

Section 2

Individual Income Tax Returns, 2014

Taxpayers filed 148.1 million individual income tax returns with total income for Tax Year (TY) 2014, an increase of 0.8 percent from the 146.9 million returns filed for TY 2013 (Figure A). Total income reported on these returns totaled \$9.9 trillion, a 7.4-percent increase from the

previous year. A major reason for this growth was the 42.7 percent increase in net capital gains (less losses) to \$698.6 billion. Salaries and wages, the largest component of total income (68.4 percent in 2014) rose 4.8 percent from 2013 to \$6.8 trillion. Statutory adjustments, which are subtracted from total

Figure A. Total Income and Selected Sources of Income, Tax Years 2013 and 2014

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	2013		2014		Percentage change	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total Income [1]	146,879	9,233,511	148,101	9,916,220	0.8	7.4
Salaries and wages	122,189	6,475,381	123,140	6,784,948	0.8	4.8
Taxable interest	44,921	100,649	43,334	93,894	-3.5	-6.7
Ordinary dividends	27,688	214,973	27,652	254,702	-0.1	18.5
Qualified dividends	25,494	158,069	25,702	192,448	0.8	21.7
Business or profession net income (less loss)	23,530	302,073	24,073	317,259	2.3	5.0
Business or profession net income	17,969	357,363	18,297	374,659	1.8	4.8
Business or profession net loss	5,561	55,291	5,776	57,400	3.9	3.8
Net capital gain (less loss)	23,993	489,621	24,268	698,649	1.1	42.7
Net capital gain	11,531	504,323	12,595	705,008	9.2	39.8
Net capital gain loss	9,009	20,909	7,595	17,620	-15.7	-15.7
Capital gain distributions [2]	12,846	44,787	13,665	79,059	6.4	76.5
Sales of property other than capital assets, net gain (less loss)	2,139	1,029	2,289	8,973	7.0	771.7
Sales of property other than capital assets, net gain	982	26,292	1,087	31,473	10.6	19.7
Sales of property other than capital assets, net loss	1,156	25,262	1,202	22,500	4.0	-10.9
Taxable social security benefits	18,507	243,327	19,019	261,156	2.8	7.3
Total rental and royalty net income (less loss) [3]	11,544	57,505	11,571	65,800	0.2	14.4
Total rental and royalty net income	6,792	104,041	6,911	112,415	1.7	8.0
Total rental and royalty net loss	4,752	46,536	4,660	46,614	-1.9	0.2
Partnership and S-corporation net income (less loss)	8,460	531,614	8,679	583,791	2.6	9.8
Partnership and S-corporation net income	5,771	647,963	5,936	701,113	2.9	8.2
Partnership and S-corporation net loss	2,689	116,349	2,743	117,322	2.0	0.8
Estate and trust net income (less loss)	649	24,423	634	29,792	-2.4	22.0
Estate and trust net income	591	28,709	579	32,804	-1.9	14.3
Estate and trust net loss	59	4,286	54	3,012	-7.4	-29.7
Farm net income (less loss)	1,813	-7,798	1,784	-8,276	-1.6	-6.1
Farm net income	589	17,343	591	16,296	0.3	-6.0
Farm net loss	1,224	25,141	1,193	24,572	-2.5	-2.3
Unemployment compensation	9,287	51,923	7,451	33,289	-19.8	-35.9
Taxable pensions and annuities	27,756	638,659	28,144	663,223	1.4	3.8
Taxable Individual Retirement Account distributions	13,331	213,602	13,654	235,005	2.4	10.0
Net operation loss	1,212	189,041	1,201	196,187	-0.8	3.8
Other net income (less loss) [4]	6,810	37,172	6,377	39,156	-6.4	5.3
Other net income	6,540	43,121	6,077	45,506	-7.1	5.5
Other net loss	269	5,949	301	6,350	11.5	6.8

[1] Sources of total income shown are not comprehensive and, therefore, do not add to total income.

[2] Includes both Schedule D and Form 1040 capital gain distributions.

[3] Includes farm rental net income (less loss).

[4] Other net income (less loss) represents data reported on Form 1040, line 21, except net operating losses (shown separately in this figure), foreign-earned income exclusions, and cancellation of debt, taxable health savings account distributions, and gambling earnings (not shown separately in this figure).

