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This paper compares tax return statistics based on the <u>Statistics of Income</u> publication series and tax information available from Internal Revenue Service (IRS) administrative files for persons eligible for interview in the March 1973 Current Population Survey (CPS). As with the other papers at this session, the principal data base that will be used in our analysis results from a joint effort undertaken by the Census Bureau and the Social Security Administration (SSA), with the assistance of the IRS. 1/

Organizationally, the paper is divided into four parts. In section 1 we compare the CPS matched population to the individual income tax return filing population as a whole. Sections 2 and 3 present results obtained from linked IRS and CPS information: tax returns by Census age, race, and sex in section 2 and tax returns by Census occupation in section 3. Section 4 presents a discussion of the combined effect of Federal income and Social Security taxes by size of adjusted gross income.

1. CPS AND TOTAL TAX RETURN FILING POPULATION

To reconcile all tax filings with information from tax returns filed by U.S. resident civilians eligible for interview in the Current Population Survey, several obvious exclusions were necessary similar to those mentioned in the previous paper. Adjustments had to be made for returns filed by overseas residents, members of the Armed Forces 2/and persons living in institutions. It was also necessary to adjust for the returns of certain decedents. Finally, since the linkage carried out was just for persons age 14 or older on the survey reference date (March 17, 1973) and only 1972 taxyear returns were matched, prior-year delinquent returns and returns for individuals under age 14 had to be excluded as well.

Table 1 lists the number of returns of each type mentioned above as excluded. Before going on to look at the overall magnitudes of the specific groups excluded, some mention of the data sources underlying table 1 seems in order. The Statistics of Income (SOI) totals were taken from Statistics of Income--1972, Individual Income Tax Returns. The tax model subsample estimates were derived from special unpublished tabulations prepared at IRS for this paper. Differences between SOI and tax model totals are the result of sampling variability. The Individual Master File (IMF) totals shown in table 1 were prepared at the Census Bureau. Differences between tax model and IMF totals for current-year resident returns are the result not only of sampling variability in the Table 1. -- Reconciliation for joint and and nonjoint 1972 individual income tax returns between total and CPS tax filing populations

(in thousands)

| Item | Total Returns | Joint Returns | Nonjoint Returns |
|---|------------------|------------------|---------------------|
| Statistics of Income (SOI) sample estimate of total tax filing population | 77,573 | 43,098 | 34,475 |
| Statistics of Income tax model subsimple estimate | 77,597 | 42,843 | 34,754 |
| Less - | | | |
| Prior year delinquent returns, estimated from tax model | 847 | 391 | 456 |
| Overseas returns estimated from tax model | 179 | 98 | 81 |
| Equals - | | | |
| Current year resident returns estimated from tax model | 76,571 | 42,354 | 34,217 |
| Current year resident returns based on a cenaus of the individual Master File (IMF) | 76,602 | 42,467 | 34,135 |
| less - | | | |
| Armed Forces returns, estimated from matched IMF subsample | 1,763 | 954 | 809 |
| Returns for decedents, estimated from matched IMF subsample | 560 | 410 | 149 |
| Returns for persons under 14 years of age, estimated from matched IMF subsample | 135 | 3 | 133 |
| Returns for institutionalized individuals age 14 or older, estimated synthetically | 100 | 73 | 27 |
| | | | |
| Equals - | | | |

tax model estimate but also of slight processing differences between the way returns are handled for statistical (SOI) and administrative (IMF) purposes.

As can be seen from the table, of the 77.6 million returns for 1972, 3.6 million or 4.6 percent were not part of the tax filing population eligible for interview in the March 1973 CPS. The largest group excluded from the CPS tax filing population are members of the Armed Forces; they comprised nearly half (49 percent) of the total exclusions. (See figure 1.) The prior year delinquents are the next largest group, making up 24 percent; then decedents, at 16 percent. The three other groups excluded are fairly small. Returns for persons living overseas, persons under age 14, and institutionalized individuals account for just 5 percent, 4 percent, and 3 percent, respectively, of all the returns excluded from the CPS universe.

In the remainder of this section we will look at the overall distributional impact of the exclusions. The discussion has been divided up into two parts because of the nature and source of the data. First, tax model information on the effect



of excluding prior-year delinquents and overseas returns is presented. Then, using information taken largely from the Individual Master File, a summary is provided of the results of excluding returns for Armed Forces members, decedents, the institutionalized, and persons under age 14. The adjusted gross income size distributions of each of the groups to be examined is shown in figure 2.

<u>Prior Year and Overseas Returns.</u>--Prior-year delinquent returns are included in IRS statistics at the time they are filed, under the assumption that they provide some measure of returns <u>yet to be</u> <u>filed</u> for the current year. This method, in effect, involves substituting one taxpayer's prior-year return for the delinquent return yet to be filed by another taxpayer. Due in part, no doubt, to the inflation of recent years, the delinquent returns included in the 1972 statistics



show a somewhat higher concentration at income levels under \$4,000 than do current-year returns.

