,054,882,748 | 0 | 0 |
| U.S. total income tax | 4,525,158 | 2,054,884,381 | 4,525,158 | 2,054,884,381 | 0 | 0 |
| Reconciliation of adjusted gross income and expanded income: | | | | | | |
| Adjusted gross income | 4,535,623 | 2,847,185,288 | 4,525,158 | 2,839,403,124 | 10,465 | 7,782,164 |
| plus: Total tax preferences excluded from adjusted gross income [2] | 1,608,456 | 54,719,900 | 1,606,105 | 54,536,593 | 2,351 | 183,307 |
| Social Security benefits (nontaxable) | 815,779 | 2,967,612 | 813,984 | 2,961,482 | 1,795 | 6,130 |
| Foreign-earned income exclusion | 46,087 | 3,723,915 | 42,938 | 3,429,641 | 3,149 | 294,274 |
| minus: Investment interest expense deduction | 790,482 | 26,421,571 | 786,999 | 23,728,982 | 3,483 | 2,692,589 |
| Non-limited miscellaneous deductions | 270,963 | 14,275,607 | 268,477 | 13,061,352 | 2,486 | 1,214,255 |
| Unreimbursed employee business expenses | 820,480 | 6,133,147 | 819,848 | 6,126,012 | 632 | 7,135 |
| Equals: Expanded income | 4,535,468 | 2,861,766,390 | 4,525,158 | 2,857,414,493 | 10,310 | 4,351,897 |

Footnotes at end of table.

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Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | 3,837,811 | 1,187,911,865 | 3,828,840 | 1,184,920,265 | 8,971 | 2,991,601 |
| Business or profession: | | | | | | |
| Net income | 884,986 | 98,734,668 | 883,441 | 98,514,089 | 1,545 | 220,579 |
| Net loss | 281,108 | 7,624,071 | 280,377 | 7,544,753 | 731 | 79,318 |
| Farm: | | | | | | |
| Net income | 31,641 | 2,056,187 | 31,562 | 2,048,388 | 79 | 7,799 |
| Net loss | 89,844 | 4,118,626 | 89,591 | 4,094,254 | 253 | 24,372 |
| Partnership and S Corporation net income after Section 179 property deduction: [1] | | | | | | |
| Net income | 1,432,829 | 452,115,155 | 1,431,110 | 451,766,618 | 1,719 | 348,537 |
| Net loss | 482,815 | 51,455,558 | 480,828 | 50,558,746 | 1,986 | 896,811 |
| Sales of capital assets: | | | | | | |
| Net gain | 2,685,967 | 765,595,415 | 2,680,370 | 763,944,940 | 5,597 | 1,650,475 |
| Net loss | 860,920 | 2,103,125 | 857,315 | 2,093,481 | 3,604 | 9,644 |
| Sales of property other than capital assets: | | | | | | |
| Net gain | 206,593 | 8,638,729 | 206,125 | 8,616,581 | 468 | 22,148 |
| Net loss | 236,847 | 3,302,308 | 236,272 | 3,267,827 | 575 | 34,480 |
| Taxable interest received | 4,360,541 | 128,339,796 | 4,349,409 | 126,168,836 | 11,132 | 2,170,960 |
| Tax-exempt interest | 1,683,532 | 59,016,062 | 1,678,944 | 57,937,439 | 4,588 | 1,078,622 |
| Dividends | 3,603,775 | 145,810,484 | 3,594,620 | 145,104,989 | 9,155 | 705,495 |
| Qualified dividends | 3,354,624 | 103,383,038 | 3,346,944 | 102,921,499 | 7,679 | 461,539 |
| Pensions and annuities in adjusted gross income | 1,020,713 | 46,888,255 | 1,018,720 | 46,804,724 | 1,993 | 83,531 |
| Rent: | | | | | | |
| Net income | 539,217 | 24,265,973 | 538,090 | 24,215,750 | 1,127 | 50,223 |
| Net loss, total (deductible and nondeductible) | 561,611 | 12,754,630 | 559,733 | 12,665,180 | 1,879 | 89,450 |
| Nondeductible rental loss | 383,903 | 7,391,463 | 382,722 | 7,352,625 | 1,181 | 38,838 |
| Royalty: | | | | | | |
| Net income | 319,233 | 10,817,173 | 318,402 | 10,792,465 | 831 | 24,707 |
| Net loss | 8,887 | 100,297 | 8,866 | 100,110 | 21 | 187 |
| Estate or trust: | | | | | | |
| Net income | 132,624 | 15,420,479 | 132,280 | 15,402,865 | 345 | 17,614 |
| Net loss | 15,060 | 1,540,895 | 14,984 | 1,486,262 | 76 | 54,633 |
| State income tax refunds | 1,567,437 | 8,596,801 | 1,565,677 | 8,560,542 | 1,760 | 36,258 |
| Alimony received | 10,746 | 1,334,440 | 10,725 | 1,331,945 | 21 | 2,495 |
| Social Security benefits in adjusted gross income | 877,047 | 18,057,533 | 874,451 | 18,009,172 | 2,597 | 48,361 |
| Social Security benefits (nontaxable) | 877,138 | 3,187,955 | 874,498 | 3,178,630 | 2,640 | 9,325 |
| Unemployment compensation | 73,762 | 371,736 | 73,692 | 371,232 | 70 | 503 |
| Other income | 660,859 | 20,294,997 | 659,005 | 20,163,755 | 1,854 | 131,243 |
| Other loss | 53,177 | 1,859,880 | 51,368 | 1,805,890 | 1,809 | 53,990 |
| Foreign-earned income exclusion | 69,027 | 5,774,723 | 62,723 | 5,161,804 | 6,304 | 612,919 |
| Total income | 4,576,314 | 2,883,747,951 | 4,563,174 | 2,876,998,203 | 13,141 | 6,749,748 |
| Statutory adjustments, total | 1,909,369 | 38,565,933 | 1,906,456 | 38,487,319 | 2,912 | 78,614 |
| Payments to Individual Retirement Arrangements | 146,688 | 1,104,251 | 146,383 | 1,102,395 | 305 | 1,856 |
| Payments to self-employed retirement (Keogh) plans | 447,940 | 13,786,580 | 447,735 | 13,779,213 | 205 | 7,366 |
| Moving expenses adjustment | 50,785 | 306,598 | 50,657 | 305,649 | 128 | 949 |
| Adjusted gross income | 4,576,314 | 2,845,182,018 | 4,563,174 | 2,838,510,884 | 13,141 | 6,671,134 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | | | | | | |
| Investment interest expense deduction | 785,396 | 24,857,464 | 782,776 | 22,968,674 | 2,620 | 1,888,790 |
| Total tax preferences excluded from adjusted gross income | 1,698,753 | 61,777,073 | 1,694,156 | 60,696,457 | 4,597 | 1,080,616 |
| Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds) | 35,531 | 2,768,951 | 35,473 | 2,766,594 | 58 | 2,357 |
| Passive activity loss (alternative minimum tax adjustment) | 659,249 | 1,033,944 | 658,049 | 1,035,483 | 1,200 | -1,539 |
| Expanded income | 4,576,315 | 2,878,271,990 | 4,563,174 | 2,871,954,650 | 13,142 | 6,317,339 |
| Exemption amount | 4,563,259 | 28,057,724 | 4,550,249 | 27,973,318 | 13,010 | 84,406 |
| Itemized deductions: | | | | | | |
| Total per adjusted gross income concept | 4,298,116 | 362,025,248 | 4,289,537 | 358,427,737 | 8,579 | 3,597,511 |
| Total per expanded income concept | 4,297,054 | 364,537,415 | 4,288,513 | 362,936,789 | 8,542 | 1,600,626 |
| Charitable contributions deduction | 4,036,210 | 90,511,607 | 4,029,794 | 90,145,976 | 6,416 | 365,631 |
| Interest paid deduction: | | | | | | |
| Total per adjusted gross income concept | 3,531,705 | 100,624,208 | 3,525,371 | 98,502,624 | 6,334 | 2,121,584 |
| Total per expanded income concept | 3,343,935 | 75,766,744 | 3,338,485 | 75,533,950 | 5,451 | 232,794 |
| Total home mortgage interest | 3,335,760 | 75,543,652 | 3,330,320 | 75,311,594 | 5,440 | 232,057 |
| Medical and dental expense deduction | 132,206 | 3,503,225 | 129,716 | 3,249,682 | 2,490 | 253,542 |
| Net casualty or theft loss deduction | 3,660 | 485,026 | 3,312 | 275,372 | 348 | 209,654 |
| Taxes paid deduction | 4,290,929 | 182,967,533 | 4,283,269 | 182,560,118 | 7,659 | 407,415 |
| Net limited miscellaneous deductions per adjusted gross income concept | 659,053 | 14,360,975 | 655,977 | 14,225,722 | 3,076 | 135,254 |
| Non-limited miscellaneous deductions | 243,446 | 7,417,606 | 242,815 | 7,264,572 | 631 | 153,034 |
| Excess of exemptions and deductions over adjusted gross income | 8,838 | 2,262,534 | 4,929 | 1,689,477 | 3,909 | 573,057 |
| Taxable income | 4,567,473 | 2,454,528,318 | 4,558,245 | 2,451,006,514 | 9,229 | 3,521,803 |
| Tax at regular rates | 4,567,513 | 605,103,277 | 4,558,267 | 604,165,055 | 9,246 | 938,222 |
| Alternative minimum tax (Form 6251) | 2,907,214 | 21,832,524 | 2,906,951 | 21,831,496 | 263 | 1,028 |
| Income tax before credits | 4,572,462 | 626,941,657 | 4,563,174 | 626,002,400 | 9,289 | 939,257 |
| Tax credits: | | | | | | |
| Total | 2,347,149 | 16,416,897 | 2,337,860 | 15,477,640 | 9,289 | 939,257 |
| Child care credit | 304,381 | 154,016 | 304,236 | 153,957 | 145 | 59 |
| Minimum tax credit | 134,654 | 766,946 | 133,878 | 747,017 | 776 | 19,929 |
| Foreign tax credit | 1,872,278 | 14,186,415 | 1,863,494 | 13,271,334 | 8,784 | 915,081 |
| General business credit | 71,816 | 630,734 | 71,653 | 629,701 | 163 | 1,033 |
| U.S. total income tax | 4,563,174 | 610,525,329 | 4,563,174 | 610,525,329 | 0 | 0 |
| Taxable income which would yield: | | | | | | |
| Income tax before credits | 4,572,462 | 2,107,727,061 | 4,563,174 | 2,104,512,706 | 9,289 | 3,214,355 |
| Income tax after credits | 4,563,173 | 2,058,478,618 | 4,563,173 | 2,058,478,618 | 0 | 0 |
| U.S. total income tax | 4,563,174 | 2,058,480,251 | 4,563,174 | 2,058,480,251 | 0 | 0 |
| Reconciliation of adjusted gross income and expanded income: | | | | | | |
| Adjusted gross income | 4,576,314 | 2,845,182,018 | 4,563,174 | 2,838,510,884 | 13,141 | 6,671,134 |
| plus: Total tax preferences excluded from adjusted gross income [2] | 1,698,753 | 61,777,073 | 1,694,156 | 60,696,457 | 4,597 | 1,080,616 |
| Social Security benefits (nontaxable) | 877,138 | 3,187,955 | 874,498 | 3,178,630 | 2,640 | 9,325 |
| Foreign-earned income exclusion | 69,027 | 5,774,723 | 62,723 | 5,161,804 | 6,304 | 612,919 |
| minus: Investment interest expense deduction | 785,396 | 24,857,464 | 782,776 | 22,968,674 | 2,620 | 1,888,790 |
| Non-limited miscellaneous deductions | 243,446 | 7,417,606 | 242,815 | 7,264,572 | 631 | 153,034 |
| Unreimbursed employee business expenses | 770,051 | 5,362,763 | 769,354 | 5,357,685 | 697 | 5,079 |
| Equals: Expanded income | 4,576,315 | 2,878,271,990 | 4,563,174 | 2,871,954,650 | 13,142 | 6,317,339 |

[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 2007

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Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007

