

In Perspective

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Tax Return Statistics

Data from 2009 Individual Income Tax Returns Reveals Affects of the Recession

The statistics reveal an increase in retirement income, reflecting the first wave of baby-boom retirees, and perhaps, the forced early retirement of many individuals. Homebuyer credit claims were increased due to tax law changes.

Dismal figures reflected in the economic downturn: The following are key tax return figures for the 2009 tax year as compared to the 2008 tax year:

- AGI decreased by 6.9%
- Taxable income decreased by 9.3%
- Total income tax decreased by 15.4%
- The alternative minimum tax (AMT) decreased by 9.1% (the first time AMT has fallen since tax year 2001)
- Salaries and wages fell 3.7%
- Net capital gain plunged 46.1%
- Ordinary dividends fell by 22.3%
- Taxable interest fell by 24.8%
- Charitable contributions dropped by 8.2%

Increase in retirement income: Two types of retirement income increased in 2009, as compared to 2008. Taxable pension and annuity income climbed 3.1% and taxable social security benefits rose by 3.8%. However, taxable IRA distributions fell by 3.5%, perhaps reflecting a shift to Roth IRAs.

Increase in homebuyer credit claims: For residences purchased after 2008, the American Recovery and Reinvestment Act of 2009 increased the maximum amount of the homebuyer credit from \$7,500 to \$8,000 and generally waived recapture of the credit for qualifying home purchases. These changes generated a big increase in first-time homebuyer credit claims. In 2009, the credit was claimed by 1.4 million taxpayers, an increase of 15% from 2008. The credit totaled \$9.7 billion for 2009, up 17% from \$8.3 billion in 2008.

The Statistics of Income bulletin for Winter 2011 can be viewed on the IRS web site at <http://www.irs.gov/taxstats/article/0,,id=237812,00.html>.

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