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

income to arrive at adjusted gross income (AGI), increased 3.8 percent to \$145.2 billion. AGI rose 7.4 percent to \$9.8 trillion for the year. Total income tax rose 11.5 percent to \$1.4 trillion. After subtracting the refundable portion of refundable credits and the portion that offset all other taxes from total income tax, total income tax was \$1.3 trillion and the effective tax rate increased 0.6 percentage points to 13.1 percent for 2014.

Total Income

Total income increased 7.4 percent to \$9.9 trillion for 2014 (Figure A). Salaries and wages, the largest component of total income, increased 4.8 percent from \$6.5 trillion to \$6.8 trillion. Within total income, the share of salaries and wages decreased slightly to 68.4 percent for 2014, down from 70.1 percent for 2013. The second largest component of total income, net capital gains (less loss) increased 42.7 percent for 2014. Capital gain distributions, a component of net capital gains, rose 76.5 percent. Taxpayers report capital gain distributions on either Schedule D with other sales of capital assets or alone on Forms 1040 or 1040A.

In general, all retirement income items increased for 2014. These retirement income items include the taxable portions of individual retirement account (IRA) distributions (up 10.0 percent), Social Security benefits (up 7.3 percent), and pensions and annuities (up 3.8 percent).

Taxpayers also reported increases in business income in 2014, partnership and S corporation net income (less loss) rose \$52.1 billion (up 9.8 percent) to \$583.8 billion for 2014, while

business or profession net income (less loss) rose 5.0 percent to \$317.3 billion.

The most notable change in other total income item was unemployment compensation which decreased 35.9 percent to \$33.3 billion as the number of returns claiming unemployment fell 19.8 percent to 7.5 million.

Statutory Adjustments

Statutory adjustments increased 3.8 percent to \$145.2 billion for 2014 (Figure B). The three largest adjustments were all related to self-employment. Together, the amounts reported for the deductible part of the self-employment tax, self-employed health insurance deduction, and adjustment for payments to a self-employed retirement (Keogh) plan accounted for 55.5 percent of total statutory adjustments. These three items together increased 4.1 percent and accounted for 59.5 percent of the total increase in statutory adjustments. Taxpayers subtract these adjustments from total income when computing adjusted gross income (AGI). For 2014, taxpayers filed 148.6 million tax returns with a reported AGI of \$9.8 trillion, a 7.4-percent increase from the previous year.

Deductions

Total deductions (the sum of the total standard deduction and total itemized deductions) increased 2.3 percent to \$2.1 trillion (Figure C). The number of returns claiming a standard deduction increased 1.7 percent for 2014, accounting for 69.0

Figure B. Statutory Adjustments, Tax Years 2013 and 2014

[Number of returns is in thousands—money amounts are in millions of dollars]

Item	2013		2014		Percentage change	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total statutory adjustments	37,666	139,882	38,387	145,184	1.9	3.8
Payments to an Individual Retirement Account	2,713	12,973	2,708	13,229	-0.2	2.0
Educator expenses deduction	3,838	964	3,768	959	-1.8	-0.5
Certain business expenses of reservists, performing artists, etc.	157	587	152	537	-2.7	-8.5
Moving expenses adjustment	1,244	3,561	1,128	3,445	-9.3	-3.3
Student loan interest deduction	11,460	11,618	12,083	12,813	5.4	10.3
Tuition and fees deduction	1,893	4,341	1,747	3,872	-7.7	-10.8
Health savings account deduction	1,195	3,716	1,361	4,106	14.0	10.5
Deductible part of self-employment tax	18,875	27,912	19,351	29,287	2.5	4.9
Self-employed health insurance deduction	3,996	27,139	4,185	28,113	4.7	3.6
Payments to a self-employed retirement (Keogh) plan	955	22,408	990	23,215	3.6	3.6
Penalty on early withdrawal of savings	691	221	612	140	-11.5	-36.7
Alimony paid	652	11,761	608	11,808	-6.7	0.4
Domestic production activities deduction	717	11,229	699	11,976	-2.6	6.7
Other adjustments [1]	n.a.	1,452	n.a.	1,684	[2]	16.0
Adjusted gross income (less deficit)	147,351	9,093,629	148,607	9,771,035	0.9	7.4

n.a.—Not available.

[1] Includes foreign housing adjustment, Archer medical savings accounts deduction, and other adjustments for 2013 and 2014.