[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 | 3,850,831 | 1,191,748,687 | 3,848,436 | 1,191,441,435 | 2,395 | 307,251 |
| Business or profession: | | | | | | |
| Net income | 880,147 | 98,165,500 | 879,195 | 98,098,468 | 952 | 67,032 |
| Net loss | 282,220 | 7,642,260 | 281,506 | 7,554,748 | 713 | 87,512 |
| Farm: | | | | | | |
| Net income | 31,382 | 2,063,480 | 31,306 | 2,058,001 | 76 | 5,479 |
| Net loss | 89,419 | 4,130,348 | 89,233 | 4,105,797 | 186 | 24,551 |
| Partnership and S Corporation net income after Section 179 property deduction: [1] | | | | | | |
| Net income | 1,423,133 | 452,011,901 | 1,422,131 | 451,867,487 | 1,002 | 144,414 |
| Net loss | 477,215 | 52,322,404 | 475,542 | 50,921,682 | 1,673 | 1,400,723 |
| Sales of capital assets: | | | | | | |
| Net gain | 2,634,820 | 764,262,345 | 2,632,437 | 763,038,669 | 2,383 | 1,223,677 |
| Net loss | 848,572 | 2,072,585 | 847,528 | 2,069,710 | 1,044 | 2,875 |
| Sales of property other than capital assets: | | | | | | |
| Net gain | 205,504 | 8,670,228 | 205,104 | 8,642,941 | 400 | 27,287 |
| Net loss | 237,902 | 3,325,528 | 237,469 | 3,285,347 | 433 | 40,181 |
| Taxable interest received | 4,310,291 | 127,119,452 | 4,306,143 | 124,685,372 | 4,147 | 2,434,080 |
| Tax-exempt interest | 1,596,228 | 52,324,582 | 1,594,779 | 52,184,213 | 1,449 | 140,369 |
| Dividends | 3,538,551 | 143,067,122 | 3,535,559 | 142,724,361 | 2,992 | 342,761 |
| Qualified dividends | 3,286,470 | 101,425,757 | 3,283,808 | 101,198,862 | 2,662 | 226,895 |
| Pensions and annuities in adjusted gross income | 977,750 | 45,110,008 | 976,792 | 45,062,732 | 958 | 47,276 |
| Rent: | | | | | | |
| Net income | 530,469 | 24,168,143 | 529,844 | 24,130,318 | 625 | 37,825 |
| Net loss, total (deductible and nondeductible) | 557,158 | 12,837,929 | 556,174 | 12,723,148 | 984 | 114,781 |
| Nondeductible rental loss | 383,405 | 7,444,121 | 382,823 | 7,401,257 | 582 | 42,865 |
| Royalty: | | | | | | |
| Net income | 309,024 | 11,052,613 | 308,573 | 10,774,473 | 451 | 278,140 |
| Net loss | 8,893 | 100,194 | 8,879 | 100,039 | 14 | 155 |
| Estate or trust: | | | | | | |
| Net income | 126,197 | 15,165,440 | 126,032 | 15,149,944 | 165 | 15,496 |
| Net loss | 15,236 | 1,596,152 | 15,174 | 1,510,284 | 62 | 85,868 |
| State income tax refunds | 1,579,576 | 8,624,696 | 1,578,559 | 8,592,627 | 1,017 | 32,069 |
| Alimony received | 10,756 | 1,335,637 | 10,739 | 1,334,278 | 17 | 1,359 |
| Social Security benefits in adjusted gross income | 815,704 | 16,811,433 | 814,325 | 16,786,573 | 1,379 | 24,861 |
| Social Security benefits (nontaxable) | 815,779 | 2,967,612 | 814,401 | 2,963,225 | 1,378 | 4,387 |
| Unemployment compensation | 77,252 | 391,789 | 77,189 | 391,438 | 63 | 351 |
| Other income | 656,702 | 20,220,483 | 655,785 | 20,134,663 | 917 | 85,819 |
| Other loss | 44,317 | 1,695,802 | 44,255 | 1,683,581 | 62 | 12,221 |
| Foreign-earned income exclusion | 46,087 | 3,723,915 | 46,077 | 3,723,328 | 10 | 587 |
| Total income | 4,535,623 | 2,885,497,152 | 4,530,782 | 2,881,264,568 | 4,841 | 4,232,584 |
| Statutory adjustments, total | 1,903,455 | 38,311,865 | 1,901,603 | 38,286,799 | 1,852 | 25,066 |
| Payments to Individual Retirement Arrangements | 144,427 | 1,088,108 | 144,329 | 1,087,487 | 98 | 621 |
| Payments to self-employed retirement (Keogh) plans | 443,481 | 13,651,882 | 443,391 | 13,648,976 | 90 | 2,906 |
| Moving expenses adjustment | 51,104 | 307,736 | 51,085 | 307,562 | 19 | 174 |
| Adjusted gross income | 4,535,623 | 2,847,185,288 | 4,530,782 | 2,842,977,770 | 4,841 | 4,207,518 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | | | | | | |
| Investment interest expense deduction | 790,482 | 26,421,571 | 788,319 | 23,815,835 | 2,163 | 2,605,736 |
| Total tax preferences excluded from adjusted gross income | 1,608,456 | 54,719,900 | 1,607,006 | 54,579,026 | 1,450 | 140,874 |
| Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds) | 31,489 | 2,403,123 | 31,458 | 2,402,459 | 31 | 664 |
| Passive activity loss (alternative minimum tax adjustment) | 650,315 | 1,026,030 | 649,731 | 1,025,136 | 584 | 894 |
| Expanded income | 4,535,468 | 2,861,766,390 | 4,530,782 | 2,861,196,278 | 4,686 | 570,112 |
| Exemption amount | 4,522,524 | 27,952,103 | 4,517,747 | 27,926,361 | 4,776 | 25,741 |
| Itemized deductions: | | | | | | |
| Total per adjusted gross income concept | 4,283,123 | 370,350,590 | 4,278,293 | 365,348,106 | 4,830 | 5,002,485 |
| Charitable contributions deduction | 4,024,402 | 90,220,391 | 4,020,749 | 89,909,013 | 3,653 | 311,377 |
| Interest paid deduction: | | | | | | |
| Total per adjusted gross income concept | 3,559,559 | 103,158,162 | 3,555,659 | 100,355,686 | 3,900 | 2,802,475 |
| Total home mortgage interest | 3,367,734 | 76,504,640 | 3,364,342 | 76,308,916 | 3,392 | 195,724 |
| Medical and dental expense deduction | 106,338 | 3,065,469 | 105,535 | 2,927,242 | 803 | 138,227 |
| Net casualty or theft loss deduction | 3,444 | 436,748 | 3,117 | 229,999 | 327 | 206,749 |
| Taxes paid deduction | 4,277,325 | 182,467,114 | 4,272,628 | 182,171,635 | 4,697 | 295,479 |
| Net limited miscellaneous deductions per adjusted gross income concept | 682,450 | 14,685,658 | 681,100 | 14,571,006 | 1,350 | 114,652 |
| Non-limited miscellaneous deductions | 270,963 | 14,275,607 | 268,714 | 13,102,623 | 2,248 | 1,172,984 |
| Excess of exemptions and deductions over adjusted gross income | 8,268 | 2,400,633 | 3,868 | 1,519,515 | 4,400 | 881,118 |
| Taxable income | 4,527,325 | 2,448,705,909 | 4,526,913 | 2,448,645,590 | 411 | 60,319 |
| Tax at regular rates | 4,527,350 | 604,044,253 | 4,526,946 | 604,034,316 | 404 | 9,936 |
| Alternative minimum tax (Form 6251) | 2,907,594 | 21,758,269 | 2,907,538 | 21,757,522 | 56 | 747 |
| Income tax before credits | 4,531,205 | 625,808,371 | 4,530,782 | 625,797,687 | 423 | 10,683 |
| Tax credits: | | | | | | |
| Total | 795,432 | 2,229,013 | 795,009 | 2,218,329 | 423 | 10,683 |
| Child care credit | 309,564 | 156,802 | 309,541 | 156,789 | 23 | 13 |
| Minimum tax credit | 130,964 | 767,249 | 130,721 | 759,323 | 243 | 7,926 |
| Foreign tax credit | 0 | 0 | 0 | 0 | 0 | 0 |
| General business credit | 70,131 | 628,247 | 70,030 | 627,742 | 101 | 505 |
| Worldwide total income tax | 4,530,782 | 624,428,020 | 4,530,782 | 624,428,020 | 0 | 0 |
| Foreign taxes paid | 1,805,592 | 14,656,848 | 1,805,592 | 14,656,848 | 0 | 0 |
| Foreign taxes paid on excluded foreign-earned income (Form 1116) | 29,964 | 848,093 | 29,964 | 848,093 | 0 | 0 |
| Taxable income which would yield: | | | | | | |
| Income tax before credits | 4,531,205 | 2,102,592,020 | 4,530,782 | 2,102,546,770 | 423 | 45,250 |
| Income tax after credits | 4,530,782 | 2,098,434,356 | 4,530,782 | 2,098,434,356 | 0 | 0 |
| Worldwide total income tax | 4,530,782 | 2,098,435,984 | 4,530,782 | 2,098,435,984 | 0 | 0 |
| Reconciliation of adjusted gross income and expanded income: | | | | | | |
| Adjusted gross income | 4,535,623 | 2,847,185,288 | 4,530,782 | 2,842,977,770 | 4,841 | 4,207,518 |
| plus: Total tax preferences excluded from adjusted gross income [2] | 1,608,456 | 54,719,900 | 1,607,006 | 54,579,026 | 1,450 | 140,874 |
| Social Security benefits (nontaxable) | 815,779 | 2,967,612 | 814,401 | 2,963,225 | 1,378 | 4,387 |
| Foreign-earned income exclusion | 46,087 | 3,723,915 | 46,077 | 3,723,328 | 10 | 587 |
| minus: Investment interest expense deduction | 790,482 | 26,421,571 | 788,319 | 23,815,835 | 2,163 | 2,605,736 |
| Non-limited miscellaneous deductions | 270,963 | 14,275,607 | 268,714 | 13,102,623 | 2,248 | 1,172,984 |
| Unreimbursed employee business expenses | 820,480 | 6,133,147 | 820,160 | 6,128,613 | 320 | 4,533 |
| Equals: Expanded income | 4,535,468 | 2,861,766,390 | 4,530,782 | 2,861,196,278 | 4,686 | 570,112 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | 3,837,811 | 1,187,911,865 | 3,836,268 | 1,187,703,025 | 1,543 | 208,840 |
| Business or profession: | | | | | | |
| Net income | 884,986 | 98,734,668 | 884,512 | 98,691,176 | 474 | 43,493 |
| Net loss | 281,108 | 7,624,071 | 280,711 | 7,563,841 | 397 | 60,230 |
| Farm: | | | | | | |
| Net income | 31,641 | 2,056,187 | 31,580 | 2,048,977 | 61 | 7,209 |
| Net loss | 89,844 | 4,118,626 | 89,707 | 4,104,743 | 137 | 13,884 |
| Partnership and S Corporation net income after Section 179 property deduction: [1] | | | | | | |
| Net income | 1,432,829 | 452,115,155 | 1,431,947 | 452,007,444 | 882 | 107,711 |
| Net loss | 482,815 | 51,455,558 | 481,559 | 50,777,308 | 1,256 | 678,249 |
| Sales of capital assets: | | | | | | |
| Net gain | 2,685,967 | 765,595,415 | 2,683,698 | 764,925,683 | 2,269 | 669,732 |
| Net loss | 860,920 | 2,103,125 | 859,263 | 2,098,517 | 1,657 | 4,608 |
| Sales of property other than capital assets: | | | | | | |
| Net gain | 206,593 | 8,638,729 | 206,291 | 8,622,845 | 302 | 15,884 |
| Net loss | 236,847 | 3,302,308 | 236,527 | 3,276,420 | 320 | 25,888 |
| Taxable interest received | 4,360,541 | 128,339,796 | 4,356,364 | 126,359,453 | 4,177 | 1,980,343 |
| Tax-exempt interest | 1,683,532 | 59,016,062 | 1,680,219 | 58,028,683 | 3,313 | 987,378 |
| Dividends | 3,603,775 | 145,810,484 | 3,600,067 | 145,517,481 | 3,708 | 293,003 |
| Qualified dividends | 3,354,624 | 103,383,038 | 3,351,363 | 103,197,068 | 3,261 | 185,970 |
| Pensions and annuities in adjusted gross income | 1,020,713 | 46,888,255 | 1,019,588 | 46,844,039 | 1,125 | 44,216 |
| Rent: | | | | | | |
| Net income | 539,217 | 24,265,973 | 538,721 | 24,238,481 | 496 | 27,491 |
| Net loss, total (deductible and nondeductible) | 561,611 | 12,754,630 | 561,035 | 12,698,603 | 576 | 56,027 |
| Nondeductible rental loss | 383,903 | 7,391,463 | 383,620 | 7,371,769 | 283 | 19,694 |
| Royalty: | | | | | | |
| Net income | 319,233 | 10,817,173 | 318,753 | 10,803,802 | 480 | 13,371 |
| Net loss | 8,887 | 100,297 | 8,877 | 100,218 | 10 | 78 |
| Estate or trust: | | | | | | |
| Net income | 132,624 | 15,420,479 | 132,392 | 15,410,162 | 232 | 10,317 |
| Net loss | 15,060 | 1,540,895 | 15,006 | 1,490,035 | 54 | 50,860 |
| State income tax refunds | 1,567,437 | 8,596,801 | 1,566,578 | 8,568,953 | 859 | 27,847 |
| Alimony received | 10,746 | 1,334,440 | 10,734 | 1,333,137 | 12 | 1,303 |
| Social Security benefits in adjusted gross income | 877,047 | 18,057,533 | 874,908 | 18,017,368 | 2,139 | 40,165 |
| Social Security benefits (nontaxable) | 877,138 | 3,187,955 | 874,999 | 3,180,757 | 2,139 | 7,198 |
| Unemployment compensation | 73,762 | 371,736 | 73,739 | 371,596 | 23 | 140 |
| Other income | 660,859 | 20,294,997 | 660,133 | 20,243,324 | 726 | 51,673 |
| Other loss | 53,177 | 1,859,880 | 53,115 | 1,855,317 | 62 | 4,563 |
| Foreign-earned income exclusion | 69,027 | 5,774,723 | 68,958 | 5,765,384 | 69 | 9,339 |
| Total income | 4,576,314 | 2,883,747,951 | 4,571,961 | 2,881,032,259 | 4,353 | 2,715,692 |
| Statutory adjustments, total | 1,909,369 | 38,565,933 | 1,908,141 | 38,548,062 | 1,228 | 17,870 |
| Payments to Individual Retirement Arrangements | 146,688 | 1,104,251 | 146,603 | 1,103,701 | 85 | 550 |
| Payments to self-employed retirement (Keogh) plans | 447,940 | 13,786,580 | 447,869 | 13,784,233 | 71 | 2,347 |
| Moving expenses adjustment | 50,785 | 306,598 | 50,776 | 306,508 | 9 | 90 |
| Adjusted gross income | 4,576,314 | 2,845,182,018 | 4,571,961 | 2,842,484,197 | 4,353 | 2,697,821 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2007—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 | | | | | | |
| Investment interest expense deduction | 785,396 | 24,857,464 | 784,143 | 23,025,110 | 1,253 | 1,832,354 |
| Total tax preferences excluded from adjusted gross income | 1,698,753 | 61,777,073 | 1,695,437 | 60,788,964 | 3,316 | 988,110 |
| Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds) | 35,531 | 2,768,951 | 35,504 | 2,767,999 | 27 | 952 |
| Passive activity loss (alternative minimum tax adjustment) | 659,249 | 1,033,944 | 658,668 | 1,033,643 | 581 | 301 |
| Expanded income | 4,576,315 | 2,878,271,990 | 4,571,961 | 2,876,534,876 | 4,354 | 1,737,113 |
| Exemption amount | 4,563,259 | 28,057,724 | 4,558,931 | 28,029,555 | 4,328 | 28,169 |
| Itemized deductions: | | | | | | |
| Total per adjusted gross income concept | 4,298,116 | 362,025,248 | 4,294,094 | 358,845,985 | 4,022 | 3,179,263 |
| Total per expanded income concept | 4,297,054 | 364,537,415 | 4,293,032 | 363,291,874 | 4,022 | 1,245,541 |
| Charitable contributions deduction | 4,036,210 | 90,511,607 | 4,032,776 | 90,248,615 | 3,434 | 262,992 |
| Interest paid deduction: | | | | | | |
| Total per adjusted gross income concept | 3,531,705 | 100,624,208 | 3,529,246 | 98,664,636 | 2,459 | 1,959,572 |
| Total per expanded income concept | 3,343,935 | 75,766,744 | 3,341,946 | 75,639,526 | 1,989 | 127,218 |
| Total home mortgage interest | 3,335,760 | 75,543,652 | 3,333,775 | 75,416,962 | 1,985 | 126,690 |
| Medical and dental expense deduction | 132,206 | 3,503,225 | 130,015 | 3,262,346 | 2,191 | 240,879 |
| Net casualty or theft loss deduction | 3,660 | 485,026 | 3,325 | 277,909 | 335 | 207,117 |
| Taxes paid deduction | 4,290,929 | 182,967,533 | 4,286,942 | 182,666,840 | 3,986 | 300,693 |
| Net limited miscellaneous deductions per adjusted gross income concept | 659,053 | 14,360,975 | 656,947 | 14,252,927 | 2,106 | 108,048 |
| Non-limited miscellaneous deductions | 243,446 | 7,417,606 | 243,040 | 7,296,225 | 406 | 121,381 |
| Excess of exemptions and deductions over adjusted gross income | 8,838 | 2,262,534 | 4,942 | 1,690,446 | 3,896 | 572,088 |
| Taxable income | 4,567,473 | 2,454,528,318 | 4,567,019 | 2,454,468,993 | 454 | 59,324 |
| Tax at regular rates | 4,567,513 | 605,103,277 | 4,567,051 | 605,093,520 | 462 | 9,757 |
| Alternative minimum tax (Form 6251) | 2,907,214 | 21,832,524 | 2,907,119 | 21,831,841 | 95 | 684 |
| Income tax before credits | 4,572,462 | 626,941,657 | 4,571,957 | 626,931,216 | 505 | 10,441 |
| Tax credits: | | | | | | |
| Total | 798,698 | 2,230,482 | 798,193 | 2,220,042 | 505 | 10,441 |
| Child care credit | 304,381 | 154,016 | 304,356 | 154,003 | 25 | 13 |
| Minimum tax credit | 134,654 | 766,946 | 134,409 | 759,109 | 245 | 7,837 |
| Foreign tax credit | 0 | 0 | 0 | 0 | 0 | 0 |
| General business credit | 71,816 | 630,734 | 71,734 | 630,296 | 82 | 439 |
| Worldwide total income tax | 4,571,961 | 625,872,243 | 4,571,961 | 625,872,243 | 0 | 0 |
| Foreign taxes paid | 1,872,292 | 15,346,914 | 1,872,292 | 15,346,914 | 0 | 0 |
| Foreign taxes paid on excluded foreign-earned income (Form 1116) | 41,790 | 1,160,499 | 41,790 | 1,160,499 | 0 | 0 |
| Taxable income which would yield: | | | | | | |
| Income tax before credits | 4,572,462 | 2,107,727,061 | 4,571,957 | 2,107,682,878 | 505 | 44,183 |
| Income tax after credits | 4,571,961 | 2,104,548,946 | 4,571,961 | 2,104,548,946 | 0 | 0 |
| Worldwide total income tax | 4,571,961 | 2,104,550,574 | 4,571,961 | 2,104,550,574 | 0 | 0 |
| Reconciliation of adjusted gross income and expanded income: | | | | | | |
| Adjusted gross income | 4,576,314 | 2,845,182,018 | 4,571,961 | 2,842,484,197 | 4,353 | 2,697,821 |
| plus: Total tax preferences excluded from adjusted gross income [2] | 1,698,753 | 61,777,073 | 1,695,437 | 60,788,964 | 3,316 | 988,110 |
| Social Security benefits (nontaxable) | 877,138 | 3,187,955 | 874,999 | 3,180,757 | 2,139 | 7,198 |
| Foreign-earned income exclusion | 69,027 | 5,774,723 | 68,958 | 5,765,384 | 69 | 9,339 |
| minus: Investment interest expense deduction | 785,396 | 24,857,464 | 784,143 | 23,025,110 | 1,253 | 1,832,354 |
| Non-limited miscellaneous deductions | 243,446 | 7,417,606 | 243,040 | 7,296,225 | 406 | 121,381 |
| Unreimbursed employee business expenses | 770,051 | 5,362,763 | 769,797 | 5,360,895 | 254 | 1,868 |
| Equals: Expanded income | 4,576,315 | 2,878,271,990 | 4,571,961 | 2,876,534,876 | 4,354 | 1,737,113 |

