

**DISTRIBUTION OF CERTAIN FEDERAL TAX LIABILITIES
BY INCOME CLASS FOR CALENDAR YEAR 2000**

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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JCX-45-00

INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, shows the distribution for calendar year 2000 of certain Federal tax liabilities of individuals by income class. The first table shows the distribution of the Federal individual income tax and the second table shows the distribution of the Federal individual income tax, Federal excise taxes, and Federal employment taxes.

For purposes of these tables, the income concept used for classifying taxpayers is adjusted gross income ("AGI") plus: (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) worker's compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.

The first table shows the distribution of the Federal individual income tax, including the outlay portion of the earned income credit ("EIC"). The table shows, by income category, the number of returns and the percent of all returns represented by the category, the aggregate income and the percent of all income represented by the category, the aggregate individual income taxes paid and the percent of all individual income taxes paid by the category, and the number of returns with zero or negative tax liability and the percent of all returns with zero or negative tax liability represented by the category.

The second table shows the distribution of the combined Federal individual income tax (including the outlay portion of the EIC), Federal excise taxes, and Federal employment taxes (those taxes required under the Federal Insurance Contributions Act and Federal Unemployment Tax Act). The table shows the number of returns and the percent of all returns represented by the category, the aggregate income and the percent of all income represented by the category, and the aggregate Federal taxes paid and the percent of all Federal taxes paid by the category.

¹ This document may be cited as follows: Joint Committee on Taxation, *Distribution of Certain Federal Tax Liabilities by Income Class for Calendar Year 2000* (JCX-45-00), April 11, 2000.

**DISTRIBUTION OF
FEDERAL INDIVIDUAL INCOME TAX LIABILITY (1)**

Calendar Year 2000

INCOME CATEGORY (2)	NUMBER OF RETURNS (3)		INCOME		INDIVIDUAL INCOME TAX		NUMBER OF RETURNS WITH ZERO OR NEGATIVE LIABILITY	
	Millions	Percent	Billions	Percent	Billions	Percent	Millions	Percent
Less than \$10,000.....	19.8	14.1%	\$84	1.1%	-\$5	-0.6%	18.7	38.5%
10,000 to 20,000.....	23.8	17.0%	356	4.8%	-7	-0.8%	16.3	33.4%
20,000 to 30,000.....	19.5	13.9%	485	6.5%	10	1.1%	8.4	17.3%
30,000 to 40,000.....	16.2	11.6%	565	7.6%	30	3.4%	3.3	6.7%
40,000 to 50,000.....	13.1	9.3%	584	7.9%	39	4.4%	1.3	2.6%
50,000 to 75,000.....	21.6	15.4%	1,313	17.7%	114	12.9%	0.6	1.2%
75,000 to 100,000.....	11.9	8.5%	1,027	13.8%	113	12.8%	0.1	0.2%
100,000 to 200,000.....	11.2	8.0%	1,460	19.7%	213	24.1%	(4)	0.1%
200,000 and over.....	3.1	2.2%	1,554	20.9%	377	42.7%	(4)	0.0%
Total, All Taxpayers....	140.2	100.0%	\$7,428	100.0%	\$884	100.0%	48.7	100.0%
Highest 10%.....	14.0	10.0%	2,982	40.1%	587	66.4%	(4)	0.1%
Highest 5%.....	7.0	5.0%	2,176	29.3%	478	54.0%	(4)	(5)
Highest 1%.....	1.4	1.0%	1,146	15.4%	297	33.6%	(4)	(5)

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

(1) Includes the outlay portion of the EIC.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2000 levels.

The highest 10% begins at \$100,928, the highest 5% at \$134,308 and the highest 1% at \$296,828.

(3) Includes filing and nonfiling units. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded.

(4) Less than 50,000.

(5) Less than 0.005%.

**DISTRIBUTION OF
FEDERAL TAX LIABILITY (1)**

Calendar Year 2000

INCOME CATEGORY (2)	NUMBER OF RETURNS (3)		INCOME		FEDERAL TAX LIABILITY	
	Millions	Percent	Billions	Percent	Billions	Percent
Less than \$10,000.....	19.8	14.1%	\$84	1.1%	\$7	0.4%
10,000 to 20,000.....	23.8	17.0%	356	4.8%	26	1.6%
20,000 to 30,000.....	19.5	13.9%	485	6.5%	61	3.8%
30,000 to 40,000.....	16.2	11.6%	565	7.6%	92	5.8%
40,000 to 50,000.....	13.1	9.3%	584	7.9%	104	6.5%
50,000 to 75,000.....	21.6	15.4%	1,313	17.7%	266	16.7%
75,000 to 100,000.....	11.9	8.5%	1,027	13.8%	234	14.7%
100,000 to 200,000.....	11.2	8.0%	1,460	19.7%	366	23.0%
200,000 and over.....	3.1	2.2%	1,554	20.9%	438	27.5%
Total, All Taxpayers....	140.2	100.0%	\$7,428	100.0%	\$1,592	100.0%
Highest 10%.....	14.0	10.0%	2,982	40.1%	797	50.1%
Highest 5%.....	7.0	5.0%	2,176	29.3%	597	37.5%
Highest 1%.....	1.4	1.0%	1,146	15.4%	297	18.6%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
- (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2000 levels.
The highest 10% begins at \$100,928, the highest 5% at \$134,308 and the highest 1% at \$296,828.
- (3) Includes filing and nonfiling units.