[2] Percentage not computed.

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

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

Figure C. Selected Itemized Deductions, Standard Deduction, Exemptions, and Taxable Income, Tax Years 2013 and 2014

[Number of returns is in thousands —money amounts are in millions of dollars]

Item	2013		2014		Percentage change	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions [1]	145,229	2,037,245	146,560	2,082,945	0.9	2.2
Total standard deduction	100,899	848,650	102,595	876,240	1.7	3.3
Basic standard deduction	100,899	823,063	102,595	849,368	1.7	3.2
Additional standard deduction	14,287	25,583	14,810	26,869	3.7	5.0
Total itemized deductions before limitation	44,330	1,225,023	43,965	1,251,404	-0.8	2.2
Medical and dental expenses after AGI limitation	8,998	84,507	8,606	83,812	-4.3	-0.8
Taxes paid [2]	43,977	506,191	43,613	520,449	-0.8	2.8
State and local income taxes	32,590	304,274	32,456	311,222	-0.4	2.3
State and local general sales taxes	10,077	16,597	9,804	17,081	-2.7	2.9
Interest paid [3]	33,898	317,317	33,332	307,962	-1.7	-2.9
Home mortgage interest	33,279	296,186	32,729	286,749	-1.7	-3.2
Charitable contributions	36,431	194,664	36,221	210,599	-0.6	8.2
Other than cash contributions	22,176	51,591	22,163	65,330	-0.1	26.6
Casualty and theft losses	97	2,463	90	2,204	-7.1	-10.5
Miscellaneous deductions after 2-percent AGI limitation	12,302	98,383	12,332	104,902	0.2	6.6
Gambling losses and other unlimited miscellaneous deductions	1,205	21,498	1,172	21,476	-2.8	-0.1
Itemized deductions in excess of limitation	2,517	36,428	2,794	44,699	11.0	22.7
Total itemized deductions	44,331	1,188,595	43,965	1,206,705	-0.8	1.5
Exemptions [4]	289,929	1,107,723	290,412	1,121,603	0.2	1.3
Taxable income	110,503	6,387,828	112,658	6,997,856	2.0	9.5

[1] Returns with no adjusted gross income are excluded from the deduction counts. For this reason, the sum of the number of returns with total itemized deductions and the number of returns with total standard deduction is less than the total number of returns for all filers.

[2] Includes real estate taxes, personal property taxes, and other taxes not shown separately.

[3] Includes investment interest, deductible mortgage "points," and qualified mortgage insurance premiums not shown separately.

[4] The number of returns columns represent the number of exemptions.

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

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

percent of all returns filed. The average standard deduction rose 1.5 percent over the 2013 average to \$8,541 in 2014.

Taxpayers claimed itemized deductions on 29.6 percent of all returns filed, representing 57.9 percent of the total deduction amount for the year.¹ The average for total itemized deductions (after limitation) was \$27,447 for 2014, up from the \$26,812 average total claimed for 2013. However, the number of returns with itemized deductions decreased by 0.8 percent to 44.0 million returns. Table 2.1 presents detailed statistics for individual returns with itemized deductions, by type of deduction and size of AGI.

The largest itemized deduction for 2014 was taxes paid, followed by interest paid, and charitable contributions. Taxes paid increased 2.8 percent to \$520.4 billion, accounting for 41.6 percent of total itemized deductions for the year. Interest paid, the second largest itemized deduction, decreased to \$308.0 billion (down 2.9 percent) for 2014 and made up 24.6 percent of total itemized deductions. For 2014, the number of returns reporting the largest component of the interest paid deduction, home mortgage interest, decreased 1.7 percent, while the amount

reported decreased 3.2 percent. The deduction for charitable contributions rose 8.2 percent to \$210.6 billion. This increase in charitable contributions occurred even with a decrease (0.6 percent) in the number of returns taking the deduction.

For 2014, the number of personal exemptions for taxpayers and dependents increased slightly to 290.4 million, while the amount increased 1.3 percent to \$1,121.6 billion. The increase in the amount was greater than the number of returns due to the \$50 increase in the deductible amount per exemption to \$3,950 for the year.

Taxpayers subtract deductions (either itemized or standard) and exemptions from AGI to arrive at taxable income. With the large increase in AGI, total deductions increasing only modestly, and the small increase in exemptions, total taxable income rose 9.6 percent to \$7.0 trillion for 2014.