[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.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | 4,394,741 | 100.0 | 1,171,501 | 26.7 | 62,180 | 1.4 | 2,301,758 | 52.4 |
| Interest paid deduction | 1,456,094 | 33.1 | 0 | 0.0 | 12,020 | 19.3 | 1,291,036 | 56.1 |
| Investment interest expense deduction [1] | 70,645 | 1.6 | 8,860 | 0.8 | 0 | 0.0 | 43,528 | 1.9 |
| Taxes paid deduction | 1,536,112 | 35.0 | 1,059,021 | 90.4 | 34,132 | 54.9 | 0 | 0.0 |
| Charitable contributions deduction | 797,577 | 18.1 | 63,518 | 5.4 | 6,932 | 11.1 | 689,779 | 30.0 |
| Medical and dental expense deduction | 20,425 | 0.5 | 2,518 | 0.2 | ** 26 | ** [2] | 12,208 | 0.5 |
| Net casualty or theft loss deduction | 1,184 | [2] | 620 | 0.1 | ** | ** | 67 | [2] |
| Total miscellaneous deductions | 167,863 | 3.8 | 21,488 | 1.8 | 3,896 | 6.3 | 115,608 | 5.0 |
| Foreign tax credit | 83,132 | 1.9 | 1,628 | 0.1 | 852 | 1.4 | 55,069 | 2.4 |
| General business credit | 8,271 | 0.2 | 558 | [2] | 439 | 0.7 | 4,987 | 0.2 |
| All other tax credits | 35,907 | 0.8 | 3,263 | 0.3 | 796 | 1.3 | 19,661 | 0.9 |
| Partnership and S corporation net losses | 66,983 | 1.5 | ** 10,027 | ** 0.9 | 2,932 | 4.7 | 38,536 | 1.7 |
| No second largest item | 150,547 | 3.4 | ** | ** | 154 | 0.2 | 31,278 | 1.4 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 4,493,195 | 100.0 | 1,152,011 | 25.6 | 0 | 0.0 | 2,156,510 | 48.0 |
| Interest paid deduction | 1,402,047 | 31.2 | 0 | 0.0 | 0 | 0.0 | 1,250,715 | 58.0 |
| Tax-exempt interest [3] | 261,204 | 5.8 | 5,634 | 0.5 | 0 | 0.0 | 178,621 | 8.3 |
| Taxes paid deduction | 1,597,387 | 35.6 | 1,055,547 | 91.6 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 651,698 | 14.5 | 65,645 | 5.7 | 0 | 0.0 | 528,687 | 24.5 |
| Medical and dental expense deduction | 24,622 | 0.5 | 2,654 | 0.2 | 0 | 0.0 | 9,437 | 0.4 |
| Net casualty or theft loss deduction | 742 | [2] | 620 | 0.1 | 0 | 0.0 | 56 | [2] |
| Total miscellaneous deductions | 67,347 | 1.5 | 2,855 | 0.2 | 0 | 0.0 | 33,575 | 1.6 |
| Foreign tax credit | 98,059 | 2.2 | 1,376 | 0.1 | 0 | 0.0 | 29,583 | 1.4 |
| General business credit | 8,137 | 0.2 | 708 | 0.1 | 0 | 0.0 | 4,226 | 0.2 |
| All other tax credits | 32,782 | 0.7 | 3,287 | 0.3 | 0 | 0.0 | 15,816 | 0.7 |
| Partnership and S corporation net losses | 65,865 | 1.5 | 11,399 | 1.0 | 0 | 0.0 | 33,468 | 1.6 |
| Foreign-earned income exclusion [3] | 35,152 | 0.8 | 518 | [2] | 0 | 0.0 | 242 | [2] |
| AMT tax preference [3] | 4,114 | 0.1 | 186 | [2] | 0 | 0.0 | 1,829 | 0.1 |
| Nontaxable Social Security benefits [3] | 125,214 | 2.8 | ** 1,581 | ** 0.1 | 0 | 0.0 | 45,476 | 2.1 |
| No second largest item | 118,823 | 2.6 | ** | ** | 0 | 0.0 | 24,780 | 1.1 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | | Total miscellaneous deductions | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| Returns with U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 347,613 | 7.9 | 35,398 | 0.8 | 872 | [2] | 119,430 | 2.7 |
| Interest paid deduction | 67,036 | 19.3 | 3,101 | 8.8 | 656 | 75.3 | 32,550 | 27.3 |
| Investment interest expense deduction [1] | 6,766 | 1.9 | 187 | 0.5 | 42 | 4.8 | 1,752 | 1.5 |
| Taxes paid deduction | 243,844 | 70.1 | 21,972 | 62.1 | 109 | 12.5 | 62,804 | 52.6 |
| Charitable contributions deduction | 0 | 0.0 | 3,941 | 11.1 | 9 | 1.1 | 13,090 | 11.0 |
| Medical and dental expense deduction | 3,864 | 1.1 | 0 | 0.0 | 0 | 0.0 | 1,314 | 1.1 |
| Net casualty or theft loss deduction | 12 | [2] | 0 | 0.0 | 0 | 0.0 | 438 | 0.4 |
| Total miscellaneous deductions | 14,862 | 4.3 | 5,153 | 14.6 | 0 | 0.0 | 0 | 0.0 |
| Foreign tax credit | 2,467 | 0.7 | 587 | 1.7 | 50 | 5.7 | 3,713 | 3.1 |
| General business credit | 600 | 0.2 | 0 | 0.0 | 3 | 0.3 | 81 | 0.1 |
| All other tax credits | 1,552 | 0.4 | 7 | [2] | 0 | 0.0 | 98 | 0.1 |
| Partnership and S corporation net losses | ** 6,611 | ** 1.9 | 451 | 1.3 | 3 | 0.4 | 3,121 | 2.6 |
| No second largest item | ** | ** | 0 | 0.0 | 0 | 0.0 | 470 | 0.4 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 330,533 | 7.4 | 33,544 | 0.7 | 1,507 | [2] | 26,883 | 0.6 |
| Interest paid deduction | 67,884 | 20.5 | 2,268 | 6.8 | 649 | 43.1 | 3,195 | 11.9 |
| Tax-exempt interest [3] | 24,539 | 7.4 | 5,976 | 17.8 | 555 | 36.8 | 4,831 | 18.0 |
| Taxes paid deduction | 216,624 | 65.5 | 14,187 | 42.3 | 101 | 6.7 | 11,448 | 42.6 |
| Charitable contributions deduction | 0 | 0.0 | 3,183 | 9.5 | 145 | 9.6 | 3,491 | 13.0 |
| Medical and dental expense deduction | 2,702 | 0.8 | 0 | 0.0 | 0 | 0.0 | 423 | 1.6 |
| Net casualty or theft loss deduction | 12 | [2] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 5,953 | 1.8 | 3,091 | 9.2 | 0 | 0.0 | 0 | 0.0 |
| Foreign tax credit | 1,531 | 0.5 | 189 | 0.6 | 9 | 0.6 | 1,841 | 6.8 |
| General business credit | 449 | 0.1 | 0 | 0.0 | 3 | 0.2 | 49 | 0.2 |
| All other tax credits | 1,835 | 0.6 | 0 | 0.0 | 0 | 0.0 | 18 | 0.1 |
| Partnership and S corporation net losses | 5,927 | 1.8 | 435 | 1.3 | 3 | 0.2 | 922 | 3.4 |
| Foreign-earned income exclusion [3] | 71 | [2] | 0 | 0.0 | 0 | 0.0 | 357 | 1.3 |
| AMT tax preference [3] | 393 | 0.1 | 302 | 0.9 | 41 | 2.7 | ** | ** |
| Nontaxable Social Security benefits [3] | 2,564 | 0.8 | 3,913 | 11.7 | 0 | 0.0 | ** 308 | ** 1.1 |
| No second largest item | 49 | [2] | 0 | 0.0 | 0 | 0.0 | ** | ** |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-------------------------|---------------------|-----------------------|---------------------|--|---------------------|
| | Foreign tax credit | | General business credit | | All other tax credits | | Partnership and S corporation net losses | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| Returns with U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 166,088 | 3.8 | 8,482 | 0.2 | 43,321 | 1.0 | 138,098 | 3.1 |
| Interest paid deduction | 14,576 | 8.8 | 1,375 | 16.2 | 5,009 | 11.6 | 28,734 | 20.8 |
| Investment interest expense deduction [1] | 2,305 | 1.4 | 203 | 2.4 | 656 | 1.5 | 6,346 | 4.6 |
| Taxes paid deduction | 37,670 | 22.7 | 3,238 | 38.2 | 15,133 | 34.9 | 58,188 | 42.1 |
| Charitable contributions deduction | 3,734 | 2.2 | 409 | 4.8 | 1,396 | 3.2 | 14,768 | 10.7 |
| Medical and dental expense deduction | ** 53 | ** [2] | 0 | 0.0 | 142 | 0.3 | ** 305 | ** 0.2 |
| Net casualty or theft loss deduction | ** | ** | 41 | 0.5 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 1,958 | 1.2 | 57 | 0.7 | 397 | 0.9 | 4,445 | 3.2 |
| Foreign tax credit | 0 | 0.0 | 368 | 4.3 | 7,426 | 17.1 | 10,972 | 7.9 |
| General business credit | 282 | 0.2 | 0 | 0.0 | 898 | 2.1 | 424 | 0.3 |
| All other tax credits | 6,159 | 3.7 | 1,108 | 13.1 | 0 | 0.0 | 3,264 | 2.4 |
| Partnership and S corporation net losses | 4,639 | 2.8 | 138 | 1.6 | 623 | 1.4 | 0 | 0.0 |
| No second largest item | 94,713 | 57.0 | 1,544 | 18.2 | 11,641 | 26.9 | 10,650 | 7.7 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 105,111 | 2.3 | 8,591 | 0.2 | 36,878 | 0.8 | 132,526 | 2.9 |
| Interest paid deduction | 7,983 | 7.6 | 1,599 | 18.6 | 4,556 | 12.4 | 28,799 | 21.7 |
| Tax-exempt interest [3] | 8,018 | 7.6 | 478 | 5.6 | 3,033 | 8.2 | 12,846 | 9.7 |
| Taxes paid deduction | 23,963 | 22.8 | 3,087 | 35.9 | 13,374 | 36.3 | 53,238 | 40.2 |
| Charitable contributions deduction | 2,265 | 2.2 | 345 | 4.0 | 1,382 | 3.7 | 14,416 | 10.9 |
| Medical and dental expense deduction | ** 12 | ** [2] | 0 | 0.0 | 151 | 0.4 | ** 342 | ** 0.3 |
| Net casualty or theft loss deduction | ** | ** | 41 | 0.5 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 600 | 0.6 | ** | ** | 18 | [2] | 2,115 | 1.6 |
| Foreign tax credit | 0 | 0.0 | ** 191 | ** 2.2 | 2,846 | 7.7 | 5,600 | 4.2 |
| General business credit | 122 | 0.1 | 0 | 0.0 | 834 | 2.3 | 262 | 0.2 |
| All other tax credits | 682 | 0.6 | 1,176 | 13.7 | 0 | 0.0 | 2,671 | 2.0 |
| Partnership and S corporation net losses | 1,435 | 1.4 | 177 | 2.1 | 438 | 1.2 | 0 | 0.0 |
| Foreign-earned income exclusion [3] | 33,853 | 32.2 | 0 | 0.0 | 3 | [2] | 51 | [2] |
| AMT tax preference [3] | 324 | 0.3 | ** | ** | 67 | 0.2 | 419 | 0.3 |
| Nontaxable Social Security benefits [3] | 4,801 | 4.6 | ** 783 | ** 9.1 | 2,161 | 5.9 | 5,534 | 4.2 |
| No second largest item | 21,053 | 20.0 | 712 | 8.3 | 8,016 | 21.7 | 6,234 | 4.7 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-------------------------|---------------------|------------------------|---------------------|---|---------------------|
| | Foreign-earned income exclusion [3] | | Tax-exempt interest [3] | | AMT tax preference [3] | | Nontaxable Social Security benefits [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| Returns with U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Interest paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Investment interest expense deduction [1] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Taxes paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Foreign tax credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| General business credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Partnership and S corporation net losses | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 24,743 | 0.6 | 373,766 | 8.3 | 13,126 | 0.3 | 97,466 | 2.2 |