Returns for persons living abroad, as can be seen from figure 2, also were much more likely to have lower adjusted gross incomes than did the tax return filing population as a whole. This was probably largely a result of the fact that, for U.S. citizens, as much as \$25,000 of earned income could be excluded in reporting to IRS. Because of this, over 11 percent of the overseas returns had no adjusted gross income at all. On the other hand, in spite of the earned income exclusion, 7.6 percent of these returns showed incomes of \$20,000 or more versus only 5.6 percent for all returns. We can only speculate that the reason for the higher proportion of overseas returns in the upper income classes is that the population of Americans living abroad consists, in part, of the very affluent who can afford to travel.

Current Year Resident Returns Excluded.--The CPS was not the only sample that the Census Bureau matched to the Individual Master File. Using Social Security's Continuous Work History (CWHS) data, a sample was drawn at SSA of persons who died between January 1972, and March 1973. The selected cases were then matched by the Bureau to the IMF. Similar samples, described in the previous paper, were also matched and tabulated by Census for the current-year resident returns of Armed Forces members and persons under age 14. Because it was not possible to identify which 1972 taxpayers were insitutionalized, both their number (100,000) and income distribution (assumed to be like that of decedents) represent only educated guesses. Some comments follow on the income distributions of each of these groups:

- Armed Forces members.--As can be seen from figure 2, the 1972 adjusted gross income distribution of current-year returns for (male) Armed Forces members filing in the U. S. in March 1973 was highly concentrated in the \$4,000 to under \$6,000 class. Over one-quarter (26.5 percent) of the Armed Forces returns fell in this interval. This was in marked contrast to the overall tax return (Statistics of Income) population, where only about oneeighth of the total had incomes in this range.
- 2. Decedents, persons in institutions, and persons under age 14.--As might be expected, the bulk of the returns filed for persons under age 14 had adjusted gross incomes of less than \$2,000 (67.2 percent). Decedent (and institutionalized) returns also were strongly concentrated in the lower income size classes. About 17.5 percent had adjusted gross incomes of less than \$2,000 and another 39.0 percent had incomes between \$2,000 and \$6,000. For the total SOI tax return universe, the corresponding figures are 15.5 percent and 25.4 percent, respectively. Not surprisingly, considering the typical age at which death occurs,

there appears to be a strong relationship between the income distribution of returns for decedents and the distribution for persons age 65 or older. For example, 36.1 percent of the decedents and 37.5 percent of persons age 65 or older have adjusted gross incomes of \$1 to \$3,999. Also, the other income classes differ by only about 1 or 2 percent for these two groups.

Returns Includable in CPS.--While the excluded groups discussed above tended to be slightly more concentrated in the lower income classes than was true of the tax return filing universe, the exact points of concentration were not the same for each excluded group. Moreover, the excluded groups represented only 4.6 percent of the population as a whole. As a result, the percentage distribution for the CPS population differs only very slightly from that for all returns. This close correspondence between the two populations holds quite generally, both for joint and nonjoint returns and whether the income considered is wages, interest, or dividends. In fact, for all intents and purposes, the percentage distributions of returns filed for civilians eligible for interview in the CPS are indistinguishable from those for the total tax-filing population.

2. 1972 INDIVIDUAL INCOME TAX RETURNS BY THE TAXFILER'S AGE, RACE AND SEX

One of the obvious benefits of a statistical sample of linked data is the ability to classify individuals in ways not possible utilizing only one source. For example, in this section, we analyze the tax returns filed for 1972 using age, race, and sex information collected by the Census Bureau in the Current Population Survey. Without matching the IRS data to the CPS, the sex of a taxfiler could only have been guessed from the name.<u>3</u>/There is no means of determining the race of the taxfiler from the return alone. Furthermore, the only age information on tax returns is provided by the presence, or absence, of an age exemption which can be claimed if the taxpayer is 65 or older.

Potential Taxfilers in the CPS Universe. -- The population eligible for interview in the CPS may, or may not, be required to file a tax return. Whether and how they file depends, of course, on their family circumstances and the nature and amount of income they receive. In general, very few persons were legally obligated to file a tax return for 1972 if their incomes were under \$2,050. In order to determine the percentage of any group that had actually filed a return, we had to make certain assumptions about the type of return filed. Married individuals living with their spouses, if they file, generally file jointly (97 percent of the time). Persons whose marital status is other than married spousepresent generally file a nonjoint return (94 percent of the time)4/. Because of this strong relationship between living arrangements and type of return, a simplification has been made in this paper regarding the extent to which various CPS

age-race-sex groups are taxfilers. Matched joint returns will be looked at as coming essentially from the population of married couples residing together. Matched nonjoint returns will be treated as coming from the remainder of the U.S. adult civilian noninstitutional population.

<u>Race and Sex of Taxfiler 5</u>/.--Figure 3 shows that people are more likely to file a return if they are married than non-married. (84 percent of the married couples living together filed compared to 51 percent of the remainder of the adult population.) For the unmarried population, males are more likely to file returns than are females (61 percent of the males versus 45 percent for females.)

Since incomes for whites tend to be considerably higher than for nonwhites, it is not surprising that, within each of these groups, proportionately more whites than nonwhites in the CPS Universe filed tax returns. Overall, almost 70 percent of the whites, couples and individuals, as opposed to only 44 percent of the nonwhites were found to be taxfilers. Well over half of the returns filed by white taxpayers (57 percent) were joint returns, whereas only 44 percent of the returns filed by nonwhites were joint. This same pattern can be seen in the CPS, where married individuals living

Figure 3.--Percentage of returns filed by race, sex and marital status



with their spouses make up a higher proportion of the white population (63.3 percent) than they do for nonwhites (45 percent).