Tax Credits

Tax credits are used to offset taxes. Certain tax credits are also refundable in that if the credit exceeds the total tax owed, the excess credit can be refunded to the taxpayer. Figure D

¹ Of the 148,606,578 total returns filed, 1.4 percent did not need to claim either a standard deduction or itemized deductions because no positive AGI was reported or they were married filing separately with no deductions but spouse itemized on their returns.

Figure D. Total Tax Credits and Income Tax Before and After Credits, Tax Years 2013 and 2014

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	2013		2014		Percentage change	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Income tax before credits	109,572	1,293,164	111,969	1,432,798	2.2	10.8
Total tax credits [1]	48,104	74,614	48,773	76,243	1.4	2.2
Child care credit	6,316	3,459	6,341	3,505	0.4	1.3
Foreign tax credit	7,488	20,238	7,958	21,648	6.3	7.0
General business credit	462	3,065	348	3,137	-24.6	2.4
Prior-year minimum tax credit	322	1,005	316	964	-1.9	-4.0
Nonrefundable education credits	10,197	10,646	9,910	10,445	-2.8	-1.9
Retirement savings contribution credit	7,412	1,317	7,918	1,381	6.8	4.8
Child tax credit [2]	22,563	27,233	22,395	27,202	-0.7	-0.1
Residential energy credits	3,036	1,614	2,664	1,638	-12.3	1.5
Total refundable credits used to offset income tax before credits [3, 4]	9,374	5,456	9,704	5,538	3.5	1.5
Earned income credit	4,241	1,294	4,465	1,387	5.3	7.2
American opportunity credit	5,000	4,020	4,869	3,930	-2.6	-2.2
Income tax after credits	94,519	1,218,550	96,531	1,355,305	2.1	11.2

[1] Includes credits not shown separately.

[2] Excludes the refundable additional child tax credit, which totaled \$27.9 billion for 2013 and \$27.1 billion for 2014.

[3] Represents portion of refundable credits used to offset income tax before credits.

[4] For 2014, includes net premium tax credit, regulated investment company credit, health coverage tax credit, and prior-year returns claiming the refundable prior-year minimum tax credit. For 2013, includes regulated investment company credit, health coverage tax credit, and prior-year returns claiming the making work pay credit, first time homebuyers credit, refundable prior-year minimum tax credit, and adoption credit.

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

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

lists tax credits in two groups—nonrefundable and refundable. Furthermore, Figure D shows only the amounts of credit that offset income taxes owed—the amounts of refundable tax credits that are refundable or offset other taxes are not included in Figure D. Table 3.3 contains data on all three parts of the refundable credits.

Total tax credits increased 2.2 percent to \$76.2 billion for 2014 (Figure D). As noted above, these total tax credits exclude the “refundable” portions of the child tax credit, American opportunity tax credit, regulated investment company credit, earned income credit (EIC), and net premium tax credit, as well as any amount of these credits used to offset any other taxes. Nonrefundable credits used to offset income tax before credits increased by 2.2 percent largely driven by a 7.0-percent increase in the foreign tax credit. Overall, the child tax credit was the largest credit claimed followed by the foreign tax credit. Some 22.4 million taxpayers claimed the child tax credit for a total of \$27.2 billion, accounting for 35.7 percent of the total tax credits reported for 2014. The foreign tax credit increased to \$21.6 billion, accounting for 28.4 percent of total tax credits reported for the year despite only being claimed on just 5.4 percent (8.0 million) of all individual tax returns filed.

Refundable credits were separated into three parts: the portion used to offset income tax before credits, the portion used to offset all other taxes, and the refundable portion. The first portion, which was included in total tax credits, offset

income tax before credits. The second portion offset all other taxes besides income tax, such as the self-employment tax. The IRS treated the last portion, the refundable portion, as a refund and paid it directly to taxpayers who had no tax against which to apply the credits or whose credits exceeded income tax (and other income-related taxes). The last two portions of refundable credits were not included in total tax credits.

In total, taxpayers claimed \$105.6 billion in refundable tax credits (Table 3.3). Of this, \$5.5 billion was applied against income taxes and \$9.8 billion against all other taxes. The remaining \$90.3 billion in refundable credits was refunded to taxpayers. The portion applied against income taxes accounted for 5.2 percent of total refundable credits. Of this, the American opportunity credit accounted for 71.0 percent. The portion used to offset all other taxes accounted for 9.2 percent of the total, while the last portion, the refundable portion, was the largest component at 85.5 percent. The refundable amount of the additional child tax credit (\$25.8 billion), along with the EIC (\$58.9 billion), made up nearly all (93.8 percent) of this refundable portion.