| Interest paid deduction | 6,005 | 24.3 | 20,809 | 5.6 | 2,155 | 16.4 | 5,429 | 5.6 |
| Tax-exempt interest [3] | 1,228 | 5.0 | 0 | 0.0 | 838 | 6.4 | 14,607 | 15.0 |
| Taxes paid deduction | 3,081 | 12.5 | 181,578 | 48.6 | 8,255 | 62.9 | 12,903 | 13.2 |
| Charitable contributions deduction | 557 | 2.3 | 30,632 | 8.2 | 607 | 4.6 | 343 | 0.4 |
| Medical and dental expense deduction | 0 | 0.0 | 8,595 | 2.3 | 8 | 0.1 | 302 | 0.3 |
| Net casualty or theft loss deduction | 0 | 0.0 | 8 | [2] | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 15 | 0.1 | 19,119 | 5.1 | ** | ** | 0 | 0.0 |
| Foreign tax credit | 8,869 | 35.8 | 30,662 | 8.2 | ** 8 | ** 0.1 | 15,360 | 15.8 |
| General business credit | 0 | 0.0 | 1,172 | 0.3 | 8 | 0.1 | 305 | 0.3 |
| All other tax credits | 323 | 1.3 | 3,314 | 0.9 | 558 | 4.3 | 3,103 | 3.2 |
| Partnership and S corporation net losses | 463 | 1.9 | 9,121 | 2.4 | 155 | 1.2 | 1,923 | 2.0 |
| Foreign-earned income exclusion [3] | 0 | 0.0 | 17 | [2] | 41 | 0.3 | 0 | 0.0 |
| AMT tax preference [3] | 0 | 0.0 | 373 | 0.1 | 0 | 0.0 | 177 | 0.2 |
| Nontaxable Social Security benefits [3] | 315 | 1.3 | 57,774 | 15.5 | 12 | 0.1 | 0 | 0.0 |
| No second largest item | 3,887 | 15.7 | 10,592 | 2.8 | 482 | 3.7 | 43,014 | 44.1 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | 10,464 | 100.0 | 340 | 3.2 | 1,050 | 10.0 | 253 | 2.4 |
| Interest paid deduction | 3,082 | 29.5 | 0 | 0.0 | 260 | 24.8 | 160 | 63.2 |
| Investment interest expense deduction [1] | 749 | 7.2 | 39 | 11.5 | 0 | 0.0 | 29 | 11.5 |
| Taxes paid deduction | 1,808 | 17.3 | 172 | 50.6 | 195 | 18.6 | 0 | 0.0 |
| Charitable contributions deduction | 960 | 9.2 | 66 | 19.4 | 184 | 17.5 | 20 | 7.9 |
| Medical and dental expense deduction | 115 | 1.1 | 6 | 1.8 | 20 | 1.9 | 7 | 2.8 |
| Net casualty or theft loss deduction | 7 | 0.1 | ** 4 | ** 1.2 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 440 | 4.2 | 14 | 4.1 | 71 | 6.8 | 8 | 3.2 |
| Foreign tax credit | 142 | 1.4 | 3 | 0.9 | 34 | 3.2 | ** 8 | ** 3.2 |
| General business credit | 18 | 0.2 | ** | ** | ** | ** | 0 | 0.0 |
| All other tax credits | 175 | 1.7 | 17 | 5.0 | 15 | 1.4 | ** | ** |
| Partnership and S corporation net losses | 803 | 7.7 | 19 | 5.6 | 267 | 25.4 | 21 | 8.3 |
| No second largest item | 2,165 | 20.7 | ** | ** | ** 4 | ** 0.4 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 13,142 | 100.0 | 294 | 2.2 | 0 | 0.0 | 274 | 2.1 |
| Interest paid deduction | 1,346 | 10.2 | 0 | 0.0 | 0 | 0.0 | 161 | 58.8 |
| Tax-exempt interest [3] | 812 | 6.2 | 10 | 3.4 | 0 | 0.0 | 42 | 15.3 |
| Taxes paid deduction | 1,522 | 11.6 | 165 | 56.1 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 790 | 6.0 | 62 | 21.1 | 0 | 0.0 | ** 20 | ** 7.3 |
| Medical and dental expense deduction | 604 | 4.6 | 8 | 2.7 | 0 | 0.0 | 12 | 4.4 |
| Net casualty or theft loss deduction | 15 | 0.1 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 322 | 2.4 | ** | ** | 0 | 0.0 | 9 | 3.3 |
| Foreign tax credit | 1,012 | 7.7 | ** 7 | ** 2.4 | 0 | 0.0 | 5 | 1.8 |
| General business credit | 22 | 0.2 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 141 | 1.1 | 17 | 5.8 | 0 | 0.0 | 3 | 1.1 |
| Partnership and S corporation net losses | 575 | 4.4 | 19 | 6.5 | 0 | 0.0 | 22 | 8.0 |
| Foreign-earned income exclusion [3] | 5,177 | 39.4 | ** 6 | ** 2.0 | ** 0 | ** 0.0 | ** | ** |
| AMT tax preference [3] | 4 | [2] | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 151 | 1.1 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 649 | 4.9 | ** | ** | 0 | 0.0 | 0 | 0.0 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | | Total miscellaneous deductions | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| Returns without U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 395 | 3.8 | 518 | 5.0 | 323 | 3.1 | 1,805 | 17.3 |
| Interest paid deduction | 102 | 25.8 | 52 | 10.0 | 151 | 46.7 | 786 | 43.5 |
| Investment interest expense deduction [1] | 90 | 22.8 | 13 | 2.5 | ** 10 | ** 3.1 | 43 | 2.4 |
| Taxes paid deduction | 77 | 19.5 | 162 | 31.3 | 91 | 28.2 | ** 629 | ** 34.8 |
| Charitable contributions deduction | 0 | 0.0 | 135 | 26.1 | 26 | 8.0 | ** | ** |
| Medical and dental expense deduction | 25 | 6.3 | 0 | 0.0 | 8 | 2.5 | 24 | 1.3 |
| Net casualty or theft loss deduction | ** 3 | ** 0.8 | 0 | 0.0 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 26 | 6.6 | 134 | 25.9 | 23 | 7.1 | 0 | 0.0 |
| Foreign tax credit | 36 | 9.1 | 9 | 1.7 | 0 | 0.0 | 7 | 0.4 |
| General business credit | ** | ** | 0 | 0.0 | 0 | 0.0 | ** 6 | ** 0.3 |
| All other tax credits | 15 | 3.8 | ** 7 | ** 1.3 | ** | ** | 11 | 0.6 |
| Partnership and S corporation net losses | 21 | 5.3 | 6 | 1.2 | 14 | 4.3 | 212 | 11.7 |
| No second largest item | 0 | 0.0 | ** | ** | ** | ** | 87 | 4.8 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 413 | 3.1 | 822 | 6.3 | 317 | 2.4 | 45 | 0.3 |
| Interest paid deduction | 115 | 27.8 | 54 | 6.6 | 148 | 46.7 | 5 | 11.1 |
| Tax-exempt interest [3] | ** 43 | ** 10.4 | 413 | 50.2 | 22 | 6.9 | 18 | 40.0 |
| Taxes paid deduction | 107 | 25.9 | 98 | 11.9 | 83 | 26.2 | 10 | 22.2 |
| Charitable contributions deduction | 0 | 0.0 | 122 | 14.8 | ** 37 | ** 11.7 | 5 | 11.1 |
| Medical and dental expense deduction | 33 | 8.0 | 0 | 0.0 | ** | ** | ** | ** |
| Net casualty or theft loss deduction | ** | ** | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 25 | 6.1 | ** 97 | ** 11.8 | 6 | 1.9 | 0 | 0.0 |
| Foreign tax credit | 28 | 6.8 | 8 | 1.0 | ** | ** | ** | ** |
| General business credit | ** | ** | ** | ** | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 19 | 4.6 | 3 | 0.4 | ** | ** | ** 4 | ** 8.9 |
| Partnership and S corporation net losses | 33 | 8.0 | 5 | 0.6 | 14 | 4.4 | 3 | 6.7 |
| Foreign-earned income exclusion [3] | ** 7 | ** 1.7 | ** | ** | ** 3 | ** 0.9 | ** 0 | ** 0.0 |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 3 | 0.7 | 19 | 2.3 | 4 | 1.3 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | ** 3 | ** 0.4 | 0 | 0.0 | 0 | 0.0 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-------------------------|---------------------|-----------------------|---------------------|--|---------------------|
| | Foreign tax credit | | General business credit | | All other tax credits | | Partnership and S corporation net losses | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| Returns without U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 4,863 | 46.5 | 11 | 0.1 | 288 | 2.8 | 618 | 5.9 |
| Interest paid deduction | 1,437 | 29.6 | 3 | 27.3 | 97 | 33.7 | 34 | 5.5 |
| Investment interest expense deduction [1] | 205 | 4.2 | ** 4 | ** 36.4 | 20 | 6.9 | 301 | 48.7 |
| Taxes paid deduction | 394 | 8.1 | ** | ** | 93 | 32.3 | 71 | 11.5 |
| Charitable contributions deduction | 338 | 7.0 | ** | ** | 22 | 7.6 | 90 | 14.6 |
| Medical and dental expense deduction | 20 | 0.4 | 0 | 0.0 | 0 | 0.0 | 5 | 0.8 |
| Net casualty or theft loss deduction | ** | ** | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 108 | 2.2 | 0 | 0.0 | 14 | 4.9 | 42 | 6.8 |
| Foreign tax credit | 0 | 0.0 | ** | ** | 5 | 1.7 | 42 | 6.8 |
| General business credit | ** 3 | ** [2] | 0 | 0.0 | ** | ** | 5 | 0.8 |
| All other tax credits | 76 | 1.6 | ** 4 | ** 36.4 | 0 | 0.0 | 28 | 4.5 |
| Partnership and S corporation net losses | 216 | 4.4 | 0 | 0.0 | 27 | 9.4 | 0 | 0.0 |
| No second largest item | 2,066 | 42.5 | 0 | 0.0 | ** 10 | ** 3.5 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 7,009 | 53.3 | 10 | 0.1 | 300 | 2.3 | 448 | 3.4 |
| Interest paid deduction | 462 | 6.6 | 3 | 30.0 | 104 | 34.7 | 31 | 6.9 |
| Tax-exempt interest [3] | 88 | 1.3 | ** | ** | 25 | 8.3 | 151 | 33.7 |
| Taxes paid deduction | 283 | 4.0 | 0 | 0.0 | 93 | 31.0 | 69 | 15.4 |
| Charitable contributions deduction | 171 | 2.4 | ** 3 | ** 30.0 | 25 | 8.3 | 92 | 20.6 |
| Medical and dental expense deduction | 11 | 0.2 | 0 | 0.0 | 0 | 0.0 | 6 | 1.3 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 41 | 0.6 | 0 | 0.0 | 7 | 2.3 | 19 | 4.2 |
| Foreign tax credit | 0 | 0.0 | 0 | 0.0 | 5 | 1.7 | 44 | 9.8 |
| General business credit | 0 | 0.0 | 0 | 0.0 | ** 4 | ** 1.3 | 6 | 1.3 |
| All other tax credits | 21 | 0.3 | 4 | 40.0 | 0 | 0.0 | 27 | 6.0 |
| Partnership and S corporation net losses | 140 | 2.0 | 0 | 0.0 | 30 | 10.0 | 0 | 0.0 |
| Foreign-earned income exclusion [3] | ** 5,156 | ** 73.6 | ** 0 | ** 0.0 | ** | ** | ** 3 | ** 0.7 |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 63 | 0.9 | 0 | 0.0 | 3 | 1.0 | 0 | 0.0 |
| No second largest item | 573 | 8.2 | 0 | 0.0 | 4 | 1.3 | 0 | 0.0 |