Age of Taxfiler.--Figure 4 shows that returns are most likely to be filed in the 25 to 59 year age bracket. The percentage filing returns drops off rather rapidly after age 60, with only 40 percent of those age 65 and over filing a return. This low percentage is due not only to the lower income levels in this group, but also to the more liberal filing requirements in effect (\$2,800 for single persons and \$4,300 for couples both of whom are 65 or older). Figure 4 also shows that the proportion of joint returns filed <u>increases</u> rapidly through age 44, then <u>decreases</u> gradually at higher age levels. The pattern of filings for nonjoint returns is quite different from that for joint returns. The proportion of nonjoint returns filed peaks for the 18 to 21 year-olds, <u>decreases</u> through age 44, and then increases up to age 64.

Figure L--Age and Type of Baturn: Taxfilers as a Percent of Total



The only seeming discontinuity in the chart is the drop in the overall proportion of filers from 77.9 percent, in the 18 to 21 age group, to 61.5 percent, for the 22 to 24 year-olds. No doubt, part of this is due to the many 18 to 21 year-old college students with summer jobs who are filing for refunds. However, it also may be an artifact of our assumption that persons who were married at the time of the March CPS will file a joint return. About half of all first marriages occur between 18 and 21 years of age. There are two main reasons why some of these newlyweds may not have filed joint returns: either because they did not get married until after December 31, 1972 (and, thus, were not eligible); or because they had been supported by their parents for the majority of tax year 1972, and those parents decided to claim them as exemptions on their own returns. The CPS population of potential filers may, thus, have been understated in this comparison.

Median Income Reported to IRS by Age, Race, and Sex of Taxpayer.--Table 2 shows median adjusted gross income of taxpayers classified by age, race, and sex. Not unexpectedly, median income rises with age until the 40 to 44 year age group is reached. Thereafter, median income gradually declines through age 64, at which point it drops off drastically. This same general pattern by age is repeated when returns are analyzed by each of the following variables separately: type of return, sex of filer, and race of filer. The actual medians at each age, of course, are higher for joints than for nonjoints; higher for whites than for nonwhites; and higher for males than for females. However, table 2 does provide a few surprises. For example, for nonjoint filers, if one does not control for age, the median for nonwhite females exceeds that for males even though within each age group the reverse is always the case. (Further analyses by age and sex are available to the reader in table 4 which appears at the end of this paper.)

| TABLE | 2 | Median | adjusted | gross | income | bу | age, | race, | sex, | and | type | oť | return |
|-------|---|--------|----------|-------|--------|-----|-------|-------|------|-----|------|----|--------|
| | | | | | (In (| 101 | lars) | | | | | | |