A taxpayer could use a few other refundable credits besides the child tax credit and EIC to offset taxes. The largest of these credits, after the EIC and child tax credit, was the American opportunity credit, which taxpayers claimed on 10.2 million returns for a total of \$9.1 billion. Of this, 5.8 million returns claimed a refundable amount of \$4.9 billion.²

² To determine the portion applied against taxes and the amount refunded to the taxpayer among taxpayers who claimed multiple refundable credits, the credits were applied in the order in which they appeared on the IRS Form 1040.

Total Income Tax and Average Tax Rates

Total income tax as presented in these statistics, is the sum of income tax after credits (including the subtraction of refundable credits such as the EIC, American opportunity credit, net premium tax credit, and regulated investment company credit) plus the net investment income tax and tax on accumulation distribution of trusts from Form 4970. With the increase in taxable income, and a slight increase in total tax credits, total income tax significantly increased 11.5 percent to \$1.4 trillion for 2014 (Figure E).

For 2014, the tax generated by the alternative minimum tax (AMT) increased 4.4 percent to \$28.6 billion. The number of returns with AMT liability also increased rising 8.5 percent to 4.3 million. Just as the AMT showed an increase, the net investment income tax also showed an increase for 2014. The net investment income tax increased 36.3 percent to \$22.5 billion and the amount of returns on which it was applied increased 16.2 percent.

The average tax rate (total income tax divided by AGI for all returns) was 14.1 percent for 2014 (Figure F) an increase of 0.5 percentage points from 2013. Since by our definition total income tax is limited to zero (it cannot be negative), this calculation does not account for the impact of refundable credits, which have the potential effect of creating a negative tax liability for many taxpayers. Accounting for this (subtracting the portion of refundable credits that offset all other taxes and the refundable portion of credits from total income tax), the average tax rate was 13.1 percent, an increase of 0.6 percentage points from 2013. There was little to no difference in average tax rates with or without accounting for refundable credits for taxpayers with AGI of \$50,000 or more, while the rates for taxpayers with AGI under \$50,000 were markedly different. The greatest disparities in rates were in the \$1 under \$10,000

AGI class (10.3 percentage points) and \$10,000 under \$20,000 AGI class (12.4 percentage points) due to the combination of lower income taxes and the propensity for having refundable credits in these AGI classes.

For 2014, average tax rates increased as income rose (for both measures of the average tax rate) for each AGI category from \$20,000 up to \$5 million or less. The average tax rate peaked at 29.4 percent for returns in the AGI class \$2 million under \$5 million. For the classes above this level, the average tax rates declined to a low of 26.1 percent for taxpayers with AGI of \$10 million or more. The main reason for this decline was that individuals in the classes above \$5 million or more tended to report a larger percentage of their AGI as long-term capital gains and qualified dividends, compared to individuals in the lower AGI classes. This income was taxed at a maximum rate of 20 percent (23.8 percent including the net investment tax) as opposed to up to a 39.6-percent rate for ordinary income (43.4 percent including the net investment tax). For example, while individuals reporting AGI of \$1.5 million under \$2 million averaged 21.5 percent of their income as capital gains and dividends, this share increased in each succeeding class, reaching 51.5 percent for those individuals reporting AGI of \$10 million or more. More historical data on average tax rates are available in Section 3, Individual Income Tax Rates. In addition, a historical overview of different tax periods is provided for more perspective.

Affordable Care Act

A major tax law change for 2014 was the implementation of certain provisions of the Affordable Care Act. The Act contained comprehensive health insurance reforms and included tax provisions that affected individuals. The Act established the premium tax credit (PTC) for taxpayers who enroll in a qualified health plan (QHP) offered through a Marketplace.