Footnotes at end of table.

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Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-------------------------|---------------------|------------------------|---------------------|---|---------------------|
| | Foreign-earned income exclusion [3] | | Tax-exempt interest [3] | | AMT tax preference [3] | | Nontaxable Social Security benefits [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| Returns without U.S. income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Interest paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Investment interest expense deduction [1] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Taxes paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Foreign tax credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| General business credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Partnership and S corporation net losses | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 998 | 7.6 | ** 2,212 | ** 16.8 | ** | ** | ** | ** |
| Interest paid deduction | 50 | 5.0 | ** 213 | ** 9.6 | ** | ** | ** | ** |
| Tax-exempt interest [3] | ** | ** | ** 0 | ** 0.0 | ** | ** | ** | ** |
| Taxes paid deduction | 20 | 2.0 | ** 594 | ** 26.9 | ** | ** | ** | ** |
| Charitable contributions deduction | ** 10 | ** 1.0 | ** 256 | ** 11.6 | ** | ** | ** | ** |
| Medical and dental expense deduction | ** 8 | ** 0.8 | ** 531 | ** 24.0 | ** | ** | ** | ** |
| Net casualty or theft loss deduction | ** | ** | ** | ** | ** | ** | ** | ** |
| Total miscellaneous deductions | ** | ** | ** 118 | ** 5.3 | ** | ** | ** | ** |
| Foreign tax credit | 903 | 90.5 | ** 13 | ** 0.6 | ** | ** | ** | ** |
| General business credit | 0 | 0.0 | ** 10 | ** 0.5 | ** | ** | ** | ** |
| All other tax credits | 3 | 0.3 | ** 42 | ** 1.9 | ** | ** | ** | ** |
| Partnership and S corporation net losses | 4 | 0.4 | ** 305 | ** 13.8 | ** | ** | ** | ** |
| Foreign-earned income exclusion [3] | ** 0 | ** 0.0 | ** | ** | ** | ** | ** | ** |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 0 | 0.0 | ** 59 | ** 2.7 | ** | ** | ** | ** |
| No second largest item | ** | ** | ** 71 | ** 3.2 | ** | ** | ** | ** |

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

[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, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