| CPS Age (in years) | Total | Joint Returns | Nonicint Returns | | | | | | |
|--------------------|--------|---------------|------------------|--------|-------|--|--|--|--|
| | | Total | Male | Female | | | | | |
| ALL RACES | | | | | | | | | |
| Overall median | 7,800 | 11,696 | 3,761 | 3,606 | 3,894 | | | | |
| 14 to 17 | 798 | 7 211 | 701 | 825 | 708 | | | | |
| 18 to 21 | 2.247 | 6 149 | 1 005 | 2 285 | 1 768 | | | | |
| 22 to 24 | 5 300 | 8 1.88 | 2,001 | 2,207 | 1,150 | | | | |
| 25 to 29 | 8 990 | 10,000 | 5,994 | 5,979 | 4,039 | | | | |
| -,, | 0,990 | 10,901 | 0,199 | 0,001 | 5,111 | | | | |
| 30 to 34 | 10,872 | 12,362 | 6,569 | 7,951 | 5,660 | | | | |
| 35 to 39 | 11,598 | 13,138 | 6,917 | 8,421 | 5,992 | | | | |
| 40 to 44 | 12,394 | 14.075 | 6,915 | 8,757 | 5,830 | | | | |
| 45 to 49 | 11,859 | 13,679 | 6,708 | 8,372 | 5,826 | | | | |
| 50 to 5 | 11.070 | | <i>.</i> | | | | | | |
| 55 to 50 | 11,219 | 13,406 | 6,310 | 7,308 | 5,816 | | | | |
| 35 65 39 | 10,205 | 12,136 | 6,323 | 7,977 | 5,756 | | | | |
| 00 to 04 | 8,569 | 10,680 | 5,480 | 6,452 | 5,156 | | | | |
| c) or older | 5,003 | 6,102 | 4,070 | 3,929 | 4,111 | | | | |
| WHITE | | | | | | | | | |
| Overall median | 8,304 | 11,824 | 3,752 | 3,567 | 3,918 | | | | |
| 14 to 17 | 803 | 7 006 | 705 | 828 | 733 | | | | |
| 18 to 21 | 2 252 | 6 554 | 2 027 | 2 210 | 1 773 | | | | |
| 22 to 24 | 5 608 | 8 1.22 | 2,021 | 2,319 | 1,115 | | | | |
| 25 to 29 | 0,123 | 10 871 | 6 266 | 3,919 | 4,179 | | | | |
| -, | 9,105 | 10,011 | 0,300 | 0,005 | 6,009 | | | | |
| 30 to 34 | 11,261 | 12,503 | 6.842 | 8,232 | 5,972 | | | | |
| 35 to 39 | 11,954 | 13,300 | 7,170 | 8,792 | 6 235 | | | | |
| 40 to 44 | 12.839 | 14.267 | 7.254 | 9.772 | 6,100 | | | | |
| 45 to 49 | 12,208 | 13,870 | 6,766 | 8,336 | 6,019 | | | | |
| 50 A. 51 | | | | | | | | | |
| 50 to 54 | 11,766 | 13,677 | 6,535 | 7,700 | 5,913 | | | | |
| 55 to 59 | 10,557 | 12,376 | 6,443 | 8,139 | 5,859 | | | | |
| 60 to 64 | 8,908 | 10,881 | 5,619 | 6,567 | 5,322 | | | | |
| 65 or older | 5,035 | 6,043 | 4,105 | 3,980 | 4,135 | | | | |
| NONWHITE | | | | | | | | | |
| Overall median | 6,135 | 10,328 | 3,816 | 3,883 | 3,773 | | | | |
| 14 to 17 | 757 | 0 500 | | - | | | | | |
| 18 to 21 | 1 976 | 9,000 | /53 | 796 | 692 | | | | |
| 22 to 24 | 1,3/0 | 5,405 | 1,829 | 1,984 | 1,654 | | | | |
| 25 to 29 | 4,490 | 9,338 | 3,592 | 3,786 | 3,455 | | | | |
| -,, | 1,122 | 11,203 | 5,291 | 6,430 | 4,532 | | | | |
| 30 to 34 | 8,282 | 10,485 | 5,427 | 7.018 | 4.842 | | | | |
| 35 to 39 | 9,201 | 11,835 | 5.771 | 7.151 | 5,081 | | | | |
| 40 to 44 | 8,626 | 12.295 | 5.304 | 6,603 | 4.589 | | | | |
| 45 to 49 | 8,872 | 11,883 | 6,192 | 8,470 | 5,273 | | | | |
| 50 to 54 | 9 0/ 9 | | | | | | | | |
| 55 to 59 | 7 21 2 | 10,141 | 5,525 | 5,824 | 5,130 | | | | |
| 60 to 64 | 6 077 | 0,/34 | 3,5/9 | 7,307 | 5,077 | | | | |
| 65 or older | 4 327 | 0,201 | 4,4/8 | 5,616 | 3,981 | | | | |
| | 4,327 | 5,524 | 3,178 | 2,792 | 3,488 | | | | |

3. 1972 INDIVIDUAL INCOME TAX RETURNS BY CPS OCCUPATION