Figure E. Total Income Tax, Tax Years 2013 and 2014

[Number of returns is in thousands—money amounts are in millions of dollars]

Item	2013		2014		Percentage change	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total income tax	94,532	1,235,040	96,544	1,377,797	2.1	11.6
Alternative minimum tax	3,940	27,426	4,278	28,646	8.6	4.4
Net investment income tax	3,090	16,491	3,591	22,480	16.2	36.3
All other taxes	27,649	69,721	35,475	76,877	28.3	10.3
Self-employment tax	18,875	55,533	19,351	58,468	2.5	5.3
Penalty tax on qualified retirement plans	5,726	5,874	5,726	5,840	[1]	-0.6
Health care individual responsibility payment	N/A	N/A	8,062	1,694	[2]	[2]
Additional medicare tax	2,816	6,273	3,116	7,261	10.7	15.7
Total tax liability	98,651	1,295,299	101,133	1,444,390	2.5	11.5

N/A—not applicable.

[1] Less than 0.05 percent.

[2] Percentage not computed.

SOURCE: IRS. Statistics of Income Division. Publication 1304.

Figure F. Number of Returns, Adjusted Gross Income, Capital Gains and Dividends, Total Income Tax, and Total Income Tax Minus Refundable Credits, by Size of Adjusted Gross Income, Tax Years 2013 and 2014

[Number of returns is in thousands—money amounts are in millions of dollars]

Tax year, item	Total	Size of adjusted gross income						
		Under \$1 [1]	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tax Year 2014:								
Number of returns	148,607	2,034	22,053	23,621	18,881	26,072	32,220	17,501
Adjusted gross income (less deficit)	9,771,035	-197,691	116,098	351,605	467,812	1,021,446	2,303,583	2,361,756
Percent of AGI subject to reduced rate [2]	8.5	[3]	1.0	0.9	1.1	1.3	2.2	3.7
Total income tax	1,377,797	175	394	5,019	15,038	56,423	201,406	297,112
Refundable credits to offset all other taxes	9,755	118	1,478	4,344	1,992	1,501	299	22
Refundable credits refundable portion	90,276	469	10,493	39,319	25,049	13,402	1,482	63
Total income tax minus refundable credits [4, 5]	1,277,766	-411	-11,577	-38,644	-12,003	41,520	199,625	297,026
Average tax rate:								
Total income tax as a percentage of AGI	14.1	[3]	0.3	1.4	3.2	5.5	8.7	12.6
Total income tax minus refundable credits as a percentage of AGI	13.1	[3]	-10.0	-11.0	-2.6	4.1	8.7	12.6
Tax Year 2013:								
Number of returns	147,351	2,113	22,638	24,125	18,935	25,753	31,803	16,425
Adjusted gross income (less deficit)	9,093,629	-198,631	119,126	358,894	469,171	1,008,621	2,272,956	2,209,424
Percent of AGI subject to reduced rate [2]	6.5	[3]	0.8	0.8	0.9	1.1	1.8	3.2
Total income tax	1,235,040	177	401	5,218	14,910	55,380	198,233	278,504
Refundable credits to offset all other taxes	9,100	113	1,624	3,983	1,701	1,419	253	7
Refundable credits refundable portion	90,883	396	10,938	39,826	25,341	12,818	1,492	54
Total income tax minus refundable credits [4, 5]	1,135,057	-332	-12,161	-38,591	-12,132	41,142	196,488	278,443
Average tax rate:								
Total income tax as a percentage of AGI	13.6	[3]	0.3	1.5	3.2	5.5	8.7	12.6
Total income tax minus refundable credits as a percentage of AGI	12.5	[3]	-10.2	-10.8	-2.6	4.1	8.6	12.6
Size of adjusted gross income -- continued								
Tax year, item	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$1,500,000	\$1,500,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 or more	
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Tax Year 2014:								
Number of returns	4,979	835	180	77	109	27	17	
Adjusted gross income (less deficit)	1,419,777	562,623	217,427	132,463	326,512	181,944	505,681	
Percent of AGI subject to reduced rate [2]	8.2	14.0	17.6	21.5	26.2	33.8	51.5	
Total income tax	276,487	145,018	61,374	38,344	96,136	52,937	131,936	
Refundable credits to offset all other taxes	[6]	--	[6]	--	--	--	--	
Refundable credits refundable portion	[6]	--	[6]	[6]	--	--	--	
Total income tax minus refundable credits [4, 5]	276,487	145,018	61,374	38,344	96,136	52,937	131,936	
Average tax rate:								
Total income tax as a percentage of AGI	19.5	25.8	28.2	28.9	29.4	29.1	26.1	
Total income tax minus refundable credits as a percentage of AGI	19.5	25.8	28.2	28.9	29.4	29.1	26.1	
Tax Year 2013:								
Number of returns	4,488	724	156	64	91	21	13	
Adjusted gross income (less deficit)	1,277,489	486,697	188,076	110,426	270,183	145,701	375,495	
Percent of AGI subject to reduced rate [2]	6.8	11.5	14.8	17.6	21.7	28.9	43.8	
Total income tax	250,646	125,786	53,109	32,174	79,630	42,688	98,185	
Refundable credits to offset all other taxes	[6]	[6]	--	--	--	[6]	--	
Refundable credits refundable portion	[6]	[6]	[6]	--	[6]	18	--	
Total income tax minus refundable credits [4, 5]	250,646	125,786	53,109	32,174	79,630	42,670	98,185	
Average tax rate:								
Total income tax as a percentage of AGI	19.6	25.8	28.2	29.1	29.5	29.3	26.1	
Total income tax minus refundable credits as a percentage of AGI	19.6	25.8	28.2	29.1	29.5	29.3	26.1	