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

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Total | | Item with the largest tax effect | | | | | |
|---|-------------------|---------------------|----------------------------------|---------------------|---|---------------------|----------------------|---------------------|
| | Number of returns | Percentage of total | Interest paid deduction | | Investment interest expense deduction [1] | | Taxes paid deduction | |
| | | | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Returns with worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 4,303,578 | 100.0 | 1,187,532 | 27.6 | 64,833 | 1.5 | 2,339,972 | 54.4 |
| Interest paid deduction | 1,465,926 | 34.1 | 0 | 0.0 | 12,545 | 19.4 | 1,312,248 | 56.1 |
| Investment interest expense deduction [1] | 73,308 | 1.7 | 9,671 | 0.8 | 0 | 0.0 | 46,658 | 2.0 |
| Taxes paid deduction | 1,525,464 | 35.4 | 1,072,899 | 90.3 | 36,172 | 55.8 | 0 | 0.0 |
| Charitable contributions deduction | 842,024 | 19.6 | 65,143 | 5.5 | 7,452 | 11.5 | 734,620 | 31.4 |
| Medical and dental expense deduction | 20,889 | 0.5 | 2,523 | 0.2 | ** 31 | ** [2] | 12,237 | 0.5 |
| Net casualty or theft loss deduction | 1,183 | [2] | 620 | 0.1 | ** | ** | 67 | [2] |
| Total miscellaneous deductions | 173,446 | 4.0 | 21,591 | 1.8 | 4,049 | 6.2 | 121,797 | 5.2 |
| General business credit | 8,616 | 0.2 | 558 | [2] | 461 | 0.7 | 5,381 | 0.2 |
| All other tax credits | 32,828 | 0.8 | 3,503 | 0.3 | 839 | 1.3 | 21,710 | 0.9 |
| Partnership and S Corporation net losses | 64,840 | 1.5 | 10,070 | 0.8 | 3,092 | 4.8 | 40,287 | 1.7 |
| No second largest item | 95,055 | 2.2 | 955 | 0.1 | 192 | 0.3 | 44,966 | 1.9 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 4,480,357 | 100.0 | 1,160,486 | 25.9 | 0 | 0.0 | 2,180,908 | 48.7 |
| Interest paid deduction | 1,422,555 | 31.8 | 0 | 0.0 | 0 | 0.0 | 1,266,972 | 58.1 |
| Tax-exempt interest [3] | 270,047 | 6.0 | 5,725 | 0.5 | 0 | 0.0 | 185,124 | 8.5 |
| Taxes paid deduction | 1,603,629 | 35.8 | 1,064,443 | 91.7 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 668,165 | 14.9 | 65,936 | 5.7 | 0 | 0.0 | 544,652 | 25.0 |
| Medical and dental expense deduction | 25,030 | 0.6 | 2,656 | 0.2 | 0 | 0.0 | 9,441 | 0.4 |
| Net casualty or theft loss deduction | 746 | [2] | 620 | 0.1 | 0 | 0.0 | 56 | [2] |
| Total miscellaneous deductions | 70,421 | 1.6 | 2,960 | 0.3 | 0 | 0.0 | 35,844 | 1.6 |
| General business credit | 8,416 | 0.2 | 708 | 0.1 | 0 | 0.0 | 4,412 | 0.2 |
| All other tax credits | 38,502 | 0.9 | 3,310 | 0.3 | 0 | 0.0 | 16,310 | 0.7 |
| Partnership and S Corporation net losses | 69,063 | 1.5 | 11,558 | 1.0 | 0 | 0.0 | 34,380 | 1.6 |
| Foreign-earned income exclusion [3] | 2,942 | 0.1 | 592 | 0.1 | 0 | 0.0 | 1,055 | [2] |
| AMT tax preference [3] | 4,509 | 0.1 | 186 | [2] | 0 | 0.0 | 1,841 | 0.1 |
| Nontaxable Social Security benefits [3] | 129,358 | 2.9 | 1,762 | 0.2 | 0 | 0.0 | 48,062 | 2.2 |
| No second largest item | 166,975 | 3.7 | 30 | [2] | 0 | 0.0 | 32,759 | 1.5 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | | Total miscellaneous deductions | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| Returns with worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 351,775 | 8.2 | 35,509 | 0.8 | 881 | [2] | 121,527 | 2.8 |
| Interest paid deduction | 68,077 | 19.4 | 3,122 | 8.8 | 659 | 74.8 | 32,844 | 27.0 |
| Investment interest expense deduction [1] | 7,008 | 2.0 | 188 | 0.5 | 43 | 4.8 | 1,959 | 1.6 |
| Taxes paid deduction | 248,203 | 70.6 | 22,606 | 63.7 | 120 | 13.6 | 66,566 | 54.8 |
| Charitable contributions deduction | 0 | 0.0 | 3,955 | 11.1 | ** 52 | ** 5.9 | 13,776 | 11.3 |
| Medical and dental expense deduction | 3,872 | 1.1 | 0 | 0.0 | 0 | 0.0 | 1,780 | 1.5 |
| Net casualty or theft loss deduction | 12 | [2] | 0 | 0.0 | 0 | 0.0 | 438 | 0.4 |
| Total miscellaneous deductions | 15,473 | 4.4 | 5,169 | 14.6 | ** | ** | 0 | 0.0 |
| General business credit | 608 | 0.2 | 0 | 0.0 | 3 | 0.3 | 82 | 0.1 |
| All other tax credits | 1,604 | 0.5 | 12 | [2] | 0 | 0.0 | 116 | 0.1 |
| Partnership and S Corporation net losses | 6,658 | 1.9 | 452 | 1.3 | 4 | 0.5 | 3,175 | 2.6 |
| No second largest item | 259 | 0.1 | 4 | [2] | 0 | 0.0 | 793 | 0.7 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 333,067 | 7.4 | 33,617 | 0.8 | 1,516 | [2] | 27,532 | 0.6 |
| Interest paid deduction | 68,473 | 20.6 | 2,278 | 6.8 | 650 | 42.9 | 3,246 | 11.8 |
| Tax-exempt interest [3] | 24,850 | 7.5 | 5,996 | 17.8 | 557 | 36.7 | 4,898 | 17.8 |
| Taxes paid deduction | 218,972 | 65.7 | 14,395 | 42.8 | 112 | 7.4 | 12,928 | 47.0 |
| Charitable contributions deduction | 0 | 0.0 | 3,189 | 9.5 | 147 | 9.7 | 3,692 | 13.4 |
| Medical and dental expense deduction | 2,710 | 0.8 | 0 | 0.0 | 0 | 0.0 | 739 | 2.7 |
| Net casualty or theft loss deduction | 12 | [2] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 6,394 | 1.9 | ** 3,098 | ** 9.2 | ** | ** | 0 | 0.0 |
| General business credit | 455 | 0.1 | ** | ** | ** 4 | ** 0.3 | 49 | 0.2 |
| All other tax credits | 1,862 | 0.6 | 3 | [2] | 0 | 0.0 | 24 | 0.1 |
| Partnership and S Corporation net losses | 6,001 | 1.8 | 436 | 1.3 | 4 | 0.3 | 958 | 3.5 |
| Foreign-earned income exclusion [3] | 161 | [2] | 3 | [2] | 0 | 0.0 | 360 | 1.3 |
| AMT tax preference [3] | 393 | 0.1 | 302 | 0.9 | ** 42 | ** 2.8 | 3 | [2] |
| Nontaxable Social Security benefits [3] | 2,719 | 0.8 | 3,914 | 11.6 | ** | ** | 622 | 2.3 |
| No second largest item | 64 | [2] | 3 | [2] | 0 | 0.0 | 14 | 0.1 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-----------------------|---------------------|--|---------------------|-------------------------------------|---------------------|
| | General business credit | | All other tax credits | | Partnership and S Corporation net losses | | Foreign-earned income exclusion [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| Returns with worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 0 | 0.0 | 8,773 | 0.2 | 49,704 | 1.2 | 143,073 | 3.3 |
| Interest paid deduction | 0 | 0.0 | 1,391 | 15.9 | 5,597 | 11.3 | 29,442 | 20.6 |
| Investment interest expense deduction [1] | 0 | 0.0 | 211 | 2.4 | 736 | 1.5 | 6,834 | 4.8 |
| Taxes paid deduction | 0 | 0.0 | 3,391 | 38.7 | 15,529 | 31.2 | 59,977 | 41.9 |
| Charitable contributions deduction | 0 | 0.0 | ** 512 | ** 5.8 | 1,455 | 2.9 | 15,129 | 10.6 |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 142 | 0.3 | ** 308 | ** 0.2 |
| Net casualty or theft loss deduction | 0 | 0.0 | 41 | 0.5 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 0 | 0.0 | ** | ** | 410 | 0.8 | 4,886 | 3.4 |
| General business credit | 0 | 0.0 | 0 | 0.0 | 1,064 | 2.1 | 460 | 0.3 |
| All other tax credits | 0 | 0.0 | 1,111 | 12.7 | 0 | 0.0 | 3,935 | 2.8 |
| Partnership and S Corporation net losses | 0 | 0.0 | 146 | 1.7 | 956 | 1.9 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | 1,970 | 22.5 | 23,815 | 47.9 | 22,102 | 15.4 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 8,718 | 0.2 | 37,739 | 0.8 | 134,215 | 3.0 | 64,697 | 1.4 |
| Interest paid deduction | 1,602 | 18.4 | 4,639 | 12.3 | 29,456 | 21.9 | 16,241 | 25.1 |
| Tax-exempt interest [3] | 509 | 5.8 | 3,252 | 8.6 | 14,017 | 10.4 | 5,832 | 9.0 |
| Taxes paid deduction | 3,188 | 36.6 | 13,510 | 35.8 | 54,649 | 40.7 | 10,110 | 15.6 |
| Charitable contributions deduction | 352 | 4.0 | 1,420 | 3.8 | 14,588 | 10.9 | 1,651 | 2.6 |
| Medical and dental expense deduction | 0 | 0.0 | 151 | 0.4 | 340 | 0.3 | 23 | [2] |
| Net casualty or theft loss deduction | 41 | 0.5 | 0 | 0.0 | 3 | [2] | 5 | [2] |
| Total miscellaneous deductions | 4 | [2] | 27 | 0.1 | 2,307 | 1.7 | ** 212 | ** 0.3 |
| General business credit | 0 | 0.0 | 839 | 2.2 | 280 | 0.2 | ** | ** |
| All other tax credits | 1,178 | 13.5 | 0 | 0.0 | 2,842 | 2.1 | 4,223 | 6.5 |
| Partnership and S Corporation net losses | 177 | 2.0 | 459 | 1.2 | 0 | 0.0 | 2,124 | 3.3 |
| Foreign-earned income exclusion [3] | 0 | 0.0 | 15 | [2] | 206 | 0.2 | 0 | 0.0 |
| AMT tax preference [3] | ** | ** | 67 | 0.2 | 421 | 0.3 | 9 | [2] |
| Nontaxable Social Security benefits [3] | ** 783 | ** 9.0 | 2,206 | 5.8 | 5,713 | 4.3 | 436 | 0.7 |
| No second largest item | 883 | 10.1 | 11,155 | 29.6 | 9,393 | 7.0 | 23,832 | 36.8 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | |
|---|--|---------------------|------------------------|---------------------|---|---------------------|
| | Tax-exempt interest [3] | | AMT tax preference [3] | | Nontaxable Social Security benefits [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (25) | (26) | (27) | (28) | (29) | (30) |
| Returns with worldwide income tax | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | |
| Total | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Interest paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Investment interest expense deduction [1] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Taxes paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| General business credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Partnership and S Corporation net losses | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | |
| Total | 382,080 | 8.5 | 13,451 | 0.3 | 102,330 | 2.3 |
| Interest paid deduction | 21,410 | 5.6 | 2,156 | 16.0 | 5,431 | 5.3 |
| Tax-exempt interest [3] | 0 | 0.0 | 850 | 6.3 | 18,437 | 18.0 |
| Taxes paid deduction | 188,554 | 49.3 | 8,401 | 62.5 | 14,369 | 14.0 |
| Charitable contributions deduction | 31,581 | 8.3 | 611 | 4.5 | 345 | 0.3 |
| Medical and dental expense deduction | 8,660 | 2.3 | 8 | 0.1 | 302 | 0.3 |
| Net casualty or theft loss deduction | 8 | [2] | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 19,639 | 5.1 | ** | ** | ** | ** |
| General business credit | 1,288 | 0.3 | ** 13 | ** 0.1 | ** 306 | ** 0.3 |
| All other tax credits | 4,748 | 1.2 | 575 | 4.3 | 3,426 | 3.3 |
| Partnership and S Corporation net losses | 10,806 | 2.8 | 155 | 1.2 | 2,006 | 2.0 |
| Foreign-earned income exclusion [3] | 404 | 0.1 | 145 | 1.1 | 0 | 0.0 |
| AMT tax preference [3] | 1,059 | 0.3 | 0 | 0.0 | 185 | 0.2 |
| Nontaxable Social Security benefits [3] | 63,129 | 16.5 | 12 | 0.1 | 0 | 0.0 |
| No second largest item | 30,795 | 8.1 | 526 | 3.9 | 57,521 | 56.2 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 4,840 | 100.0 | 314 | 6.5 | 907 | 18.7 | 103 | 2.1 |
| Interest paid deduction | 1,393 | 28.8 | 0 | 0.0 | 231 | 25.5 | 17 | 16.5 |
| Investment interest expense deduction [1] | 490 | 10.1 | 33 | 10.5 | 0 | 0.0 | 28 | 27.2 |
| Taxes paid deduction | 1,302 | 26.9 | 165 | 52.5 | 180 | 19.8 | 0 | 0.0 |
| Charitable contributions deduction | 551 | 11.4 | 61 | 19.4 | 165 | 18.2 | 20 | 19.4 |
| Medical and dental expense deduction | 86 | 1.8 | 6 | 1.9 | 16 | 1.8 | 7 | 6.8 |
| Net casualty or theft loss deduction | 5 | 0.1 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 289 | 6.0 | 12 | 3.8 | 53 | 5.8 | 8 | 7.8 |
| General business credit | 12 | 0.2 | ** | ** | ** | ** | 0 | 0.0 |
| All other tax credits | 62 | 1.3 | 15 | 4.8 | 7 | 0.8 | ** | ** |
| Partnership and S Corporation net losses | 551 | 11.4 | 18 | 5.7 | 252 | 27.8 | ** 23 | ** 22.3 |
| No second largest item | 99 | 2.0 | ** 4 | ** 1.3 | ** 3 | ** 0.3 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 4,354 | 100.0 | 264 | 6.1 | 0 | 0.0 | 121 | 2.8 |
| Interest paid deduction | 617 | 14.2 | 0 | 0.0 | 0 | 0.0 | 18 | 14.9 |
| Tax-exempt interest [3] | 647 | 14.9 | 4 | 1.5 | 0 | 0.0 | 41 | 33.9 |
| Taxes paid deduction | 1,104 | 25.4 | 157 | 59.5 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 517 | 11.9 | 57 | 21.6 | 0 | 0.0 | 18 | 14.9 |
| Medical and dental expense deduction | 564 | 13.0 | 8 | 3.0 | 0 | 0.0 | 11 | 9.1 |
| Net casualty or theft loss deduction | 15 | 0.3 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 246 | 5.6 | 0 | 0.0 | 0 | 0.0 | 9 | 7.4 |
| General business credit | 12 | 0.3 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 74 | 1.7 | 13 | 4.9 | 0 | 0.0 | ** 3 | ** 2.5 |
| Partnership and S Corporation net losses | 380 | 8.7 | 18 | 6.8 | 0 | 0.0 | 21 | 17.4 |
| Foreign-earned income exclusion [3] | ** 15 | ** 0.3 | ** 7 | ** 2.7 | ** 0 | ** 0.0 | ** | ** |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 87 | 2.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 76 | 1.7 | ** | ** | 0 | 0.0 | 0 | 0.0 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and 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 | | Total miscellaneous deductions | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| Returns without worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 305 | 6.3 | 480 | 9.9 | 317 | 6.5 | ** 1,776 | ** 36.7 |
| Interest paid deduction | 88 | 28.8 | 47 | 9.8 | 149 | 47.0 | ** 778 | ** 43.8 |
| Investment interest expense deduction [1] | 74 | 24.3 | 13 | 2.7 | 8 | 2.5 | ** 38 | ** 2.1 |
| Taxes paid deduction | 68 | 22.3 | 153 | 31.9 | 89 | 28.1 | ** 547 | ** 30.8 |
| Charitable contributions deduction | 0 | 0.0 | 128 | 26.7 | 25 | 7.9 | ** 75 | ** 4.2 |
| Medical and dental expense deduction | 21 | 6.9 | 0 | 0.0 | 8 | 2.5 | ** 24 | ** 1.4 |
| Net casualty or theft loss deduction | ** 3 | ** 1.0 | 0 | 0.0 | 0 | 0.0 | ** | ** |
| Total miscellaneous deductions | 22 | 7.2 | 131 | 27.3 | 23 | 7.3 | ** 0 | ** 0.0 |
| General business credit | ** | ** | 0 | 0.0 | 0 | 0.0 | ** 4 | ** 0.2 |
| All other tax credits | 9 | 3.0 | ** | ** | ** | ** | ** 10 | ** 0.6 |
| Partnership and S Corporation net losses | 20 | 6.6 | ** 8 | ** 1.7 | ** 15 | ** 4.7 | ** 211 | ** 11.9 |
| No second largest item | 0 | 0.0 | ** | ** | ** | ** | ** 89 | ** 5.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 316 | 7.3 | 772 | 17.7 | 309 | 7.1 | 36 | 0.8 |
| Interest paid deduction | 96 | 30.4 | 49 | 6.3 | 147 | 47.6 | ** | ** |
| Tax-exempt interest [3] | 26 | 8.2 | 395 | 51.2 | 21 | 6.8 | 15 | 41.7 |
| Taxes paid deduction | 98 | 31.0 | 92 | 11.9 | 81 | 26.2 | 7 | 19.4 |
| Charitable contributions deduction | 0 | 0.0 | 118 | 15.3 | 26 | 8.4 | 5 | 13.9 |
| Medical and dental expense deduction | 26 | 8.2 | 0 | 0.0 | 7 | 2.3 | ** | ** |
| Net casualty or theft loss deduction | ** | ** | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 21 | 6.6 | ** 94 | ** 12.2 | 6 | 1.9 | 0 | 0.0 |
| General business credit | ** | ** | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 12 | 3.8 | 0 | 0.0 | ** | ** | ** 6 | ** 16.7 |
| Partnership and S Corporation net losses | 30 | 9.5 | 5 | 0.6 | 13 | 4.2 | 3 | 8.3 |
| Foreign-earned income exclusion [3] | ** 4 | ** 1.3 | ** | ** | ** 4 | ** 1.3 | ** 0 | ** 0.0 |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 3 | 0.9 | 19 | 2.5 | 4 | 1.3 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | ** | ** | 0 | 0.0 | 0 | 0.0 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | | | |
|---|--|---------------------|-----------------------|---------------------|--|---------------------|-------------------------------------|---------------------|
| | General business credit | | All other tax credits | | Partnership and S Corporation net losses | | Foreign-earned income exclusion [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| Returns without worldwide income tax | | | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | | | |
| Total | 0 | 0.0 | ** | ** | 140 | 2.9 | 498 | 10.3 |
| Interest paid deduction | 0 | 0.0 | ** | ** | 56 | 40.0 | 27 | 5.4 |
| Investment interest expense deduction [1] | 0 | 0.0 | ** | ** | 10 | 7.1 | 286 | 57.4 |
| Taxes paid deduction | 0 | 0.0 | ** | ** | 44 | 31.4 | 56 | 11.2 |
| Charitable contributions deduction | 0 | 0.0 | ** | ** | 7 | 5.0 | 70 | 14.1 |
| Medical and dental expense deduction | 0 | 0.0 | ** | ** | 0 | 0.0 | 4 | 0.8 |
| Net casualty or theft loss deduction | 0 | 0.0 | ** | ** | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 0 | 0.0 | ** | ** | ** 4 | ** 2.9 | ** 39 | ** 7.8 |
| General business credit | 0 | 0.0 | ** | ** | ** | ** | ** | ** |
| All other tax credits | 0 | 0.0 | ** | ** | 0 | 0.0 | 16 | 3.2 |
| Partnership and S Corporation net losses | 0 | 0.0 | ** | ** | ** 19 | ** 13.6 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | ** | ** | ** | ** | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | | | |
| Total | 4 | 0.1 | 142 | 3.3 | 334 | 7.7 | 52 | 1.2 |
| Interest paid deduction | ** | ** | 60 | 42.3 | 26 | 7.8 | 24 | 46.2 |
| Tax-exempt interest [3] | 0 | 0.0 | 7 | 4.9 | 138 | 41.3 | 0 | 0.0 |
| Taxes paid deduction | 0 | 0.0 | 45 | 31.7 | 53 | 15.9 | 16 | 30.8 |
| Charitable contributions deduction | ** | ** | 8 | 5.6 | 74 | 22.2 | ** | ** |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 6 | 1.8 | ** 7 | ** 13.5 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | ** | ** | ** | ** |
| Total miscellaneous deductions | 0 | 0.0 | 0 | 0.0 | 16 | 4.8 | ** | ** |
| General business credit | 0 | 0.0 | ** | ** | ** 5 | ** 1.5 | 0 | 0.0 |
| All other tax credits | ** 4 | ** 100.0 | 0 | 0.0 | 16 | 4.8 | ** | ** |
| Partnership and S Corporation net losses | 0 | 0.0 | 13 | 9.2 | 0 | 0.0 | 0 | 0.0 |
| Foreign-earned income exclusion [3] | ** 0 | ** 0.0 | ** | ** | ** | ** | ** 0 | ** 0.0 |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | 0 | 0.0 | 3 | 2.1 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | ** 6 | ** 4.2 | 0 | 0.0 | ** 5 | ** 9.6 |

Footnotes at end of table.