The Statistics Division of IRS is frequently asked for--and has thus far been unable to provide-statistics on tax returns classified by taxpayer's occupation 6/. The matched IRS-CPS records offer an opportunity to produce these statistics, since occupational data were included in the CPS. As in the case of age, race, and sex, we were interested in two questions: What proportion of persons in each group filed tax returns, and how did the income distributions for each of these groups look?

Figure 5 provides some insights into the first of these questions; it shows for each of some 14 broad occupational groupings the percentages that are included in the filing population. Not surprisingly, the proportion of filers is better than 94 percent for professionals and managers,



taken as a group. Skilled craftspersons, at 94.6 percent, are also extremely well-represented, since they are generally in high-paying jobs as well; semi-skilled workers ("operatives") had roughly a 90 percent filing rate; unskilled workers ("nonfarm laborers") 77.8 percent. On the other hand tax returns filed by private household workers amounted to only 12 percent of the total for this group. It should be noted that the median income of those private household workers who filed tax returns was only \$1,928-less than the filing requirement for single persons. Put another way, more than half of the private household workers who did file tax returns may not have been legally required to do so.

Differences among the median adjusted gross incomes for the broad occupational groups were also quite marked, as can be seen from table 3. For professional and managerial workers, for example, median income was \$13,000 overall (almost \$16,000 for joint returns). Craftspersons and nonretail sales workers were the only other two

Table 3.--1972 Median adjusted gross income by CPS occupation (in dollars)

| | | | Nonjoint | | | | |
|---|--------|--------|----------|-------|--------|--|--|
| CPS Occupation of Longest Civilian Job in 1972 | Total | Joint | Total | Male | Female | | |
| Total | 7,800 | 11,696 | 3,761 | 3,606 | 3,894 | | |
| Not in 1972 Civilian Labor Force | 3,855 | 5,453 | 2,800 | 2,036 | 3,202 | | |
| Professional, technical and | | | | | | | |
| managerial workers | 13,062 | 15,903 | 7,271 | 7,017 | 7,410 | | |
| Sales workers: | | | | | | | |
| Retail | 3,530 | 10,417 | 2,004 | 2,553 | 1,809 | | |
| Other | 11,999 | 13,602 | 4,063 | 4.846 | 3,597 | | |
| Clerical | 6,146 | 12,347 | 4,821 | 4,736 | 4,840 | | |
| Craftspersons Operatives: | 10,822 | 11,913 | 5,642 | 5,771 | 4,785 | | |
| Transport | 7,119 | 10,446 | 3.766 | 3,707 | 3,825 | | |
| Other | 9,048 | 10,676 | 4,177 | 4,303 | 2,122 | | |
| Laborers, except farm | 5.014 | 8,994 | 2.282 | 2.257 | 2.583 | | |
| Farmers, farm managers | 5,718 | 6.509 | 2.886 | 2.694 | 3.398 | | |
| Farm laborers | 3,934 | 5,928 | 1,828 | 1,814 | 1,924 | | |
| Private household workers | 1.964 | 4.954 | 1.890 | 875 | 1,909 | | |
| Other service workers | 3,812 | 9,799 | 2.287 | 2,115 | 2,400 | | |

occupations with overall medians above \$10,000. The median for all nonprofessional, nonmanagerial workers was just \$7,147.