[1] Includes returns with adjusted gross deficit.

[2] Includes the amount of long-term capital gains and qualified dividends.

[3] Percentage not computed.

[4] Refundable credits includes only the portion that is refundable and the part used to offset other taxes.

[5] For 2014, includes net premium tax credit, regulated investment company credit, health coverage tax credit, and prior-year returns claiming the refundable prior-year minimum tax credit. For 2013, includes regulated investment company credit, health coverage tax credit, and prior-year returns claiming the making work pay credit, first time homebuyers credit, refundable prior-year minimum tax credit, and adoption credit.

[6] Less than \$500,000.

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

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

The premium tax credit provided financial assistance to help pay QHP premiums by reducing the amount of tax owed or providing a refund. Advance payment of the premium tax credit (APTC) was a payment made for coverage during the year to the taxpayer’s insurance provider that paid for part or all of the premiums. A taxpayer’s APTC eligibility was based on the Marketplace’s estimate of the PTC that the taxpayer would be able to take on their tax return. The Form 8962, *Premium Tax Credit* had to be filed by a taxpayer to take the premium tax credit or if APTC was paid in order to reconcile the difference between the APTC and PTC. If the APTC was more than the PTC, the taxpayer had an excess APTC and had to repay this excess subject to a limit. If PTC was more than the APTC, the taxpayer reduced their tax payment or increased their refund by the difference.

The total premium tax credit was taken on 3.1 million returns on the Form 8962, for a total of \$11.2 billion (Figure G). Also on Form 8962, 3.4 million returns had an APTC totaling \$12.0 billion. When the PTC and APTC were reconciled, 1.5 million returns received the net premium tax credit (\$1.0 billion) and 1.8 million returns had to repay excess advance premium tax credit (\$1.4 billion). These data do not reflect amended returns or errors that were corrected after initial processing.

Also beginning in 2014, the Affordable Care Act required that individuals must have had health care coverage, qualified for a health coverage exemption, or made a shared responsibility payment with a tax return. Over 13.3 million taxpayers filed

Figure G. Affordable Care Act Items, Tax Year 2014

[Money amounts are in thousands of dollars]

Item	Number of returns	Amount
	(1)	(2)
Total premium tax credit	3,104,620	11,175,462
Advance payment of premium tax credit	3,362,356	11,993,488
Net premium tax credit	1,499,446	1,010,733
Excess advance premium tax credit repayment	1,803,176	1,431,168
Health care individual responsibility payment	8,061,604	1,694,088

NOTE: Data in the figure do not reflect amended returns or errors that were corrected after initial processing.

SOURCE: IRS, Statistics of Income Division, Publication 1304, August 2016.

a Form 8965, *Health Coverage Exemptions* to claim a coverage exemption. A health care individual responsibility payment was made on 8.1 million returns for \$1.7 billion, an average of \$210 per tax return paying this penalty. (Other ACA tax provisions, like the credit for small employer health insurance premiums and the additional Medicare tax, took effect in earlier years.)

For more 2014 changes in law and Internal Revenue Service administrative changes see Section 1 of this publication. There are also definitions in Section 5 of this publication for all items appearing in tables. All the statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically file returns) filed during Calendar Year 2015. For more information on the data sources and limitations see Section 6.