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Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2007—Continued

[All figures are estimates based on samples]

| Tax status, income concept, and item with the second largest tax effect | Item with the largest tax effect—continued | | | | | |
|---|--|---------------------|------------------------|---------------------|---|---------------------|
| | Tax-exempt interest [3] | | AMT tax preference [3] | | Nontaxable Social Security benefits [3] | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (25) | (26) | (27) | (28) | (29) | (30) |
| Returns without worldwide income tax | | | | | | |
| Returns with adjusted gross income of \$200,000 or more | | | | | | |
| Total | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Interest paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Investment interest expense deduction [1] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Taxes paid deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Charitable contributions deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Medical and dental expense deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Net casualty or theft loss deduction | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total miscellaneous deductions | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| General business credit | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| All other tax credits | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Partnership and S Corporation net losses | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| No second largest item | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Returns with expanded income of \$200,000 or more | | | | | | |
| Total | ** 2,004 | ** 46.0 | ** | ** | ** | ** |
| Interest paid deduction | ** 193 | ** 9.6 | ** | ** | ** | ** |
| Tax-exempt interest [3] | ** 0 | ** 0.0 | ** | ** | ** | ** |
| Taxes paid deduction | ** 555 | ** 27.7 | ** | ** | ** | ** |
| Charitable contributions deduction | ** 208 | ** 10.4 | ** | ** | ** | ** |
| Medical and dental expense deduction | ** 499 | ** 24.9 | ** | ** | ** | ** |
| Net casualty or theft loss deduction | ** 13 | ** 0.6 | ** | ** | ** | ** |
| Total miscellaneous deductions | ** 101 | ** 5.0 | ** | ** | ** | ** |
| General business credit | ** 6 | ** 0.3 | ** | ** | ** | ** |
| All other tax credits | ** 25 | ** 1.2 | ** | ** | ** | ** |
| Partnership and S Corporation net losses | ** 277 | ** 13.8 | ** | ** | ** | ** |
| Foreign-earned income exclusion [3] | ** | ** | ** | ** | ** | ** |
| AMT tax preference [3] | ** | ** | ** | ** | ** | ** |
| Nontaxable Social Security benefits [3] | ** 58 | ** 2.9 | ** | ** | ** | ** |
| No second largest item | ** 69 | ** 3.4 | ** | ** | ** | ** |

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

[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, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

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

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Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2007

[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 | 10,465 | 2,238 | 1,496 | 814 | 417 | 147 |
| Interest paid deduction: | | | | | | |
| Total | 10,465 | 3,600 | 2,967 | 1,000 | 710 | 241 |
| Investment interest per income concept | 10,465 | 6,982 | 1,572 | 196 | 150 | 143 |
| Taxes paid deduction | 10,465 | 3,004 | 5,373 | 1,127 | 382 | 151 |
| Charitable contributions deduction | 10,465 | 4,485 | 4,435 | 395 | 199 | 229 |
| Medical and dental expense deduction | 10,465 | 9,517 | 280 | 62 | 35 | 31 |
| Net casualty or theft loss deduction | 10,465 | 10,129 | 4 | 3 | 3 | 3 |
| Net limited miscellaneous deduction per income concept | 10,465 | 8,386 | 1,283 | 480 | 140 | 65 |
| Non-limited miscellaneous deduction | 10,465 | 7,979 | 602 | 47 | 26 | 23 |
| Deduction equivalent of: | | | | | | |
| Total credits | 10,465 | 4,418 | 544 | 94 | 104 | 147 |
| Foreign tax credit | 10,465 | 4,841 | 586 | 50 | 57 | 83 |
| General business credit | 10,465 | 10,294 | 107 | 33 | 12 | ** 13 |
| Tax preferences excluded from adjusted gross income | 10,465 | 8,114 | 1,684 | 226 | 121 | 68 |
| Nontaxable Social Security benefits | 10,465 | 8,670 | 1,792 | 3 | 0 | 0 |
| Expanded income concept | | | | | | |
| Total itemized deductions | 13,142 | 4,748 | 2,455 | 1,710 | 703 | 434 |
| Interest paid deduction: | | | | | | |
| Total | 13,142 | 7,706 | 3,295 | 1,096 | 581 | 148 |
| Investment interest per income concept | 13,142 | 10,648 | 1,875 | 165 | 93 | 83 |
| Taxes paid deduction | 13,142 | 5,554 | 5,529 | 1,159 | 343 | 137 |
| Charitable contributions deduction | 13,142 | 6,838 | 4,848 | 467 | 253 | 187 |
| Medical and dental expense deduction | 13,142 | 10,654 | 1,069 | 204 | 133 | 133 |
| Net casualty or theft loss deduction | 13,142 | 12,794 | 14 | 5 | 4 | 7 |
| Net limited miscellaneous deduction per income concept | 13,142 | 10,278 | 2,011 | 543 | 150 | 56 |
| Non-limited miscellaneous deduction | 13,142 | 12,528 | 538 | 29 | 7 | 6 |
| Deduction equivalent of: | | | | | | |
| Total credits | 13,142 | 3,853 | 729 | 154 | 164 | 346 |
| Foreign tax credit | 13,142 | 4,358 | 689 | 100 | 131 | 288 |
| General business credit | 13,142 | 12,979 | 105 | 31 | 9 | 10 |
| Tax preferences excluded from adjusted gross income | 13,142 | 8,545 | 1,430 | 275 | 222 | 172 |
| Nontaxable Social Security benefits | 13,142 | 10,502 | ** 2,640 | ** | 0 | 0 |

Footnotes at end of table.

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Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2007—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—continued | | | | | |
| Total itemized deductions | 123 | 98 | 69 | 1,211 | 3,852 |
| Interest paid deduction: | | | | | |
| Total | 197 | 184 | 201 | 791 | 574 |
| Investment interest per income concept | 165 | 182 | 152 | 553 | 370 |
| Taxes paid deduction | 226 | 55 | 30 | 50 | 67 |
| Charitable contributions deduction | 156 | ** 492 | 0 | ** | 73 |
| Medical and dental expense deduction | 29 | 42 | 34 | 231 | 204 |
| Net casualty or theft loss deduction | 9 | 5 | 15 | 89 | 205 |
| Net limited miscellaneous deduction per income concept | 36 | 17 | 13 | 21 | 24 |
| Non-limited miscellaneous deduction | 21 | 29 | 48 | 1,049 | 641 |
| Deduction equivalent of: | | | | | |
| Total credits | 313 | 396 | 249 | 2,286 | 1,915 |
| Foreign tax credit | 232 | 275 | 207 | 2,236 | 1,899 |
| General business credit | ** | 3 | 3 | 0 | 0 |
| Tax preferences excluded from adjusted gross income | 52 | 39 | 20 | 53 | 88 |
| Nontaxable Social Security benefits | 0 | 0 | 0 | 0 | 0 |
| Expanded income concept—continued | | | | | |
| Total itemized deductions | 346 | 297 | 188 | 932 | 1,329 |
| Interest paid deduction: | | | | | |
| Total | 59 | 33 | 28 | 129 | 67 |
| Investment interest per income concept | 53 | 29 | 25 | 51 | 120 |
| Taxes paid deduction | 210 | 46 | 33 | 43 | 88 |
| Charitable contributions deduction | 199 | 125 | 47 | 89 | 89 |
| Medical and dental expense deduction | 140 | 124 | 111 | 391 | 183 |
| Net casualty or theft loss deduction | 10 | 4 | 15 | 86 | 203 |
| Net limited miscellaneous deduction per income concept | 29 | 27 | 10 | 20 | 18 |
| Non-limited miscellaneous deduction | 5 | 6 | 5 | 4 | 14 |
| Deduction equivalent of: | | | | | |
| Total credits | 643 | 1,053 | 1,631 | 4,559 | 10 |
| Foreign tax credit | 556 | 946 | 1,585 | 4,481 | 8 |
| General business credit | ** 4 | ** | 4 | 0 | 0 |
| Tax preferences excluded from adjusted gross income | 197 | 231 | 283 | 1,468 | 319 |
| Nontaxable Social Security benefits | 0 | ** | 0 | 0 | 0 |

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

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

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Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2007

[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 | 4,841 | 11 | 33 | 43 | 23 | 34 |
| Interest paid deduction: | | | | | | |
| Total | 4,841 | 941 | 1,196 | 483 | 285 | 178 |
| Investment interest per income concept | 4,841 | 2,678 | 543 | 128 | 97 | 119 |
| Taxes paid deduction | 4,841 | 144 | 3,151 | 834 | 308 | 131 |
| Charitable contributions deduction | 4,841 | 1,188 | 2,442 | 258 | 152 | 174 |
| Medical and dental expense deduction | 4,841 | 4,038 | 201 | 47 | 27 | 24 |
| Net casualty or theft loss deduction | 4,841 | 4,514 | ** 4 | ** | ** 5 | ** |
| Net limited miscellaneous deduction per income concept | 4,841 | 3,491 | 809 | 258 | 119 | 58 |
| Non-limited miscellaneous deduction | 4,841 | 2,593 | 406 | 40 | 19 | 19 |
| Deduction equivalent of: | | | | | | |
| Total credits | 4,841 | 4,418 | 176 | 27 | 22 | 36 |
| Foreign tax credit | 4,841 | 4,841 | 0 | 0 | 0 | 0 |
| General business credit | 4,841 | 4,740 | 63 | 22 | 6 | ** 10 |
| Tax preferences excluded from adjusted gross income | 4,841 | 3,391 | 931 | 157 | 96 | 55 |
| Nontaxable Social Security benefits | 4,841 | 3,463 | 1,378 | 0 | 0 | 0 |
| Expanded income concept | | | | | | |
| Total itemized deductions | 4,354 | 335 | 282 | 503 | 358 | 275 |
| Interest paid deduction: | | | | | | |
| Total | 4,354 | 2,366 | 814 | 448 | 304 | 121 |
| Investment interest per income concept | 4,354 | 3,103 | 782 | 110 | 70 | 60 |
| Taxes paid deduction | 4,354 | 371 | 2,504 | 831 | 270 | 111 |
| Charitable contributions deduction | 4,354 | 920 | 2,358 | 302 | 181 | 134 |
| Medical and dental expense deduction | 4,354 | 2,164 | 864 | 183 | 116 | 122 |
| Net casualty or theft loss deduction | 4,354 | 4,019 | 12 | 3 | 3 | 5 |
| Net limited miscellaneous deduction per income concept | 4,354 | 2,313 | 1,433 | 337 | 123 | 49 |
| Non-limited miscellaneous deduction | 4,354 | 3,948 | 349 | 21 | 6 | 4 |
| Deduction equivalent of: | | | | | | |
| Total credits | 4,354 | 3,849 | 268 | 36 | 12 | 29 |
| Foreign tax credit | 4,354 | 4,354 | 0 | 0 | 0 | 0 |
| General business credit | 4,354 | 4,272 | 51 | ** 20 | ** | 8 |
| Tax preferences excluded from adjusted gross income | 4,354 | 1,038 | 510 | 185 | 182 | 138 |
| Nontaxable Social Security benefits | 4,354 | 2,215 | ** 2,139 | 0 | 0 | 0 |

Footnotes at end of table.

High-Income Tax Returns for 2007

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Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2007—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—continued | | | | | |
| Total itemized deductions | 24 | 23 | 25 | 777 | 3,848 |
| Interest paid deduction: | | | | | |
| Total | 159 | 141 | 171 | 714 | 573 |
| Investment interest per income concept | 123 | 151 | 127 | 506 | 369 |
| Taxes paid deduction | 76 | 52 | 28 | 50 | 67 |
| Charitable contributions deduction | 121 | ** 434 | 0 | ** | 72 |
| Medical and dental expense deduction | 24 | 35 | 31 | 210 | 204 |
| Net casualty or theft loss deduction | 9 | 5 | 15 | 84 | 205 |
| Net limited miscellaneous deduction per income concept | 33 | 15 | 13 | 21 | 24 |
| Non-limited miscellaneous deduction | 19 | 29 | 41 | 1,034 | 641 |
| Deduction equivalent of: | | | | | |
| Total credits | 36 | 58 | 25 | ** 43 | ** |
| Foreign tax credit | 0 | 0 | 0 | 0 | 0 |
| General business credit | 0 | ** | ** | 0 | 0 |
| Tax preferences excluded from adjusted gross income | 43 | 28 | 16 | 45 | 79 |
| Nontaxable Social Security benefits | 0 | 0 | 0 | 0 | 0 |
| Expanded income concept—continued | | | | | |
| Total itemized deductions | 233 | 225 | 144 | 671 | 1,328 |
| Interest paid deduction: | | | | | |
| Total | 53 | 28 | 26 | 127 | 67 |
| Investment interest per income concept | 40 | 24 | 22 | 40 | 103 |
| Taxes paid deduction | 64 | 43 | 30 | 42 | 88 |
| Charitable contributions deduction | 139 | 105 | 42 | 84 | 89 |
| Medical and dental expense deduction | 134 | 112 | 101 | 375 | 183 |
| Net casualty or theft loss deduction | 10 | 4 | 15 | 80 | 203 |
| Net limited miscellaneous deduction per income concept | 26 | 25 | 10 | 20 | 18 |
| Non-limited miscellaneous deduction | 4 | 5 | 3 | 3 | 11 |
| Deduction equivalent of: | | | | | |
| Total credits | 36 | 52 | 27 | ** 45 | ** |
| Foreign tax credit | 0 | 0 | 0 | 0 | 0 |
| General business credit | 0 | ** 3 | ** | 0 | 0 |
| Tax preferences excluded from adjusted gross income | 159 | 207 | 244 | 1,373 | 318 |
| Nontaxable Social Security benefits | 0 | ** | 0 | 0 | 0 |