4. THE COMBINED IMPACT OF FEDERAL INCOME AND SOCIAL SECURITY TAXES

Since the authors of this paper work for the Internal Revenue Service and the Social Security Administration, respectively, it seemed only appropriate to include in this joint effort some analysis of the combined effect of federal income and Social Security taxes. To do this, we used the matched file to classify Social Security taxes paid by size of adjusted gross income. Average Federal income taxes paid by size of adjusted gross income could, of course, be taken directly from the 1972 volume of <u>Statistics of</u> Income--Individual Income Tax Returns 7/.

Figure 6 shows the separate and combined impact of these two taxes expressed as a percentage of adjusted gross income. In creating this graph, both the employer's and the employee's share of payroll taxes were included under the heading "Social Security taxes." This was done on the assumption that the employer's share is, in effect, backward-shifted to the employee.8/ Not unexpectedly, the Federal income tax appears as rather strongly progressive over most of this distribution, with the Social Security tax being regressive from about \$9,000 on. The combined effect of the two taxes is a system that is noticeably progressive only in the lower income classes, rising from about 8 1/2 percent in the \$1,000 under \$2,000 class to about 17 1/2 percent in the \$7,000 under \$8,000 class. Thereafter, it rises only moderately, to a little over 20 percent in the highest groups shown. Figure 6 further shows that the average rate at which the income tax is imposed remains lower than that for the Social Security tax until roughly the \$7,000 income level is reached.

It might be mentioned parenthetically that, at income levels below \$7,000, State and local sales and excise taxes play an extremely important role. Indeed, Pechman and Okner have shown that under certain assumptions, when all forms of taxation are considered, the U.S. taxation system is hardly progressive at all 9/.

Figure 6 .-- Social Security and Federal income tax as a percent of adjusted aross income. 1972



CONCLUSION

The exclusion of certain groups from the total taxfiling population has been found not to affect the overall nature of the distributions with which users of <u>Statistics of Income</u> are familiar. With the matched file we examined taxfilers by their age, race, sex, and occupation. For the first time we were able to measure many of the major differences which exist among these groups in the incidence of tax return filing and in the nature and amount of income being reported on the returns. Thus, we have found the IRS-CPS-SSA file to be a useful tool in studying income-related questions which could not be answered with the help of just the tax return files alone.

- 1/ As mentioned in the overall session introduction, all interagency data linkages were performed solely by Census Bureau personnel. Neither IRS nor SSA had access to identified records from each other's files. The tables of matched data used for this paper were produced by the Social Security Administration. However, the file used by SSA could not have been used for other than statistical purposes since it was simply a random sample of unidentified records. Helping to analyze these statistical tables has been the first direct involvement of IRS employees with the match results.
- 2/ Armed forces members residing in the 50 states or the District of Columbia are included in the CPS if they are living off post or on post with their families. All such individuals, however, have been excluded from the analyses in this paper.
- 3/ In <u>Statistics of Income</u>, sex, as determined largely by the name, has been successfully employed as a classifier. The most recent instance of this was for the 1971 report.
- <u>4</u>/ Nonjoint returns include single returns, returns for heads of households, surviving spouse returns and returns for married persons filing separately.
- 5/ For joint returns, race information has been taken from the primary taxpayer who, as a

rule, is identified by IRS as the husband. In this paper age and occupation information for joint returns was also based on the primary taxpayer.

- 6/ It should be noted, though, that at present a pilot project on coding occupation directly from tax returns is being carried out by Gloria Koteen and Paul Grayson of the Statistics Division. Their early results seem promising at least for broad occupational categories.
- 7/ Internal Revenue Service, Government Printing Office, Publication 79(1-75), Washington, 1974. The income tax information used in figure 6 was taken from this source since it was not available on the matched file. On the IMF abstract of the 1972 return that was made available to the Census for matching, the amount items were confined to Adjusted gross income (AGI), salaries and wages, dividends in AGI and interest.
- 8/ This is the same assumption as that made by Pechman and Okner (Who Bears the Tax Burden, The Brookings Institution, 1974.) Herriot and Miller, ("The Taxes We Pay," <u>Conference Board Record</u>, May 1971) in their 1968 work assumed one-half of the employer's share was shifted back to the employee and one-half was shifted forward to the consumer.
- 9/ Pechman and Okner, p. 59.

TABLE 4.--ALL TAXFILERS: JOINT AND NONJOINT IMF INDIVIDUAL INCOME TAX RETURNS FOR 1972 IN THE MARCH 1973 CPS UNIVERSE BY AGE, SEX AND SIZE OF ADJUSTED GROSS INCOME

| (NUMBER | TN | THOUSANDS) |
|---------------|----|---|
| (# 019 0 0 0 | | 100000000000000000000000000000000000000 |

| CT 7 7 0 7 | | | | | | | AGE (IN | YEARS) |) | | | | |
|------------------------------------|--------------|----------------|----------------|----------------|----------------|-----------------------|-----------------------|----------------|-----------------------|-----------------------|----------------|-----------------------|------------------|
| ADJUSTED GROSS INCOME | TOTAL | 14 TO 17 | 18 70 21 | 22 TO 24 | 25 TO 29 | 30 <i>TO</i> 34 | 35 <i>TO</i> 39 | 40 TO 44 | 45 <i>TO</i> 49 | 50 <i>TO</i> 54 | 55 TO 59 | 60 <i>TO</i> 64 | 65 OR MORE |
| ALL RETURNS | | | | | | | | | | | | | |
| TOTAL | 74,044 | 3,047 | 9,619 | 6,274 | 8,207 | 6,536 | 5,642 | 5,887 | 6,202 | 6,086 | 5,393 | 4,674 | 6,479 |
| NO ADJUSTED GROSS INCOME | 442 | 2 | 16 | 25 | 24 | 23 | 20 | 53 | 37 | 46 | 48 | 36 | 113 |
| 1 TO 999 | 5,435 | 1,907 | 2,051 | 412 | 167 | 89 | 73 | 82 | 78 | 63 | 77 | 127 | 309 |
| 2,000 TO 2,999 | 4.761 | 197 | 1.529 | 5/8 | 350 | 215 | 135 | 143 | 179 | 130 | 100 | 203 | 762 |
| 3,000 TO 3,999 | 4,592 | 72 | 1,156 | 628 | 395 | 222 | 210 | 156 | 183 | 274 | 273 | 287 | 737 |
| 4,000 TO 4,999 | 4,580 | 18 | 884 | 620 | 460 | 247 | 208 | 257 | 284 | 262 | 286 | 343 | 711 |
| 5,000 TO 5,999 | 4,326 | 15 | 586 | 647 | 571 | 308 | 245 | 241 | 256 | 293 | 335 | 314 | 515 |
| 7.000 70 7.999 | 4,113 | 4 7 | 353 | 503 | 595 | 348 | 260 | 245 | 282 | 313 | 325 | 283 | 484 |
| 8,000 TO 8,999 | 3,806 | 2 | 163 | 369 | 659 | 429 | 317 | 296 | 336 | 318 | 325 | 291 | 302 |
| 9,000 TO 9,999 | 3,699 | 3 | 99 | 289 | 696 | 430 | 397 | 314 | 340 | 367 | 286 | 269 | 210 |
| 10,000 TO 10,999 | 3,532 | 2 | 73 | 267 | 612 | 506 | 349 | 320 | 324 | 342 | 283 | 262 | 192 |
| 11,000 TO 11,999 | 3,343 | 4 | 31 | 198 | 534 | 448 446 | 367 | 344 | 373 354 | 320 | 363 | 235 | 125 |
| 13,000 <i>TO</i> 13,999 | 2,693 | 2 | 21 | 109 | 356 | 369 | 303 | 333 | 354 | 322 | 250 | 183 | 92 |
| 14,000 TO 14,999 | 2,362 | 0 | 12 | 72 | 349 | 358 | 298 | 288 | 273 | 249 | 204 | 162 | 96 |
| 15,000 TO 16,999 | 3,813 | 1 | 20 | 92 | 424 | 524 | 496 | 544 | 498 | 489 | 353 | 215 | 157 |
| $20.000 \ TO \ 24.999$ | 3,780 | . 0 | 3 | 73 | 355 | 483 | 531 | 571 | 559 | 460 | 351 | 244 | 139 |
| 25,000 TO 29,999 | 1,230 | õ | ō | 2 | 34 | 114 | 128 | 208 | 223 | 203 | 144 | 91 | 83 |
| 30,000 TO 49,999 50,000 OR MORE | 1,323 587 | 0 0 | 0 0 | 5 3 | 13 12 | 67 22 | 156 35 | 199 105 | 264 74 | 232 92 | 152 78 | 120 57 | 115 110 |
| JOINT RETURNS | | | | | | | | | | | | | |
| TOTAL | 41,026 | 26 | 912 | 2,187 | 5,000 | 4,763 | 4,248 | 4,506 | 4,559 | 4,448 | 3,746 | 3,070 | 3,560 |
| NO ADJUSTED GROSS INCOME | 248 | 0 | 0 | 6 | 10 | 19 | 18 | 42 | 27 | 32 | 24 | 12 | 59 |
| 1 TO 999 | 350 | 0 | 17 | 16 | 13 | 19 | 17 | 13 | 15 | 22 | 25 | 49 | 143 |
| 1,000 TO 1,999 | 685 | 1 | 50 | 35 | 47 | 44 | 22 | 23 | 27 | 38 | 68 | 82 | 249 |
| 3,000 <i>TO</i> 3,999 | 1,296 | 4 | 81 | 83 | 141 | 92 | 80 | 63 | 77 | 87 | 118 | 137 | 335 |
| 4.000 TU 4.999 | 1.599 | 2 | 110 | 157 | 155 | 92 | 72 | 112 | 113 | 113 | 130 | 152 | 391 |
| 5,000 TU 5,999 | 1,793 | 3 | 98 | 175 | 254 | 146 | 132 | 130 | 106 | 126 | 159 | 169 | 296 |
| 6,000 TO 6,999 | 1,970 | 0 | 107 | 212 | 253 | 189 | 151 | 128 | 142 | 173 | 185 | 162 | 268 |
| 8,000 TO 8,999 | 2,170 | 0 | 90 | 222 | 398 | 298 | 185 | 202 | 201 | 193 | 195 | 169 | 171 |
| 9,000 <i>TO</i> 9,999 | 2,557 | 3 | 60 | 182 | 450 | 326 | 279 | 244 | 241 | 252 | 206 | 182 | 132 |
| 10,000 TO 10,999 | 2,659 | 2 | 49 | 185 | 445 | 394 | 287 | 248 | 253 | 268 | 213 | 199 | 119 |
| 11,000 TO 11,999 | 2,684 | 2 | 23 | 157 | 424 | 361 | 293 | 276 | 306 | 283 254 | 285 | 185 | 105 |
| 13,000 <i>TO</i> 13,999 | 2,338 | ŏ | 18 | 98 | 312 | 332 | 264 | 299 | 315 | 283 | 213 | 139 | 66 |
| 14,000 TO 14,999 | 2,099 | 0 | 12 | 69 | 318 | 328 | 257 | 261 | 248 | 217 | 170 | 142 | 78 |
| 17.000 TO 19.999 | 3,469 | 1 | 18 | 85 60 | 394 | 479. 459 | 470 406 | 502 | 449 | 450 432 | 313 | 192 | 110 |
| 20,000 TO 24,999 | 2,843 | ŏ | 2 | 15 | 198 | 347 | 363 | 487 | 433 | 450 | 291 | 179 | 77 |
| 25,000 TO 29,999 | 1,147 | 0 | 0 | 0 | 29 | 110 | 126 | 200 | 208 | 193 | 138 | 83 | 59 |
| 30,000 TO 49,999 50,000 OR MORE | 1,216 529 | 0 0 | 0 0 | 5 0 | 13 9 | 60 22 | 148 35 | 190 93 | 244 68 | 222 86 | 145 75 | 109 55 | 80 85 |