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

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

High-Income Tax Returns for 2007

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Table 11. Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2007

[All figures are estimates based on samples]

| Tax status, effective tax rate | Total | | Size of adjusted gross income | | | | | | | |
|--|--------------------|---------------------|-------------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------|-------------------|---------------------|
| | | | Under \$50,000 [1] | | \$50,000 under \$100,000 | | \$100,000 under \$200,000 | | \$200,000 or more | |
| | Number of returns | Percentage of total | 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) | (9) | (10) |
| All returns | 142,978,806 | 100.0 | 93,790,430 | 100.0 | 31,194,877 | 100.0 | 13,457,876 | 100.0 | 4,535,623 | 100.0 |
| Returns without U.S. income tax | 44,609,667 | 31.2 | 43,214,363 | 46.1 | 1,316,681 | 4.2 | 68,158 | 0.5 | 10,465 | 0.2 |
| Returns with U.S. income tax | 98,369,139 | 68.8 | 50,576,067 | 53.9 | 29,878,195 | 95.8 | 13,389,718 | 99.5 | 4,525,158 | 99.8 |
| Effective tax rate: | | | | | | | | | | |
| Under 5 percent | 29,571,787 | 20.7 | 23,783,171 | 25.4 | 5,261,631 | 16.9 | 475,500 | 3.5 | 51,484 | 1.1 |
| 5 under 10 percent | 37,513,533 | 26.2 | 20,800,017 | 22.2 | 13,850,967 | 44.4 | 2,760,418 | 20.5 | 102,131 | 2.3 |
| 10 under 15 percent | 21,310,121 | 14.9 | 5,889,453 | 6.3 | 8,164,394 | 26.2 | 6,768,726 | 50.3 | 487,547 | 10.7 |
| 15 under 20 percent | 7,223,210 | 5.1 | 68,754 | 0.1 | 2,588,205 | 8.3 | 2,958,506 | 22.0 | 1,607,746 | 35.4 |
| 20 under 25 percent | 1,867,542 | 1.3 | 17,363 | [2] | 10,315 | [2] | 417,958 | 3.1 | 1,421,906 | 31.3 |
| 25 under 30 percent | 753,328 | 0.5 | 5,831 | [2] | 2,457 | [2] | 6,359 | [2] | 738,681 | 16.3 |
| 30 under 35 percent | 117,533 | 0.1 | 3,934 | [2] | 56 | [2] | 1,141 | [2] | 112,402 | 2.5 |
| 35 under 40 percent | 2,202 | [2] | ** 10 | ** [2] | ** 18 | ** [2] | 709 | [2] | 1,481 | [2] |
| 40 under 45 percent | 566 | [2] | ** | ** | ** | ** | 13 | [2] | 538 | [2] |
| 45 under 50 percent | 645 | [2] | 0 | 0.0 | 0 | 0.0 | 47 | [2] | 599 | [2] |
| 50 under 60 percent | 1,925 | [2] | 1,642 | [2] | 0 | 0.0 | 0 | 0.0 | 283 | [2] |
| 60 under 70 percent | 298 | [2] | 0 | 0.0 | 0 | 0.0 | 10 | [2] | 288 | [2] |
| 70 under 80 percent | 11 | [2] | 0 | 0.0 | 0 | 0.0 | 5 | [2] | 6 | [2] |
| 80 percent or more | 6,439 | [2] | 5,892 | [2] | 152 | [2] | 327 | [2] | 67 | [2] |

| Tax status, effective tax rate | Total | | Size of expanded income | | | | | | | |
|--|--------------------|---------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------|-------------------|---------------------|
| | | | Under \$50,000 [1] | | \$50,000 under \$100,000 | | \$100,000 under \$200,000 | | \$200,000 or more | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) |
| All returns | 142,978,806 | 100.0 | 92,598,221 | 100.0 | 32,439,655 | 100.0 | 13,364,614 | 100.0 | 4,576,315 | 100.0 |
| Returns without U.S. income tax | 44,609,667 | 31.2 | 43,083,386 | 46.5 | 1,434,026 | 4.4 | 79,113 | 0.6 | 13,142 | 0.3 |
| Returns with U.S. income tax | 98,369,139 | 68.8 | 49,514,835 | 53.5 | 31,005,629 | 95.6 | 13,285,501 | 99.4 | 4,563,174 | 99.7 |
| Effective tax rate: | | | | | | | | | | |
| Under 5 percent | 30,274,195 | 21.2 | 23,511,197 | 25.4 | 6,241,954 | 19.2 | 457,190 | 3.4 | 63,854 | 1.4 |
| 5 under 10 percent | 36,613,232 | 25.6 | 19,787,710 | 21.4 | 14,056,482 | 43.3 | 2,642,850 | 19.8 | 126,191 | 2.8 |
| 10 under 15 percent | 21,473,864 | 15.0 | 6,101,942 | 6.6 | 8,026,529 | 24.7 | 6,818,297 | 51.0 | 527,096 | 11.5 |
| 15 under 20 percent | 7,299,978 | 5.1 | 80,576 | 0.1 | 2,666,009 | 8.2 | 2,943,787 | 22.0 | 1,609,606 | 35.2 |
| 20 under 25 percent | 1,844,063 | 1.3 | 17,987 | [2] | 12,820 | [2] | 415,971 | 3.1 | 1,397,285 | 30.5 |
| 25 under 30 percent | 743,474 | 0.5 | 5,196 | [2] | 1,319 | [2] | 6,311 | [2] | 730,648 | 16.0 |
| 30 under 35 percent | 111,968 | 0.1 | 3,894 | [2] | 56 | [2] | 976 | [2] | 107,042 | 2.3 |
| 35 under 40 percent | 1,074 | [2] | 41 | [2] | 305 | [2] | 25 | [2] | 703 | [2] |
| 40 under 45 percent | 282 | [2] | 0 | 0.0 | 0 | 0.0 | 39 | [2] | 243 | [2] |
| 45 under 50 percent | 194 | [2] | 3 | [2] | 0 | 0.0 | 17 | [2] | 173 | [2] |
| 50 under 60 percent | 917 | [2] | ** 645 | ** [2] | ** 11 | ** [2] | 3 | [2] | 264 | [2] |
| 60 under 70 percent | 23 | [2] | 0 | 0.0 | 3 | [2] | ** 22 | ** [2] | ** 11 | ** [2] |
| 70 under 80 percent | 18 | [2] | ** | ** | ** | ** | ** | ** | ** | ** |
| 80 percent or more | 5,857 | [2] | 5,644 | [2] | 142 | [2] | 14 | [2] | 56 | [2] |

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

[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.

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Table 12. Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2007

[All figures are estimates based on samples]

| Tax status, effective tax rate | Total | | Size of adjusted gross income | | | | | | | |
|---|--------------------|---------------------|-------------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------|-------------------|---------------------|
| | | | Under \$50,000 [1] | | \$50,000 under \$100,000 | | \$100,000 under \$200,000 | | \$200,000 or more | |
| | Number of returns | Percentage of total | 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) | (9) | (10) |
| All returns | 142,978,806 | 100.0 | 93,790,430 | 100.0 | 31,194,877 | 100.0 | 13,457,876 | 100.0 | 4,535,623 | 100.0 |
| Returns without worldwide income tax | 44,358,872 | 31.0 | 43,037,618 | 45.9 | 1,258,719 | 4.0 | 57,695 | 0.4 | 4,841 | 0.1 |
| Returns with worldwide income tax | 98,619,934 | 69.0 | 50,752,812 | 54.1 | 29,936,158 | 96.0 | 13,400,182 | 99.6 | 4,530,782 | 99.9 |
| Effective tax rate: | | | | | | | | | | |
| Under 5 percent | 29,666,420 | 20.7 | 23,892,833 | 25.5 | 5,276,546 | 16.9 | 466,944 | 3.5 | 30,097 | 0.7 |
| 5 under 10 percent | 37,509,461 | 26.2 | 20,843,747 | 22.2 | 13,841,335 | 44.4 | 2,734,034 | 20.3 | 90,344 | 2.0 |
| 10 under 15 percent | 21,324,977 | 14.9 | 5,901,309 | 6.3 | 8,190,895 | 26.3 | 6,767,724 | 50.3 | 465,049 | 10.3 |
| 15 under 20 percent | 7,263,554 | 5.1 | 70,288 | 0.1 | 2,603,641 | 8.3 | 2,982,649 | 22.2 | 1,606,976 | 35.4 |
| 20 under 25 percent | 1,889,993 | 1.3 | 19,021 | [2] | 14,114 | [2] | 428,728 | 3.2 | 1,428,129 | 31.5 |
| 25 under 30 percent | 778,247 | 0.5 | 5,832 | [2] | 3,618 | [2] | 7,997 | 0.1 | 760,800 | 16.8 |
| 30 under 35 percent | 135,556 | 0.1 | 4,802 | [2] | 68 | [2] | 2,517 | [2] | 128,169 | 2.8 |
| 35 under 40 percent | 16,253 | [2] | 10 | [2] | 959 | [2] | 2,736 | [2] | 12,548 | 0.3 |
| 40 under 45 percent | 9,385 | [2] | ** 977 | ** [2] | ** 1,733 | ** [2] | 2,195 | [2] | 5,437 | 0.1 |
| 45 under 50 percent | 4,202 | [2] | ** | ** | ** | ** | 1,022 | [2] | 2,223 | [2] |
| 50 under 60 percent | 6,894 | [2] | ** 2,596 | ** [2] | 1,335 | [2] | 2,348 | [2] | ** 918 | ** [2] |
| 60 under 70 percent | 1,598 | [2] | ** | ** | 375 | [2] | 921 | [2] | ** | ** |
| 70 under 80 percent | 1,057 | [2] | 4 | [2] | 1,008 | [2] | 27 | [2] | 18 | [2] |
| 80 percent or more | 12,338 | [2] | 11,395 | [2] | 529 | [2] | 339 | [2] | 75 | [2] |

| Tax status, effective tax rate | Total | | Size of expanded income | | | | | | | |
|---|--------------------|---------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------|-------------------|---------------------|
| | | | Under \$50,000 [1] | | \$50,000 under \$100,000 | | \$100,000 under \$200,000 | | \$200,000 or more | |
| | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total | Number of returns | Percentage of total |
| | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) |
| All returns | 142,978,806 | 100.0 | 92,598,221 | 100.0 | 32,439,655 | 100.0 | 13,364,614 | 100.0 | 4,576,315 | 100.0 |
| Returns without worldwide income tax | 44,358,872 | 31.0 | 42,917,927 | 46.3 | 1,371,674 | 4.2 | 64,917 | 0.5 | 4,354 | 0.1 |
| Returns with worldwide income tax | 98,619,934 | 69.0 | 49,680,294 | 53.7 | 31,067,981 | 95.8 | 13,299,697 | 99.5 | 4,571,961 | 99.9 |
| Effective tax rate: | | | | | | | | | | |
| Under 5 percent | 30,373,485 | 21.2 | 23,628,011 | 25.5 | 6,266,996 | 19.3 | 444,141 | 3.3 | 34,337 | 0.8 |
| 5 under 10 percent | 36,611,712 | 25.6 | 19,823,099 | 21.4 | 14,054,338 | 43.3 | 2,625,852 | 19.6 | 108,424 | 2.4 |
| 10 under 15 percent | 21,491,529 | 15.0 | 6,112,152 | 6.6 | 8,047,658 | 24.8 | 6,823,076 | 51.1 | 508,643 | 11.1 |
| 15 under 20 percent | 7,346,099 | 5.1 | 81,465 | 0.1 | 2,682,673 | 8.3 | 2,967,833 | 22.2 | 1,614,127 | 35.3 |
| 20 under 25 percent | 1,872,823 | 1.3 | 19,620 | [2] | 14,476 | [2] | 427,835 | 3.2 | 1,410,892 | 30.8 |
| 25 under 30 percent | 777,256 | 0.5 | 5,196 | [2] | 1,320 | [2] | 7,335 | 0.1 | 763,406 | 16.7 |
| 30 under 35 percent | 134,842 | 0.1 | 3,894 | [2] | 56 | [2] | 3,169 | [2] | 127,723 | 2.8 |
| 35 under 40 percent | 3,264 | [2] | 41 | [2] | 305 | [2] | 36 | [2] | 2,882 | 0.1 |
| 40 under 45 percent | 1,022 | [2] | 0 | 0.0 | 0 | 0.0 | 45 | [2] | 977 | [2] |
| 45 under 50 percent | 210 | [2] | 3 | [2] | 0 | 0.0 | 19 | [2] | 187 | [2] |
| 50 under 60 percent | 936 | [2] | ** 645 | ** [2] | 7 | [2] | 6 | [2] | ** 284 | ** [2] |
| 60 under 70 percent | 34 | [2] | 0 | 0.0 | 3 | [2] | 11 | [2] | 20 | [2] |
| 70 under 80 percent | 25 | [2] | ** | ** | 8 | [2] | 12 | [2] | ** | ** |
| 80 percent or more | 6,697 | [2] | 6,167 | [2] | 142 | [2] | 329 | [2] | 58 | [2] |

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

[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.