See notes at end of table.

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| ("CHEDIN IN INCODANDE) | SANDS) |
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| STTR OF | | AGE (IN YEARS) | | | | | | | | | | | |
|------------------------------------|----------|----------------|-----------------------|-----------------------|-----------------------|-----------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|
| ADJUSTED GROSS INCOMB | TOTAL | 14 TO 17 | 18 <i>TO</i> 21 | 22 <i>TO</i> 24 | 25 <i>TO</i> 29 | 30 <i>TO</i> 34 | 35 <i>TO</i> 39 | 40 <i>TO</i> 44 | 45 <i>TO</i> 49 | 50 <i>TO</i> 54 | 55 <i>TO</i> 59 | 60 <i>TO</i> 64 | 65 OR MORE |
| NONJOINT RETURNS FOR MALES | | | | | | | | | •- | | | | |
| <i>TOTAL</i> | 16,058 | 1,885 | 4,886 | 2,345 | 1,784 | 856 | 638 | 578 | 730 | 591 | 521 | 455 | 789 |
| NO ADJUSTED GROSS INCOME | 97 | 2 | 10 | 9 | 13 | 2 | 2 | 9 | 6 | 7 | 14 | 8 | 15 |
| 1 TO 999 | 2,5/8 | 1,128 | 1 250 | 222 | 138 | 54 LR | 20 | 24 | 13 | 21 | 23 | 30 | 108 |
| 2.000 TO 2.999 | 1.841 | 140 | 854 | 314 | 126 | 58 | 31 | 34 | 56 | 44 | 18 | 42 | 123 |
| 3,000 TO 3,999 | 1,526 | 57 | 699 | 296 | 127 | 40 | 57 | 16 | 21 | 46 | 40 | 30 | 97 |
| 4,000 TO 4,999 | 1,228 | 16 | 466 | 243 | 140 | 56 | 41 | 40 | 50 | 45 | 27 | 47 | 58 |
| 5,000 TO 5,999 | 1,038 | 7 | 276 | 235 | 148 | 68 | 37 | 33 | 43 | 48 | 42 | 30 | 53 64 |
| 7 000 70 7 999 | 768 | ő | 105 | 158 | 148 | 55 | 40 | 45 | 50 | 49 54 | | 26 | 26 |
| 8,000 TO 8,999 | 695 | 2 | 59 | 79 | 161 | 61 | 48 | 50 | 73 | 47 | 46 | 32 | 38 |
| 9,000 TO 9,999 | 657 | 0 | 37 | 86 | 167 | 66 | 60 | 40 | 62 | 44 | 43 | 29 | 23 |
| 10,000 TO 10,999 | 473 | 0 | 25 | 55 | 91 | 68 50 | 35 | 39 µ1 | 49 | 30 | 22 | 22 | 12 |
| 12,000 TU 12,999 | 278 | ó | 2 | 16 | 65 | 42 | 28 | 28 | 35 | 17 | 17 | 18 | 10 |
| 13,000 TO 13,999 | 198 | 2 | 3 | 9 | 30 | 25 | 25 | 19 | 19 | 21 | 21 | 18 | 6 |
| 14,000 <i>TO</i> 14,999 | 139 | 0 | 0 | 4 | 21 | 16 | 28 | 15 | 17 | 14 | 17 | 5 | 2 |
| 15,000 TO 10,999 | 203 | 0 | 2 | 2 | 24 | 25 | 33 | 23 | 25 | 21 | 16 | Š | 11 |
| 20.000 TO 24.999 | 106 | ŏ | ŏ | ō | 12 | 20 | 7 | 16 | 16 | - 9 | 14 | 13 | ō |
| 25,000 TO 29,999 | 60 | 0 | 0 | 2 | 4 | 4 | 2 | 8 | 11 | 6 | 4 | 4 | 14 |
| 30,000 TO 49,999 50,000 OR MORE | 69 33 | 0 0 | 0 0 | • 0 3 | 0 3 | 4 0 | 6 0 | 8 11 | 13 3 | 3 6 | 7 3 | 7 0 | 21 5 |
| NONJOINT RETURNS FOR FEMALES | | | | | | | | | | | | | |
| <i>TOTAL</i> | 16,960 | 1,135 | 3,821 | 1,742 | 1,422 | 917 | 756 | 803 | 914 | 1,046 | 1,126 | 1,149 | 2,130 |
| NO ADJUSTED GROSS INCOME | 98 | 0 | 6 | 11 | 2 | 2 | 0 | · 2 | 4 | 7 | 10 | 15 | 38 |
| 1 TO 999 | 2,507 | 780 | 1,103 | 174 | 73 | 36 | 25 | 57 | 35 | 22 | 33 | 61 | 107 |
| 1,000 TO 1,999 | 2,327 | 282 | 1,056 | 199 | 94 | 66 | 52 | 35 | 58 | 72 | 75 | 91 | 249 |
| 2,000 TO 2,999 | 1,966 | 56 | 623 | 230 | 130 | 102 | 58 | 50 | 85 | 141 | 116 | 120 | 305 |
| 3,000 TO 3,999 | 1,770 | 11 | 376 | 249 | 127 | 91 | 12 | | | | 4.00 | 4 11 2 | 262 |
| 4,000 TO 4,999 | 1,753 | 0 | 308 | 220 | 165 | 100 | 96 | 105 | 121 | 104 | 130 | 109 | 156 |
| 5,000 TO 5,999 | 1,495 | 4 | 212 | 173 | 177 | 104 | 69 | 80 | 100 | 91 | 105 | 84 | 153 |
| 7.000 70 7.999 | 1.029 | ō | 29 | 123 | 161 | 80 | 70 | 94 | 95 | 97 | 106 | 70 | 105 |
| 8,000 10 8,999 | 749 | 0 | 12 | 63 | 100 | 71 | 52 | 44 | 63 | 78 | 85 | 90 | 93 |
| 9,000 <i>TO</i> 9,999 | 485 | 0 | 2 | 21 | 78 | 39 | 58 | 30 | 37 | 72 | 36 | 58 | 54 |
| 10,000 TO 10,999 | 400 | 0 | 0 | 17 | 76 | 44 | 26 | 33 | 22 | 44 | 48 117 | 41 | 23 |
| 11,000 TO 11,999 | 252 | 0 | 0 | 12 | 25 | 29 | 19 | 25 | 26 | 26 | 25 | 24 | 30 |
| 13,000 TO 13,999 | 157 | ő | ő | 2 | 15 | 11 | 14 | 16 | 21 | 19 | 15 | 26 | 19 |
| 14,000 <i>TO</i> 14,999 | 124 | 0 | 0 | 0 | 10 | 15 | 12 | 12 | 9 | 18 | 16 | 16 | 16 |
| 15,000 TO 16,999 | 140 | 0 | 0 | 0 | 6 | 8 | 12 | 12 | 17 | 11 | 21 | 10 | 39 27 |
| 17,000 TO 19,999 | 91 | 0 | 0 | 2 | 4 | 6 | 2 | н Э | 0 | 0 8 | 8 | 8 | 27 |
| 25,000 TO 24,999 | 23 | 0 | 0 | 0 | 0 | ō | 0 | ů 0 | 4 | 4 | 2 | 4 | 10 |
| 30,000 TO 49,999 50,000 OR MORE | 39 25 | 0 0 | 0 0 | 0 0 | 0 0 | 3 0 | 2 0 | 2 0 | 7 3 | 7 0 | 0 0 | 4 · 2 | 14 19 |

Note: The data in this table are preliminary. Age and sex were obtained from the March 1973 Ourrent Population Survey. Adjustments have been made for normatches, but no adjustment has been made for the small number of undetected mismatches. This table is based on a matched extract of data taken from the IMF and from the CPS. Adjusted gross income and type of return information were obtained from the 1972 Individual Master File.

Source: Derived from the 1973 CPS-SSA-IRS Exact Match Study conducted by the Census Bureau and Social Security Administration with the assistance of the Internal Revenue Service.